



**GLOBAL  
MEDICAL REIT**



**Investor Presentation**

September 2019

# Forward-Looking Statements

*This presentation is for informational purposes only and does not constitute an offer to sell, or a solicitation of offers to purchase, Global Medical REIT Inc.'s (the "Company", or "GMRE") securities. The information contained in this presentation does not purport to be complete and should not be relied upon as a basis for making an investment decision in the Company's securities. This presentation also contains statements that, to the extent they are not recitations of historical fact, constitute "forward-looking statements." Forward-looking statements are typically identified by the use of terms such as "may," "should," "expect," "could," "intend," "plan," "anticipate," "estimate," "believe," "continue," "predict," "potential" or the negative of such terms and other comparable terminology. The forward-looking statements included herein are based upon the Company's current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the Company's control. Although the Company believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, the Company's actual results and performance could differ materially from those set forth in the forward-looking statements due to the impact of many factors including, but not limited to, those discussed under "Risk Factors" in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q and any prospectus or prospectus supplement filed with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any such information for any reason after the date of this presentation, unless required by law.*

*This presentation includes information regarding certain of our tenants, which are not subject to SEC reporting requirements. The information related to our tenants contained in this report was provided to us by such tenants or was derived from publicly available information. We have not independently investigated or verified this information. We have no reason to believe that this information is inaccurate in any material respect, but we cannot provide any assurance of its accuracy. We are providing this data for informational purposes only.*



# **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 with 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 AND BOARD OF DIRECTORS

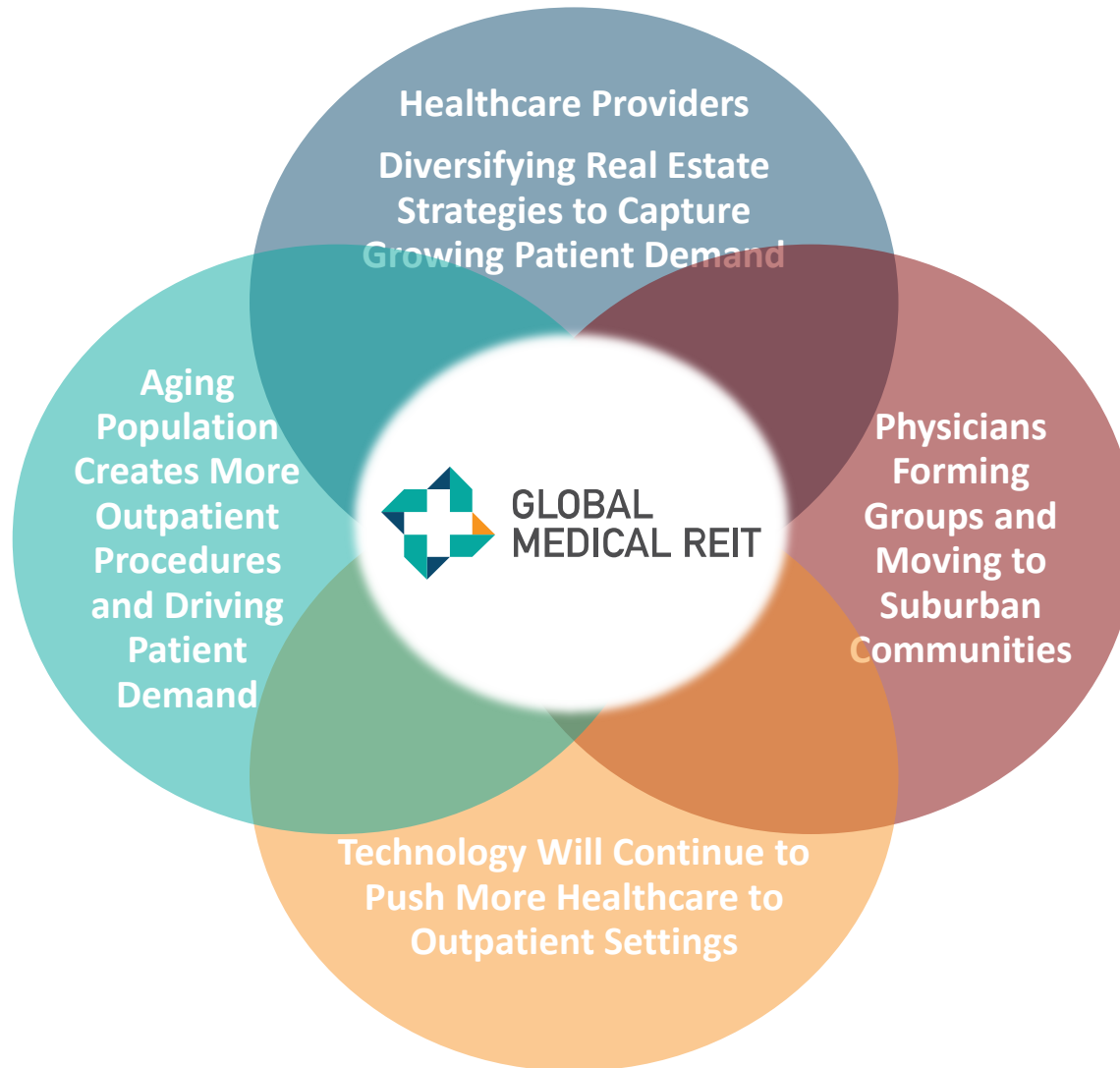
- ▶ Extensive expertise in healthcare real estate acquisitions, finance, development and administration
- ▶ Decades of experience with deep relationships in the space
- ▶ Board with decades of public company and real estate experience



# GMRE STRATEGY

# GMRE Benefits From Key Dynamics in Healthcare

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



# Increasing Demand for Localized Delivery

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

### The Patients are Changing

#### An Aging Population Will Drive Healthcare Costs <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 conditions; 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 lead to an increase to healthcare spending

#### Conveniently Located Healthcare Will Be in Higher Demand <sup>(2)</sup>

- ▶ According to the 2017 CVS Health Institute survey, individuals aged 65+ want to be independent as long as possible.
- ▶ 79% of the 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

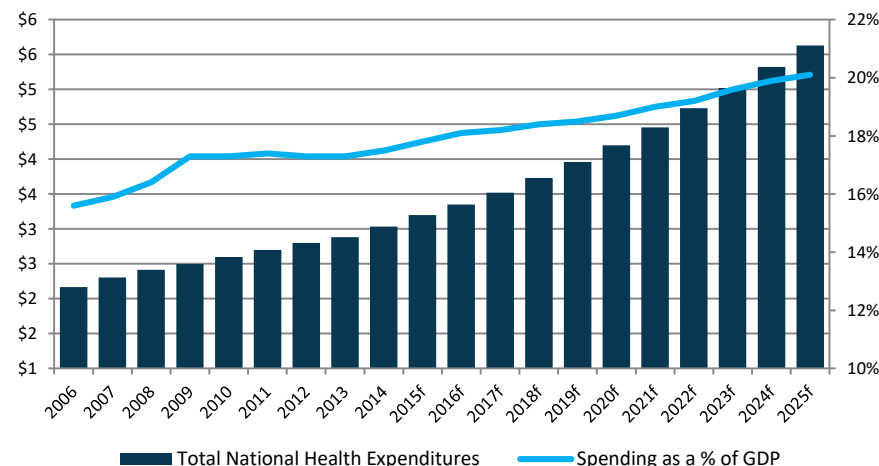
Source: Analysis of American Hospital Association Annual Survey data, 2014, for community hospitals. US Census Bureau: National and State Population Estimates, July 1, 2014.

(1) The Elder Care Workforce Alliance, 2013.

(2) CVS Health Institute, 2017.

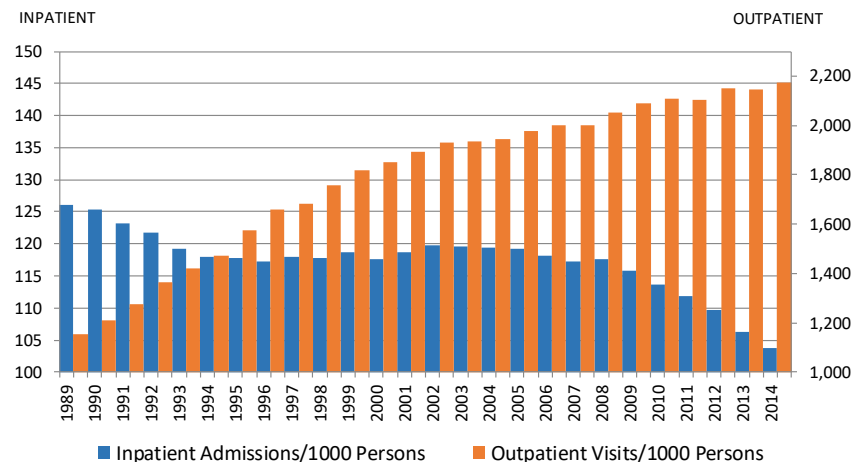
#### HEALTHCARE SPENDING CONTINUES TO INCREASE

(National Healthcare Expenditures 2006 – 2025f)



Source: U.S. Centers for Medicare & Medicaid Services

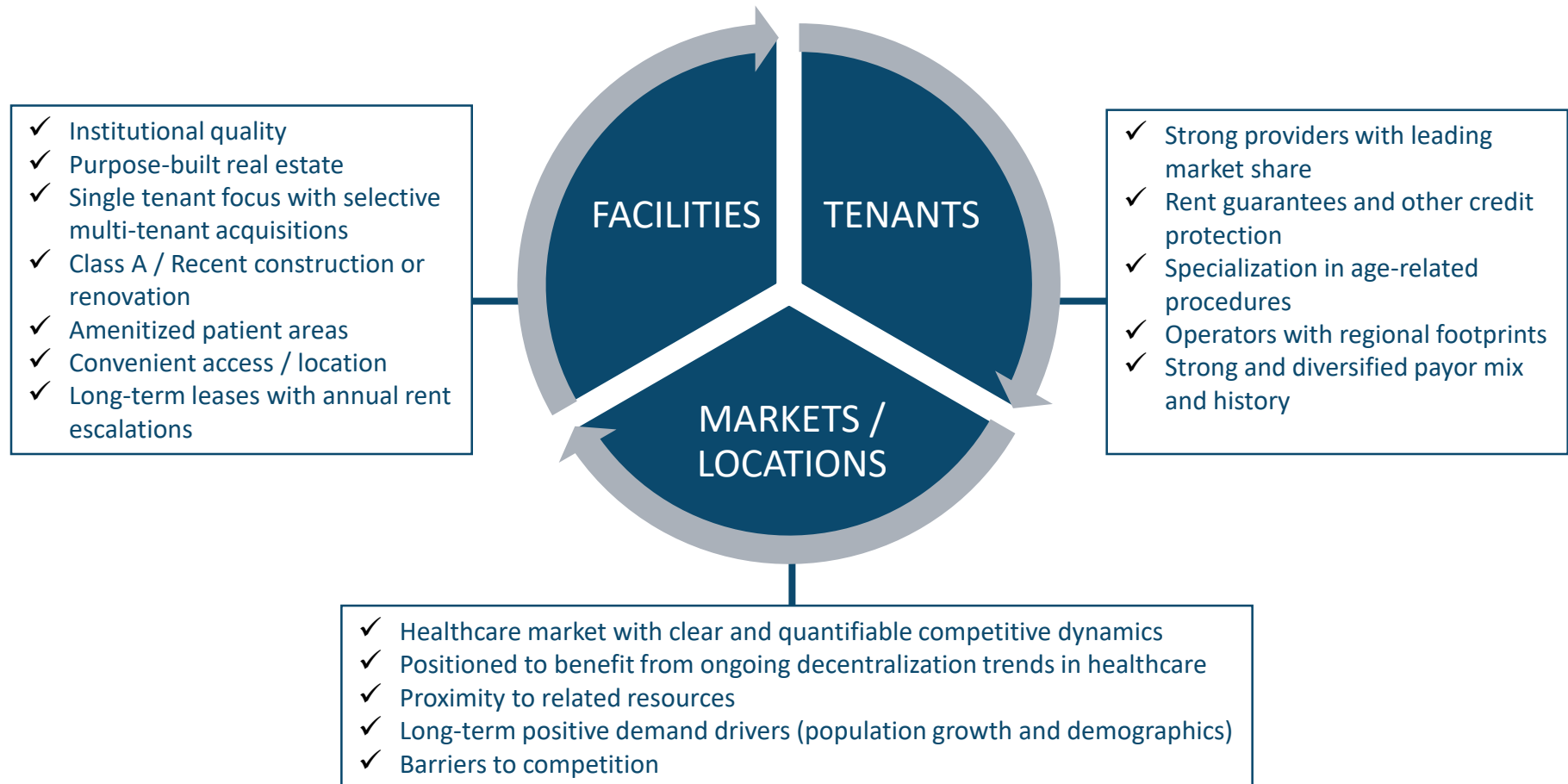
#### OUTPATIENT VISITS ARE INCREASING OVERTIME





# 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 transactions through an adaptable approach to negotiations and deal structuring, creating a favorable reputation within the market

## Strong Broker Relationships

A large, broad network of investment sales brokers, coupled with a solid reputation of being able to execute, has driven direct referrals to prospective sellers

## Certainty of Closing

With a variety of capital sources, GMRE is well-positioned to pursue investment transactions with a competitive advantage among other bidders who have limited capital sources

## 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 by ~ \$28 million in acquisition related transactions between 2018 - 2019



# GMRE PORTFOLIO

# Portfolio Composition

**\$59M**

Annualized Base  
Rent (ABR)

**91**

Total Buildings

**2.3M**

Rentable Square  
Feet (RSF)

**56**

Total Tenants

**9.3 YRS**

Weighted Average  
Lease Term

**100%**

Occupancy

**2.2%**

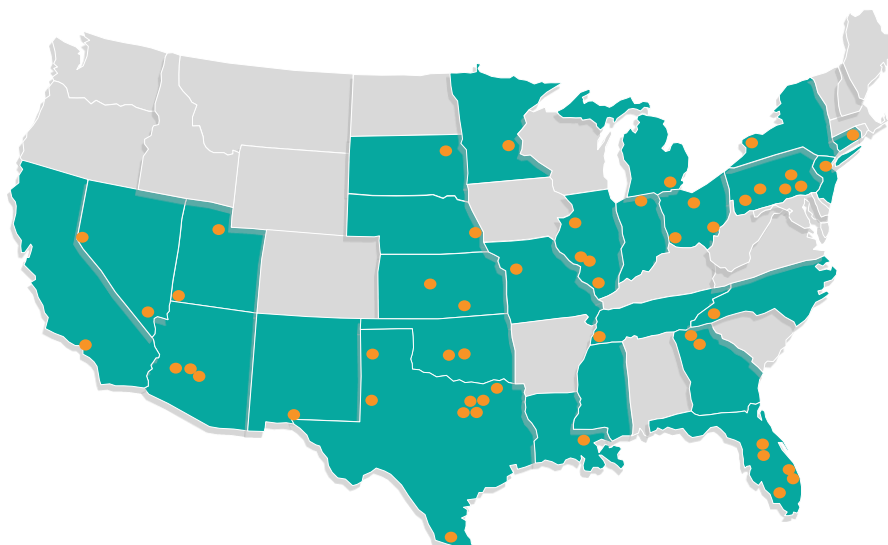
Weighted Average  
Rent Escalations

## Tenant Affiliation or Property Location

Category	By Rent
(A) On Campus or Adjacent	25%
(B) Health System Affiliated	49%
<b>(C) On Campus or Affiliated</b>	<b>57%</b>
(D) Rehab Hospital/LTACH	34%
(E) Retail Center	25%
(F) Medical Office Park	24%
(G) National Surgical Operator	13%
<b>(A), (B), (D), (E) or (F)</b>	<b>95%</b>

## Tenant Credit Strength By Asset Type

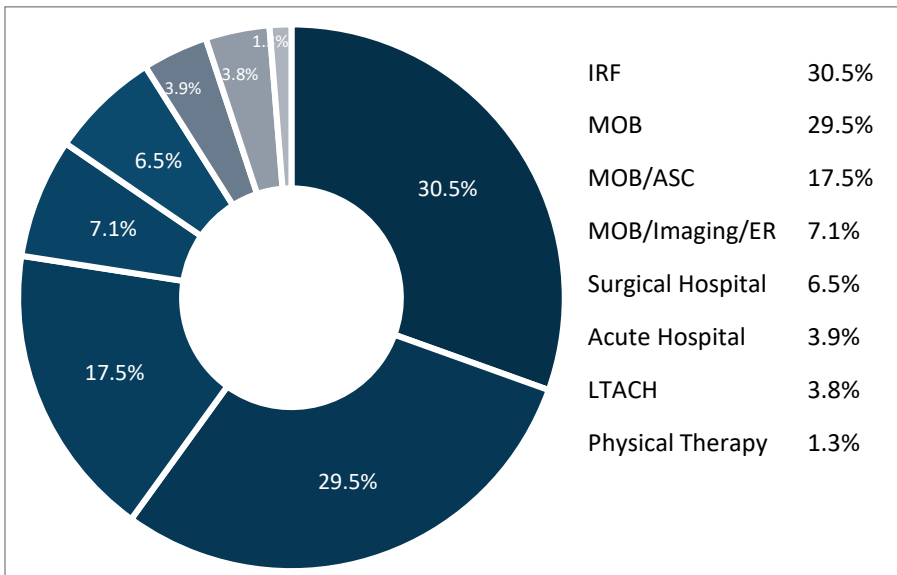
Category	% of ABR	Rent Coverage Ratio
Inpatient Rehab Facility (IRF)	30.6%	3.52x
Surgical Hospital (SH)	6.1%	5.13x
Long-term Acute Care Hospital (LTACH)	3.8%	3.67x
<b>TOTAL/WEIGHTED AVERAGE IRF, SH, LTACH</b>	<b>40.5%</b>	<b>3.78x</b>
Medical Office Building (MOB)	17.7%	6.50x
MOB/Ambulatory Surgery Center (ASC)	11.8%	6.79x
<b>TOTAL/WEIGHTED AVERAGE MOB's</b>	<b>29.5%</b>	<b>6.62x</b>
<b>All Tenants Calculated for Rent Coverage</b>	<b>70.0%</b>	<b>4.97x</b>
<b>Large/Credit Tenants Not Calculated</b>	<b>20.2%</b>	<b>N/A</b>
<b>Other Tenants Not Available</b>	<b>9.8%</b>	<b>N/A</b>



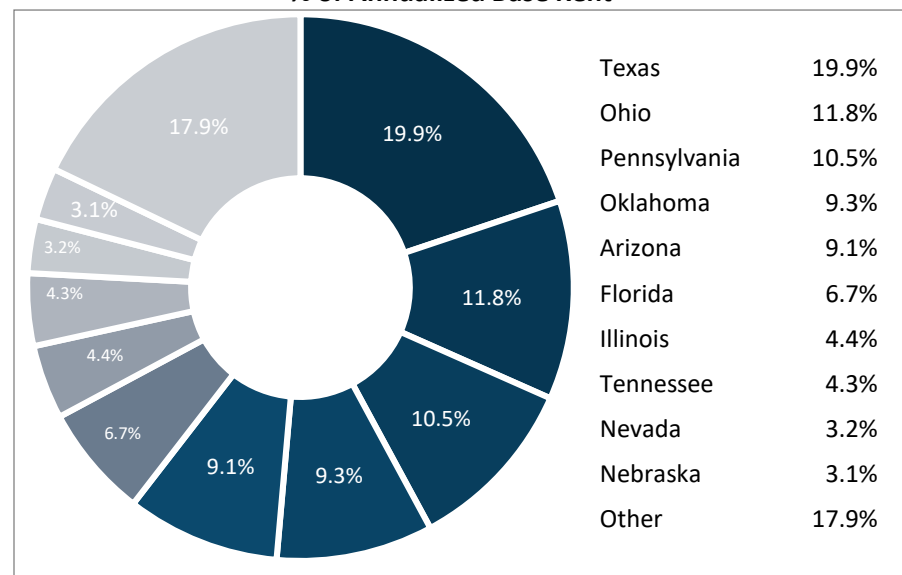
# Diversified Tenant Base

***No one tenant contributes greater than 11.9% to annualized based rent***

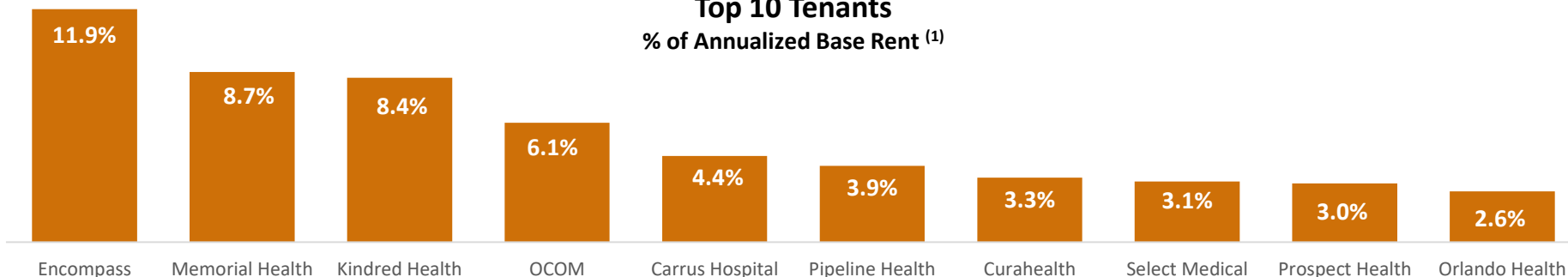
**Top Asset Types**  
% of Annualized Base Rent<sup>(1)</sup>



**Top 10 States**  
% of Annualized Base Rent<sup>(1)</sup>



**Top 10 Tenants**  
% of Annualized Base Rent<sup>(1)</sup>



(1) Monthly base rent as of June 30, 2019 multiplied by 12

all data as of June 30, 2019 unless otherwise stated

# Established Strong Healthcare Operators as Tenants

## Not-For-Profit Health System Affiliations



## For-Profit Systems Affiliations and Surgical Operator Partnerships



## Dominant Local Physician Groups





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# **IRF PORTFOLIO CASE STUDIES**

# IRF Portfolio Summary

## Key Highlights

Asset Type	Four Inpatient Rehabilitation Facilities (“IRFs”)
Gross Leasable Area	207,204 square feet
Total Beds	180
Average Year Built	2011
Year 1 Rent (psf)	\$6.8 million (\$32.87)
W.A. Lease Term	8.2 years
Purchase Price (psf)	\$94.0 million (\$454)
Cap Rate (Yr. 1 / Yr. 2)	7.3% / 7.6% <sup>(1)</sup>

(1) See additional information on page 21

## Transaction Highlights

- ▶ Portfolio comprised of four IRFs located in Nevada, Arizona, Oklahoma and Indiana being sold by CNL Healthcare Properties
- ▶ Attractive population growth – particularly within the Southwestern markets
- ▶ Large operator tenants with national scale
- ▶ Estimated 2.4% compound annual growth of triple net (“NNN”) rents over the first five years

## Premier Facilities



## Large National Tenants

- ▶ *Encompass* – Nation’s largest owner and operator of IRFs, including 130 IRFs and 278 home health and hospice locations
- ▶ *Cobalt/Tenet* – Cobalt is a leader in healthcare real estate development and rehab hospital operations with 80+ years of industry expertise amongst its leadership team. Tenet operates 68 hospitals, 23 surgical hospitals, and 475 outpatient centers
- ▶ *Saint Joseph Health System* – Part of Trinity Health, one of the nation’s largest multi-institutional Catholic healthcare systems with 94 hospitals and 109 continuing care locations in 22 states
- ▶ *Mercy Health/Kindred Healthcare* – Mercy Health operates 40+ acute care and specialty hospitals. Kindred provides healthcare services in 1,800+ locations in 45 states



# IRF Portfolio – Nevada / Arizona

## Las Vegas, NV - Key Highlights

Gross Leasable Area	53,260 square feet
Total Beds	50
Year Built	2007
Year 1 Rent (psf)	\$1.5 million (\$28.24)
Lease Term	6.0 years
Purchase Price (psf)	\$21.5 million (\$404)
Cap Rate	7.0%
Tenant	Encompass (Ba3) <sup>(1)</sup> Largest owner and operator of IRFs in the U.S.



## Surprise, AZ - Key Highlights



Gross Leasable Area	54,575 square feet
Total Beds	40
Year Built	2015
Year 1 Rent (psf)	\$2.0 million (\$36.12)
Lease Term	11.6 years
Purchase Price (psf)	\$28.5 million (\$522)
Cap Rate	6.9%
Tenant	Cobalt / Tenet (NR / Ba3) <sup>(1)</sup> Cobalt has 80+ years combined experience in healthcare real estate development Tenet operates 68 hospitals, 23 surgical hospitals, and 475 outpatient centers

(1) Moody's credit rating.

# IRF Portfolio – Oklahoma / Indiana

## Oklahoma City, OK - Key Highlights

Gross Leasable Area	53,449 square feet
Total Beds	50
Year Built	2012
Year 1 Rent (psf)	\$1.9 million (\$35.02)
Lease Term	8.3 years
Purchase Price (psf)	\$28.0 million (\$524)
Cap Rate	6.7%
Tenant	Mercy / Kindred (Aa3 / B2) <sup>(1)</sup> Mercy Health operates more than 40 acute care and specialty hospitals Kindred provides healthcare services in 1,800+ locations in 45 states



## Mishawaka, IN - Key Highlights



Gross Leasable Area	45,920 square feet
Total Beds	40
Year Built	2009
Year 1 Rent (psf)	\$1.5 million (\$31.89)
Lease Term	5.6 years
Purchase Price (psf)	\$16.0 million (\$348)
Cap Rate	9.2%
Tenant	St. Joseph Health System Member of Trinity Health (Aa3) <sup>(1)</sup> healthcare network - nation's 4 <sup>th</sup> largest Catholic health system

(1) Moody's credit rating.



# **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

# 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.)

# Non-Independent 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);



## **Portfolio Snapshot (see page 4)**

Annualized Base Rent (ABR) represents base rent at June 30, 2019 multiplied by 12. Accordingly, this methodology produces an annualized amount as of a point in time but does not take into account future contractual rental rate increases.

## **Rent Coverage Ratio (see page 10)**

For purposes of calculating our portfolio weighted-average EBITDARM coverage ratio (“Rent Coverage Ratio”), we excluded medical office buildings and other non-hospital tenants that are themselves credit rated or are subsidiaries of credit-rated health systems. These ratios are based on available information only, calculated as of December 31, 2018. Most tenant financial statements are unaudited and we have not independently verified any tenant financial information (audited or unaudited) and, therefore, we cannot assure you that such information is accurate or complete. Certain tenants (approximately 11% of our portfolio) are excluded from the calculation due to lack of available financial information or, with respect to our City Hospital at White Rock acquisition, a lack of relevant operating history with a new tenant operator. Additionally, certain components of our Rent Coverage Ratio include management assumptions to adjust for differences in tenant businesses, accounting and reporting practices, including, but not limited to, adjustments (i) for non-cash charges, (ii) for physician distributions and compensation, (iii) for differences in fiscal year, (iv) for changes in financial statement presentation and (v) for straight-line rent. Management believes that all adjustments are reasonable and necessary.

## **IRF Portfolio Summary Year 2 Cap. Rate (see page 14)**

Calculated by dividing the year two annualized base rent (total of monthly base rent during month of contractual rent increase at each property times 12) by \$94 million. The rent escalation terms for each of the facilities is as follows: (i) 2.0% annual increase effective January 1, 2020 for the South Bend facility; (ii) 2.5% annual increase effective October 1, 2019 for the Oklahoma City facility; (iii) annual increase effective January 1, 2020 of the greater of (a) 2% or (b) the CPI Index, not to exceed 3%, for the Surprise facility (assumed CPI of 2.5% in 2020 for purposes of the table above); (iv) increase effective June 1, 2020 equal to the lesser of (a) the percentage increase in the CPI-U (All Urban Consumers) during the preceding 5-year period (May 2015 and May 2020), or (b) 15% (assumed CPI of 1.5% and 2.5% in 2019 and 2020, respectively, for purposes of the table above) for the Las Vegas facility. The rent escalation at the Las Vegas facility occurs every five years during the lease term.





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MEDICAL REIT**

[www.globalmedicalreit.com](http://www.globalmedicalreit.com)  
**NYSE: GMRE**



## **INVESTOR RELATIONS**

Evelyn Infurna  
[Evelyn.Infurna@icrinc.com](mailto:Evelyn.Infurna@icrinc.com)  
203.682.8265

Kara Smith  
[Kara.Smith@icrinc.com](mailto:Kara.Smith@icrinc.com)  
646-277-1211