

Physicians Realty Trust, AMO[®] and the IREM[®] CSP Program

The IREM CSP program is made possible by a
Yardi Energy Efficiency Grant.



Physicians Realty Trust, AMO[®] (NYSE: DOC) is a publicly traded real estate investment trust focused on medical office buildings (MOBs), including outpatient buildings, surgery centers, and cancer centers.

Headquartered in Milwaukee, Wisconsin, the company has a 14 million square foot portfolio featuring over 260 properties spanning 36 states.

Since their IPO in 2013, the company has grown rapidly and earned numerous awards for their quality portfolio, team culture, and investor transparency. As an IREM Accredited Management Organization (AMO) since 2016, the company recognizes the value in aggressively benchmarking their efforts and striving for ever-increasing levels of excellence.

In 2018, DOC undertook an initiative to develop and launch a formalized Environmental, Social, and Governance (ESG) program. A cornerstone of the effort was the IREM Certified Sustainable Property (CSP) program.

The company used the IREM CSP to:



Deliver best-in-class physician and patient experiences



Earn recognition for the sustainability achievements of their MOBs



Access a practical framework for sustainability best practices across the portfolio



Engage property management teams, building service providers, and healthcare providers in meaningful ESG initiatives



Defining ESG at DOC

DOC's ESG program aligns with the company's mission "to help medical providers, developers, and shareholders realize better healthcare, better communities, and better returns."

All DOC ESG projects stem from an adherence to a G2 SustainabilitySM philosophy—a practical approach in which being "green" through capital initiatives equates to a "green" cash return via cost savings over time. With these goals in mind, DOC created a holistic approach to ESG, ensuring the economic viability, operational efficiency, natural resource conservation, and social responsibility of their nationwide portfolio.

DOC's Environmental Management System (EMS) lays the foundation for all of their ESG strategies. It's their roadmap to integrating sustainability considerations and objectives into their ongoing decision-making and operations to continually improve the stewardship of their portfolio. All workflows are managed by an internal, cross-department DOC Sustainability Team.



PHYSICIANS REALTY TRUST

About

Gross asset value of over
\$4.78 billion

268
properties across
36
states

14.2
million square feet

95.9%
leased

ESG at DOC is defined along the following principles:



Environmental

Capitalizing on opportunities, lowering occupancy costs, reducing carbon footprints, improving patient experience through property upgrades, and generating long-term shareholder value.



Social

Generating and measuring trust and loyalty among their team, clients, and society while reflecting company values of giving back to their communities, promoting a healthy working environment, and retaining top team member talent within a diverse and inclusive workforce.



Governance

Measuring company processes through checks and balances and strong governance oversight, ensuring their decisions reflect the best interests of their shareholders.



01

Baylor Charles A. Sammons Cancer Center
Dallas, TX > **458,396 RSF**

Through a comprehensive program involving retrofitting common area lighting fixtures and updating outdated HVAC components, DOC achieved an 8.5% reduction in energy use at the property from 2018 to 2019. A recommissioning of the building mechanical systems is now underway, which DOC expects to further reduce energy usage for the site by an additional 3 – 5%.

As part of their ESG initiative, DOC sought a building certification program that complemented the other tools and programs they use. In addition to the public recognition that comes with earning any certification, DOC also wanted a program that provided an accessible framework for pursuing specific sustainability measures across their portfolio.

DOC chose to pursue IREM CSP certifications and use the program to improve overall portfolio performance. The program allows them to:

- Prioritize properties for improvements using a sustainability focus
- Roll out a common set of sustainability best practices to their management teams
- Earn IREM's CSP recognition for their properties and teams

"As an Accredited Management Organization that is aligned with IREM's high standards of excellence, it was a natural fit for our company to partner as one of the organization's inaugural [MOB] designees, David Domres, CPM® Emeritus and DOC vice president, shares. "Even further, after a thorough evaluation of the IREM CSP program, we found the tools and resources provided by IREM as part of their property certification process to be both practical and valuable."

DOC's enrollment in the IREM CSP Volume Program

The company is enrolled in the IREM CSP Volume Program. To enroll in the Volume Program, companies must intend to certify at least 10 properties and conduct public sustainability reporting.

Upon enrollment, an analysis of sustainability practices across the company's portfolio provides credits for policies and programs that apply to all properties. The final product is a custom program that eliminates redundancies and focuses on establishing best in class at the site level.

DOC used the IREM CSP Volume Program enrollment process to:

- Perform a **gap analysis** of their portfolio's sustainability practices
- Develop property operating procedures using IREM CSP policy templates and evaluate existing policies against **IREM tools and templates**
- Identify new sustainability and **health and wellness programs**
- Earn **IREM CSP credits** for centralized activities such as portfolio benchmarking and corporate policies

DOC'S USE OF THE IREM CSP VOLUME PROGRAM

Gap analysis of portfolio practices

Policy development

Identification of new programs

Certification credits

"[A]fter a thorough evaluation of the IREM CSP program, we found the tools and resources...to be both practical and valuable. "

— David Domres, CPM® Emeritus, DOC vice president



02

Strictly Pediatrics Specialty Center
Austin, TX > **127,338 RSF**

A 2,500 square foot-panel solar array, one of the largest in Central Texas, generates 1.2 million kilowatts of clean energy each year, while the educational and interactive solar monitoring display in the lobby provides a needed distraction for children battling illness. A complete retrofit of the interior lighting is underway to further reduce the carbon footprint of this property.

Highlights of the IREM CSP for MOBs program



Baseline requirements

- Benchmarking
- Policy setting
- Walk-throughs
- Assessments



Energy points

- Tenant outreach on office and medical equipment
- Performance improvements
- ENERGY STAR score 60+



Water points

- Tenant outreach on water management practices
- High-efficiency fixtures
- Performance improvements
- Native/drought-resistant landscaping



Health points

- Tenant education on the health and wellness impacts of indoor environments
- Stress reduction events for the healthcare providers in the building
- Initial and periodic indoor air quality (IAQ) testing
- Optimal IAQ metrics



Recycling points

- Recycling best practices such as signage and goal setting
 - Additional policies on construction waste, e-waste, and other items
- Waste diversion rate goals
- Minimum waste diversion rate thresholds



Purchasing points

- Green-certified products
- Tenant outreach on green purchasing
- Vendor engagement
- Green power, RECs, and offsets

Sustainable operations in MOBs



Sustainable operations in MOBs require different approaches than in conventional office buildings. Tenant education and engagement are more important than ever, and in the healthcare environment, patient experience is the top priority.

Special considerations include:

- » All programs must contribute to the health and wellness of patients.
- » Tenants operate in a rapidly evolving healthcare delivery model.
- » Tenants are often on triple-net leases and control key aspects of building operations.
- » Medical equipment and processes are typically resource-intensive.
- » Waste volumes can be large, and medical waste requires special handling.
- » Conventional healthcare materials and chemicals can be hazardous and toxic.

Real estate managers can advance sustainability in MOBs through consistent application of best practices and tenant engagement. Tenants are especially interested in reducing expenses and seeing health and wellness benefits from sustainable operations.



For more information and complete program requirements, visit irem.org/gogreen.



03

HealthEast Clinic and Specialty Center
Maplewood, MN **147,885 RSF**

One of the most sustainable properties in the DOC portfolio, this facility includes all LED lighting and low-flow plumbing fixtures, while an aggressive new recycling policy has helped achieve a 45% diversion rate for recyclable materials.

DOC's team leads the way

DOC's dedication to sustainability begins with a committed Board of Trustees and management, but their success stems from the hard work of every member of their team.

The company recently unveiled a new quarterly Sustainability Award to recognize DOC team members, as well as its vendor service partners, who excel at supporting sustainability across their portfolio.

"Beyond our overall corporate ESG strategy, our talented management and engineering teams are a vital part of our ability to achieve our sustainability targets. As our eyes and ears across the country, we recognize individuals who go above and beyond in implementing ESG programming and identifying new opportunities to move the sustainability needle."

—Ryan Yetzer, LEED Green Associate, DOC capital projects manager

IREM CSPs earned in 2019

Baylor Scott and White Charles A. Sammons Cancer Center
Dallas, TX

Calkins 125
Rochester, NY

Crystal Medical Building
Crystal, MN

Great Plains Rehab Center
Bismarck, ND

Hazelwood Medical/HealthEast
Maplewood
Maplewood, MN

North Mountain
Phoenix, AZ

St. Alexius – Mandan Clinic
North
Mandan, ND

Strictly Pediatrics Specialty
Center
Austin, TX



With eight IREM CSP designations earned in 2019, a new Sustainability section of their company website, and inaugural, interactive ESG Report now published at www.docreit.com/ESG, DOC has crafted a proven ESG platform to empower their team's efforts in the years to come. On this solid foundation, they pursue continuous improvement throughout their portfolio.





This report and the IREM® Certified Sustainable Property (CSP) program are made possible by a Yardi Energy Efficiency Grant. IREM would like to thank Yardi for their support and valued partnership.

Hi, we're IREM

We're an international institute for property and asset managers, providing complete knowledge to take on real estate management's most dynamic challenges. That means knowledge prepared for the day-to-day and the one-of-a-kind: from solving the latest tenant crisis to analyzing market conditions.

For over 85 years, our members have made us the world's strongest voice for all things real estate management. Today, almost 20,000 leaders in commercial and residential management call this home for learning, certifications, and networking.

The IREM CSP certification is an attainable, affordable, and meaningful recognition program for existing office, medical office, multifamily, senior housing, and retail properties. The program evaluates sustainability performance in five categories: energy, water, health, recycling, and purchasing.

Learn more about IREM and the CSP program at irem.org.

About Physicians Realty Trust, AMO®

Physicians Realty Trust (NYSE: DOC) is a healthcare Real Estate Investment Trust (REIT) focused on the selective acquisition and management of high-quality medical office facilities leased to leading health systems. Led by an experienced staff of former healthcare professionals and real estate experts, our mission is to help medical providers, developers, and shareholders realize better healthcare, better communities, and better returns. We do this by offering broader and deeper healthcare expertise than any other REIT, by crafting solutions that benefit all parties, and by leveraging our long-standing industry connections to source and sustain the highest-quality properties and tenants in the industry.

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