



GLOBAL  
MEDICAL REIT

November 2018

# Forward Looking Statements

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# **ABOUT GMRE**

# GMRE Value Proposition



## DIFFERENTIATED STRATEGY

- ▶ Net lease operating platform, which tends to be more resilient during economic fluctuations
- ▶ Healthcare facilities providing mission critical services with leading operators
- ▶ Proven investment strategy Resulting in Operational Flexibility for Tenants and Improved Asset Value



## DISCIPLINED EXECUTION

- ▶ Primary focus on physician and real estate tenants with triple-net lease structures
- ▶ Meticulous underwriting with multiple layers of review and approvals for acquisitions
- ▶ Investments are structured with favorable credit support and attractive lease coverage ratios



## LARGE MARKET OPPORTUNITY

- ▶ Long-term demographic tailwinds – increasing specialization and localization of healthcare delivery
- ▶ Robust investment pipeline driven by a strong network that facilitates referral-based transactions with attractive pricing
- ▶ Deep market of high-quality assets with attractive cap rates in non-gateway markets



## SEASONED MANAGEMENT TEAM

- ▶ Management team with extensive expertise in healthcare real estate acquisitions, finance, development and administration
- ▶ Average over 20 years of experience with deep relationships in the space

# Company Profile

## Overview

- ▶ GMRE's differentiated business strategy combines the inherent strength of the medical industry tailwinds, coupled with a net lease real estate platform that is relatively insulated to economic fluctuations.
- ▶ GMRE's disciplined execution with a proven underwriting strategy results in a high-quality real estate portfolio with large market opportunity.
- ▶ GMRE has a robust acquisition pipeline anticipated to drive future growth and cash flows to support a sustainable and well-covered dividend.
- ▶ GMRE has a diversified, high-quality tenant roster that generates sustainable cash flows with annual escalators of approximately 2% with no tenant contributing greater than 11% of annualized base rent (ABR).
- ▶ GMRE's seasoned management team has the experience and skills to deliver on its stated strategy.
- ▶ GMRE's Board is focused on being well-aligned with common shareholders.

## Portfolio Snapshot

Gross Real Estate Assets	\$613M
# of Properties Owned	72
# of Tenants	41
Gross Leasable Area (SF)	1.9M
Rent Coverage Ratio	
▪ Hospital Tenants	3.8x
▪ Physician Group Tenants	7.0x
Weighted Average Acquisition Cap Rate	7.9%
Weighted Average Lease Term (years)	10.4

## Capital Structure

Market Capitalization (Common & OP Units)	\$225M
Q3-2018 Dividend (Annualized per Share)	\$0.80
Common Shares & OP Units Outstanding	23.9M
7.5% Series A Preferred Stock Outstanding	\$75M
Total Debt (Net of Unamortized Discount)	\$332M





# **GMRE STRATEGY**

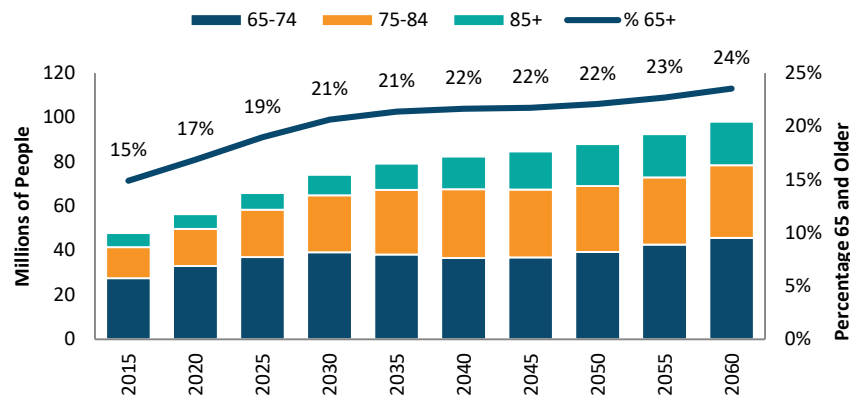
# Strategy Leverages Key Dynamics in Healthcare Today

*Industry-wide demographic tailwinds support GMRE's core strategic vision*



# Industry Tailwinds Benefit GMRE

## *Shifting Demographics and Consumer Preferences Drive Healthcare Industry Growth*

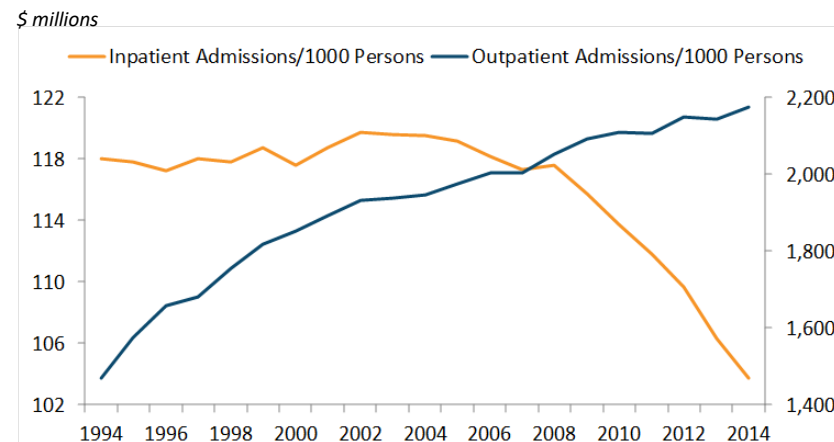


### US Population is Aging Rapidly

- ▶ 65+ age group expected to double between 2015 and 2060
- ▶ 85+ age group expected to triple between 2015 and 2060
- ▶ Use of healthcare dramatically increases with age
- ▶ We target practice types frequently utilized by older demographics: cardiovascular treatment, eye surgery, gastroenterology, oncology treatment and orthopedics

### Changing Healthcare Trends Are A Major Factor In Our Property Selection

- ▶ Patients are demanding more outpatient operations vs in-hospital procedures
- ▶ Technology is leading the charge with more procedures now on an out-patient basis
- ▶ Physician groups are breaking away from hospitals to form their own outpatient solutions





# Increasing Demand for Localized Delivery

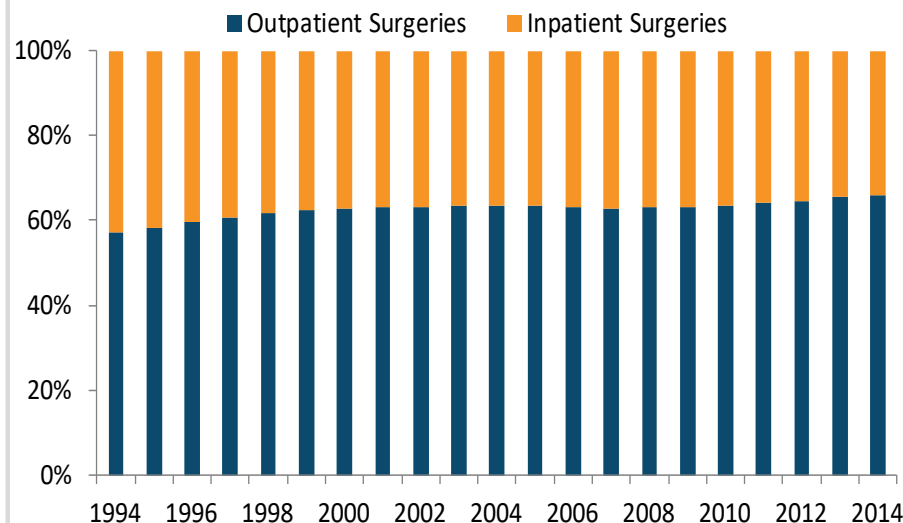
## The Patients are Changing

### An Aging Population...<sup>(1)</sup>

- ▶ The U.S. 65+ age group is growing faster than the country's population
  - ~10,000 Baby Boomers turn 65 every day
  - By 2030, older adults will make up 20% of the American population, up from 13% today
- ▶ Approximately 90% of adults over 65 have one or more chronic condition; this includes diabetes, heart disease, arthritis, depression, and hypertension
- ▶ About 25% of Baby Boomers expect to live past age 90, which will require more medical attention

### ...And Requires Conveniently Located Healthcare<sup>(2)</sup>

- ▶ According to the 2017 CVS Health Institute survey, individuals aged 65+ want to be independent as long as possible
  - 79% of survey participants noted that they plan to “age in place,” either alone or with a spouse or family member
- ▶ 96% of seniors rated convenient location as somewhat important or very important to their healthcare decisions



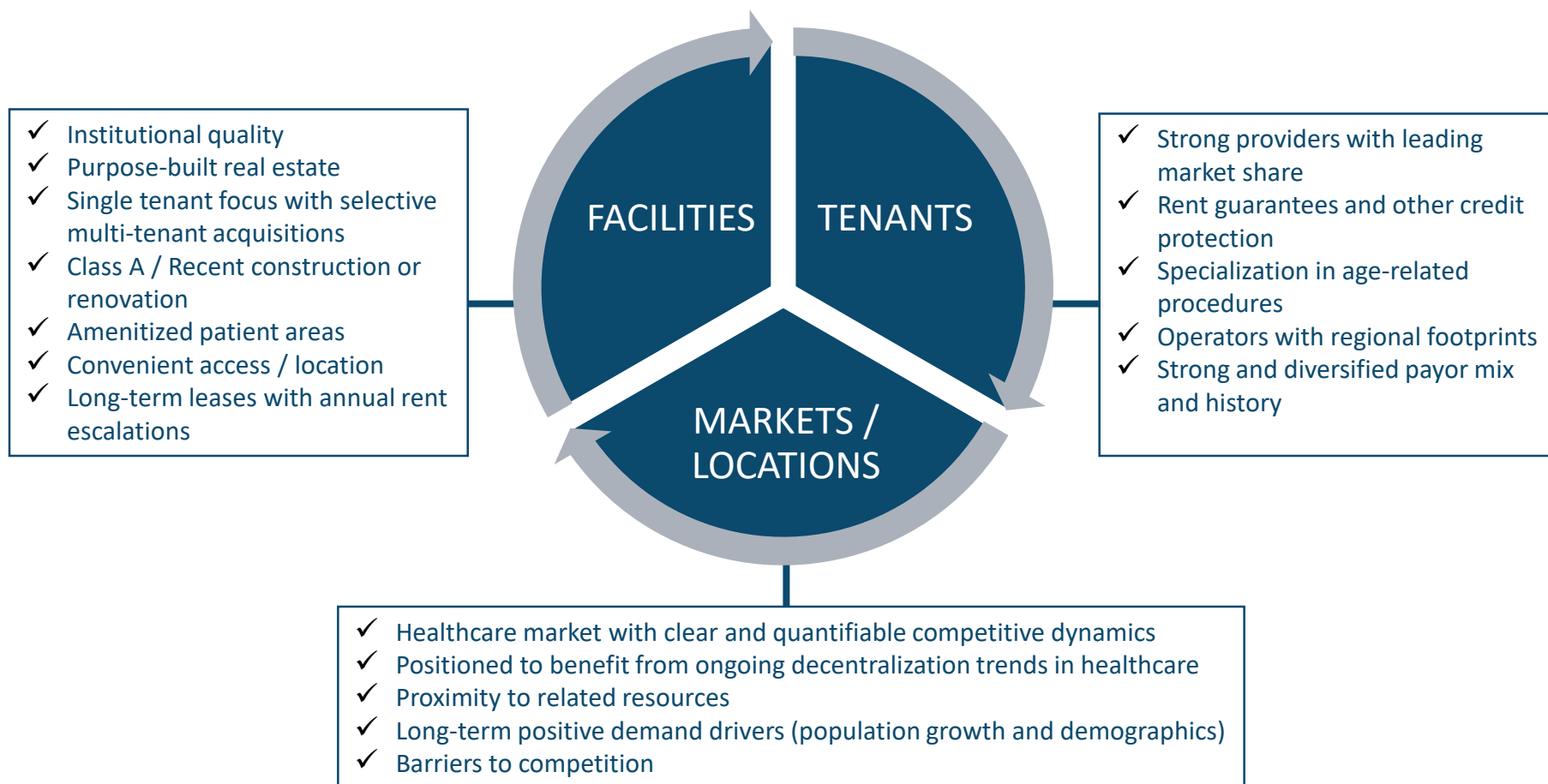
Source: Analysis of American Hospital Association Annual Survey data, 2014, for community hospitals. US Census Bureau: National and State Population Estimates, July 1, 2014.

(1) The Elder Care Workforce Alliance, 2013.

(2) CVS Health Institute, 2017.

# Disciplined Yet Opportunistic Acquisition Strategy

***We aim to create a property portfolio comprised substantially of off-campus, purpose-built, licensed medical facilities such as MOB, specialty hospitals, IRFs and ASCs, that are geographically situated to take advantage of the aging U.S. population and the decentralization of healthcare***



# Future Growth Strategies

***GMRE consistently maintains a large pipeline of actionable acquisition opportunities to sustain growth as a result of being an attractive deal partner***

## Flexible Partner



Ability to navigate complex situations via an adaptable approach to negotiations and deal structuring has created a favorable reputation in the market

## Strong Broker Relationships



Reach via a broad network of investment sales brokers have driven direct referrals to prospective sellers

## Certainty of Closing



Lack of dependence on debt financing to pursue transactions minimizes conditionality of bids

## Use of OP Units



Use of OP Units provides efficient use of equity currency while providing sellers with an attractive, tax-advantage form of consideration and providing us with attractive pricing as evidenced in 3 transactions completed since 2017



# **GMRE PORTFOLIO**

# Portfolio Composition

**41 Diversified  
High Quality Tenants**

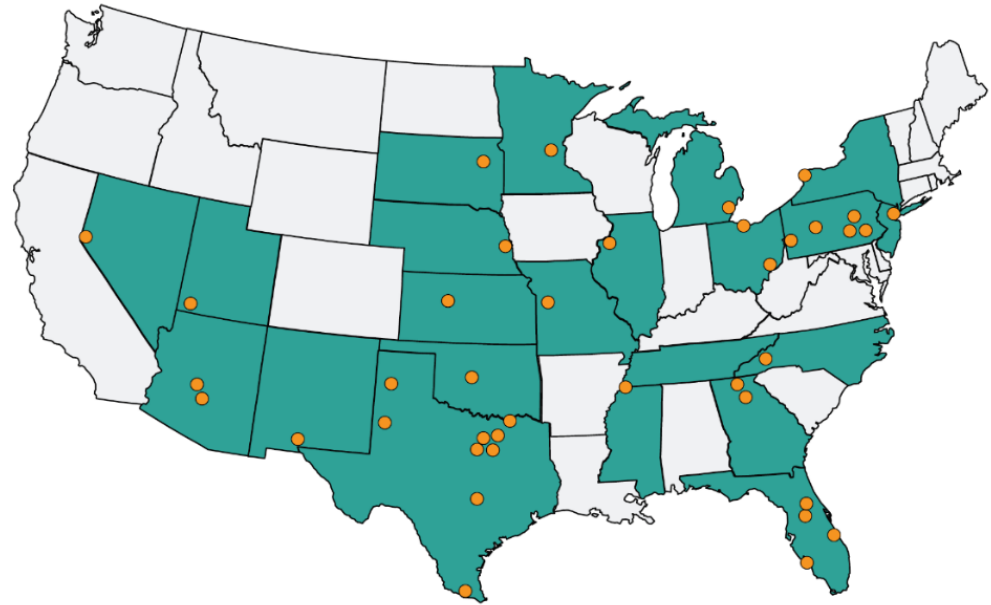
**Rent Coverage**  
3.8x – Hospital Tenants  
7.0x – Physician Group Tenants

**100%  
Occupancy**

**\$613M  
Gross Real Estate Assets**

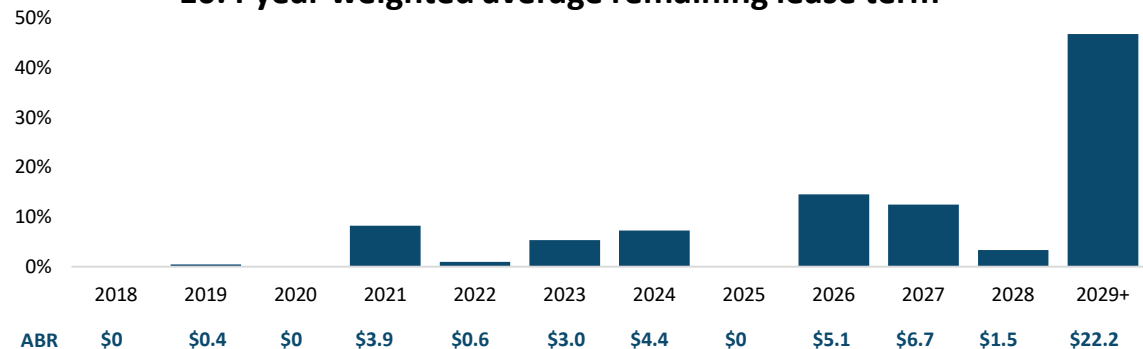
**72 State-of-the-Art  
Purpose-build Healthcare Buildings**

**1.9 Million Square Feet  
Gross Leasable Area (GLA)**



**Lease Expiration Schedule (% of Portfolio)<sup>(1)</sup>  
and Associated ABR (\$ millions)**

**10.4 year weighted average remaining lease term**

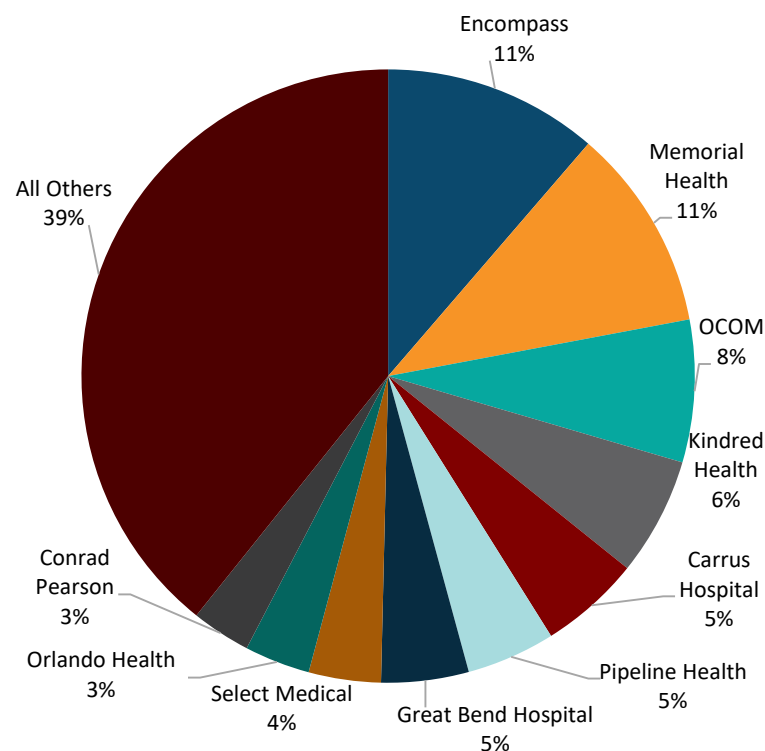


(1) Monthly base rent for September 2018, multiplied by 12.

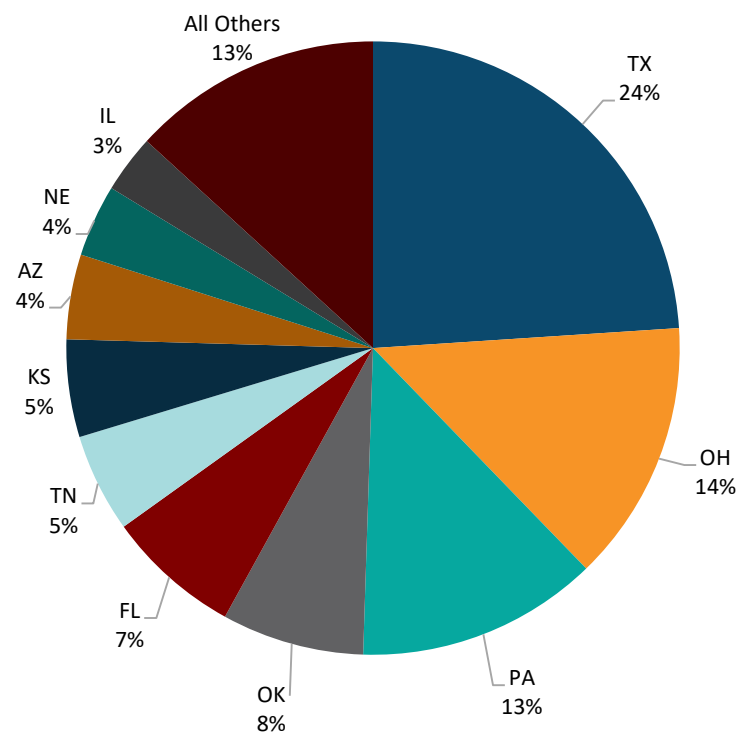
# Diversified Tenant Base

***We seek to diversify our tenant base as demonstrated through no tenant contributing greater than 11% to annualized based rent***

**% of Annualized Base Rent by Tenant<sup>(1)</sup>**



**% of Annualized Base Rent by State<sup>(1)</sup>**



(1) Monthly base rent for September 2018, multiplied by 12.

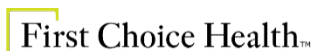


# Established Strong Healthcare Operators

## Not-For-Profit Health System Affiliations



## For-Profit Systems Affiliations and Surgical Operator Partnerships



## Dominant Local Physician Groups





# **GMRE CASE STUDIES**

# Case Study: Memorial Health System (MHS)

## Key Statistics

Asset Type	Campus with four Medical Office Buildings
Gross Leasable Area	155,600
Year Built	2011, 2013, 2014, and 2017
City / MSA	Belpre / Parkersburg-Marietta-Vienna WV-OH
Leased Occupancy	100%
W.A. Lease Term	12.4 years
Purchase Price	\$64.2 million

## Four Facilities and ROFO for Future Cancer Center

- MHS (Fitch BB-) operates the 199-bed Marietta Memorial Hospital (MMH), a 25-bed critical access hospital, nine outpatient care centers and 26 MOB's and clinics in southeast Ohio
- The Belpre Campus is MHS's third and newest campus with services that include a 24-hour ER (with 34,400 visits in 2017), a cancer center, full diagnostics, a multi-specialty clinic, spine & joint specialists, a wellness center and community education
- The Strecker Cancer Center (SCC) is home to MHS's flagship cancer treatment services and one of Ohio's most comprehensive oncology programs; upon completion of a new 80,000-square-foot facility currently under construction, MHS will relocate the SCC from Marietta to the Belpre Campus

## New Campus for Rapidly-Growing Health System



## Leading Provider with 200+ Employed Physicians

- MMH has over 2,500 employees and 211 accredited physicians, which account for more than 90% of the physicians in their Primary Service Area
- In fiscal 2017, MHS had total operating revenue of approximately \$448 million, an increase of 35.2% over fiscal 2014 revenues of \$332 million
- MHS has a leading market share of 70% in its Ohio service area and a growing market share of 25% in West Virginia

# Case Study: NOMS Sale-Leaseback

## Key Statistics

Asset Type	Medical Office and Imaging Center
Gross Leasable Area	25,893
Year Built	2018
EBITDARM / Rent	2.9x average at purchase
Leased Occupancy	100%
Lease Expiration	February 2030
Purchase Price	\$8.3 million

## New Facility with Existing Tenant

- Newly-constructed primary care clinic and imaging center located on a major thruway in Fremont, OH
- Build-to-suit healthcare facility tenanted by Northern Ohio Medical Specialists (NOMS)
- At close, NOMS entered into a 12-year NNN lease with annual rent of \$23.50 per square foot, with annual rent escalations of 2.5%
- We acquired its first building from NOMS in October 2016 and has grown the landlord-tenant relationship to include 82,000 square feet and \$19.5 million in transactions

## State of the Art Facility



## Locally Dominant Tenant

- NOMS is a multi-specialty physician group with over 200 providers, 31 specialties, 24 cities in Northern Ohio
- Formed in 2001, NOMS has grown rapidly, experiencing double-digit annual revenue growth as it adds physicians and specialists to their group
- In 2013, NOMS became 1 of 35 advanced ACOs in the country and was a pioneer in the implementation of the Medicare Access and CHIP Reauthorization Act (MACRA)
- Since mid-2015, NOMS grew from 60 providers to more than 200, with most of that growth in the Toledo and Cleveland areas



# **APPENDIX**



# Appendix: Leadership

## **JEFFREY BUSCH**, *Chairman, Chief Executive Officer and President*



- 20+ years of experience in healthcare, real estate development, management and investment
- Former assistant to the U.S. Secretary of Housing & Urban Development
- United States Special Representative to United Nations in Geneva
- Developed a multitude of institutional quality real estate assets spanning several sectors including residential, commercial, hospitality and retail

## **ROBERT KIERNAN**, *Chief Financial Officer and Treasurer*



- 30+ years of experience in financial accounting, reporting and management, with extensive experience in SEC reporting and SOX compliance
- Served as the Senior Vice President, Controller and Chief Accounting Officer of FBR & Co. ("FBR")(NASDAQ: FBRC) beginning in October 2007
- Prior role as Senior Vice President, Controller and Chief Accounting Officer of Arlington Asset Investment Corp. (NYSE: AI)
- Previously Senior Manager in the assurance practice at Ernst & Young

## **ALFONZO LEON**, *Chief Investment Officer*



- 17+ years of experience in real estate finance and has completed \$3 billion of transactions
- Prior experience as principal at investment advisor to pension funds and investment banker representing healthcare systems, developers and REITs
- Healthcare real estate investment banker for Cain Brothers
- Acquired \$800 million in multi-family, office, medical office, and industrial property on behalf of institutional investors while at LaSalle Investment

## **DANICA HOLLEY**, *Chief Operating Officer*



- 18+ years of management and business development experience
- More than a decade of experience managing multinational teams for complex service delivery across disciplines
- More than 8 years in healthcare programs and infrastructure as Executive Director of Safe Blood International

## **JAMIE BARBER**, *General Counsel and Corporate Secretary*



- 10+ years of experience with SEC compliance and reporting matters, corporate governance, investment banking and REIT-related capital markets
- Served as Associate General Counsel of FBR
- Prior role as Senior Associate – REIT Capital Markets at Hunton & Williams LLP, where he represented public REITs in conjunction with their SEC compliance requirements, corporate governance matters, offerings of equity and debt securities and merger and acquisition transactions
- Previously with Sullivan & Cromwell LLP and KPMG



# Appendix: Independent Directors

## *Majority independent Board with strong backgrounds in healthcare, real estate and capital markets*

### Henry Cole

- President of Global Development International, providing development support and oversight for initiatives in medical and healthcare programs (e.g. Instant Labs Medical Diagnostics, MedPharm & MPRC Group)
- Former President and Founder of international programs at The Futures Group International, a healthcare consulting firm
- Director of International Health and Population Programs for GE's Center for Advanced Studies
- Yale (B.S.); Johns Hopkins (MA)

### Paula Crowley

- Current Chair Emeritus of Anchor Health Properties, previously Chairman of the Board from October 2015 through November 2017
- Co-founder and former CEO of Anchor Health Properties which was sold to Brinkman Management and Development in October 2015
- Prior to Anchor, spent eight year as Development Director with The Rouse Company of Columbia, Maryland
- University of Pennsylvania (M.B.A., Masters in City Planning); Middlebury College (B.A.)

### Matthew Cypher, Ph.D.

- Director of the Steers Center for Global Real Estate and Atara Kaufman Professor of Real Estate at Georgetown University's McDonough School of Business
- Former director at Invesco Real Estate (NYSE: IVR) where he was responsible for oversight of the Underwriting Group, which acquired \$10.2 billion worth of institutional real estate
- Underwrote \$1.5 billion of acquisitions and oversaw the Valuations group, which marked to market Invesco's more than \$13 billion North American portfolio
- Penn State University (B.S.); Texas A&M University (M.S. and Ph.D.)

### Ronald Marston

- Founder and CEO of Health Care Corporation of America (HCCA) Management Company, originally a subsidiary of Hospital Corporation of America (HCA)
- 30+ years in international healthcare focused on healthcare systems with prior experience developing the Twelfth Evacuation Hospital in Vietnam
- Tennessee Technological University (B.S.); California Western University (Ph.D.)

### Dr. Roscoe Moore

- Rear Admiral (Retired) and Chief Veterinary Medical Officer of United States Public Health Service
- Former Assistant United States Surgeon General, point person for global development support with a focus on less developed countries
- Epidemic Intelligence Service Officer with the U.S. Centers for Disease Control and Prevention (CDC)
- Chief epidemiologist with the Centers of Devices and Radiological Health in the US Food and Drug Administration (FDA)
- Tuskegee University (B.S. & DVM); University in Michigan (M.P.H.); Johns Hopkins University (Ph.D.)

### Lori Wittman

- Served as the Chief Financial Officer for Care Capital Properties, Inc. (NYSE: CCP) ("Care Capital"), a publicly-traded REIT which was originally formed as a spin-off from Ventas, Inc. (NYSE: VTR) ("Ventas") and owned over 340 healthcare properties nationwide and had an enterprise value of approximately \$3.5 billion prior to its acquisition by Sabra Healthcare in August 2017
- University of Chicago (M.B.A., Finance & Accounting); University of Pennsylvania (M.C.P., Housing & Real Estate Finance) Clark University (B.A.)

# Appendix: Interested Directors

## Jeffrey Busch, *Chairman*

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- Over 20 years of experience in healthcare, real estate development, management and investment
- Former assistant to the U.S. Secretary of Housing & Urban Development
- United States Special Representative to United Nations in Geneva
- Developed large-scale residential, commercial, hospitality and retail properties

## Zhang Jingguo, *Director*

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- Approximately 20 years experience in real estate development in China
- Serves as President of Henan Real Estate Chamber of Commerce
- Co-founder of Henan Zensun Real Estate, one of the top 100 property development companies in China
- Honored with many awards as an outstanding developer and contributor to the Henan real estate industry

## Zhang Huiqi, *Director*

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- Supervisor for Henan Hongguang Real Estate Limited, a company engaged in property development in China
- Supervisor for Henan Zensun Corporate Development Company Limited, a company engaged in construction and management in China
- University College London (B.S); Beijing Forestry University (B.S); University of Leicester (MA);

# A Path to Internalized Operations

*Upon achieving scale, we continue to evaluate internalizing management*

## \$500 Million Shareholder Equity



- ▶ \$500 million of shareholders' equity is a precursor to internalization
- ▶ Board will appoint a special committee to review the internalization process

## Straightforward Process



- ▶ straightforward internalization transaction process
- ▶ Allow for both a streamlined evaluation for moving forward as well as transparency for investors

## Two-Thirds Vote by Independent Directors



- ▶ Two-thirds vote required by our independent directors
- ▶ Internalization may occur with 30 days' notice

## Termination Fee



- ▶ Internalization will likely result in a termination fee
- ▶ Termination fee equals the product of 3.0 and the sum of a) base management fee and b) average incentive fee earned over the prior 8 fiscal quarters (no incentive fees have been incurred to-date)



# Thank You



**GLOBAL  
MEDICAL REIT**

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