COMMUNITY
HEALTHCARE
TRUST

Notice of 2017 Annual Meeting and Proxy Statement

Annual Report on Form 10-K for Fiscal Year Ended December 31, 2016

ANNUAL MEETING OF STOCKHOLDERS
MAY 30, 2017 – 8:00 A.M. CST

Community Healthcare Trust Incorporated
3326 Aspen Grove Drive
Suite 150
Franklin, TN 37067

HOW TO VOTE

Please refer to the notice/proxy card or other voting instructions included with these proxy materials for information on how to vote. If you vote on the internet, you do not need to return your proxy card.

ANNUAL REPORT ON FORM 10-K

The Company has filed an Annual Report on Form 10-K for the year ended December 31, 2016 with the Securities and Exchange Commission. Shareholders may obtain a copy of this report, without charge, by writing: **Investor Relations, Community Healthcare Trust Incorporated, 3326 Aspen Grove Drive, Suite 150, Franklin, Tennessee 37067**; or via email: investorrelations@chct.reit.

Proxy

Form 10-K

COMMUNITY
HEALTHCARE
TRUST

April 3, 2017

Dear Stockholder:

On behalf of the Board of Directors, we cordially invite you to attend the 2017 Annual Meeting of Stockholders of Community Healthcare Trust Incorporated, a Maryland corporation (the "Company"). The annual meeting will be held beginning at 8:00 a.m., Central time, on Tuesday, May 30, 2017 at the principal offices of the Company, located at 3326 Aspen Grove Drive, Suite 150, Franklin, Tennessee 37067. The formal notice of the annual meeting appears on the next page. At the annual meeting, you will be asked to:

1. Elect five directors, each to serve a one-year term expiring in 2018;

2. Approve Amendment No. 2 to the Company's 2014 Incentive Plan that will allow continuation of the significant participation in our Alignment of Interest Program by providing for automatic annual increases in the number of shares of common stock available for grant, award or issuance under the 2014 Incentive Plan;

3. Ratify the appointment of BDO USA, LLP as our independent registered public accountants for 2017; and

4. Transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

The accompanying proxy statement provides detailed information concerning the matters to be acted upon at the annual meeting. We urge you to review this proxy statement and each of the proposals carefully. Your vote is very important. It is important that your views be represented at the annual meeting regardless of the number of shares of common stock you own or whether you are able to attend the annual meeting in person.

On April 3, 2017, we posted on the investors relations page of our Internet website, *http://investors.chct.reit*, a copy of our 2017 proxy statement, proxy card and our annual report to stockholders. Also on April 3, 2017, we mailed a notice (the "Notice") containing instructions on how to access our proxy materials and vote online to our institutional stockholders who own our stock directly in their name and in the name of other stockholders.

You may vote your shares on the Internet. If you request a paper copy of the proxy card or voting instruction form, we will mail you the paper copy and you may sign, date and mail the accompanying proxy card or voting instruction form in the envelope provided with your proxy card. Instructions regarding the two methods of voting by proxy are contained on the Notice and on the proxy card. As always, if you are the record holder of our stock, you may vote in person at the annual meeting. The accompanying proxy statement explains how to obtain driving directions to the meeting.

On behalf of our Board of Directors, I would like to express our appreciation for your continued interest in Community Healthcare Trust Incorporated.

Sincerely,

Timothy G. Wallace
Chairman of the Board, President, and
Chief Executive Officer

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be held on May 30, 2017:

Community Healthcare Trust Incorporated's 2017 proxy statement, proxy card and annual report to stockholders are available at *http://investors.chct.reit*.

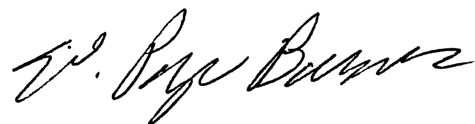
Community Healthcare Trust Incorporated

3326 Aspen Grove Drive, Suite 150
Franklin, Tennessee 37067

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TIME	8:00 a.m., Central Time, on Tuesday, May 30, 2017
PLACE	Community Healthcare Trust Incorporated 3326 Aspen Grove Drive, Suite 150 Franklin, Tennessee 37067
ITEMS OF BUSINESS	1. To elect five directors, each to serve a one-year term expiring in 2018. 2. To approve Amendment No. 2 to the Company's 2014 Incentive Plan that will allow continuation of the significant participation in our Alignment of Interest Program by providing for automatic annual increases in the number of shares of common stock available for grant, award or issuance under the 2014 Incentive Plan. 3. To ratify the appointment of BDO USA, LLP as our independent registered public accountants for 2017. 4. To transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.
RECORD DATE	You can vote if you are a stockholder of record as of the close of business on March 24, 2017.
ANNUAL REPORT	All of these documents are accessible on our Internet website, *http://investors.chct.reit*. You may request a paper copy of the proxy statement, the proxy card, and our annual report to stockholders, which is not part of the proxy solicitation material.
PROXY VOTING	It is important that your shares be represented and voted at the annual meeting. You may vote your shares on the Internet or, if you request and receive written proxy materials, you may vote by signing, dating and mailing the accompanying proxy card or voting instruction form in the envelope provided. Instructions regarding the two methods of voting are contained on the proxy card. The Notice has instructions regarding voting on the Internet. Any proxy may be revoked at any time prior to its exercise at the annual meeting.

By Order of the Board of Directors,



W. Page Barnes
Secretary of
Community Healthcare Trust Incorporated
Franklin, Tennessee
April 3, 2017

COMMUNITY HEALTHCARE TRUST INCORPORATED

PROXY STATEMENT

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COMMUNITY HEALTHCARE TRUST INCORPORATED

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON TUESDAY, MAY 30, 2017

We are furnishing this proxy statement to the stockholders of Community Healthcare Trust Incorporated in connection with the solicitation of proxies by its Board of Directors for use at the annual meeting of stockholders of Community Healthcare Trust Incorporated to be held at 8:00 a.m., Central time, on Tuesday, May 30, 2017 at 3326 Aspen Grove Drive, Suite 150, Franklin, Tennessee 37067, as well as in connection with any adjournments or postponements of the meeting. This solicitation is made by Community Healthcare Trust Incorporated on behalf of our Board of Directors (also referred to as the "Board" in this proxy statement). "We," "our," "us" and the "Company" refer to Community Healthcare Trust Incorporated, a Maryland corporation.

We have elected to provide access to our proxy materials and annual report over the Internet through a "notice and access" model. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials (the "Notice") to our stockholders of record as of March 24, 2017. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or to request a printed set of the proxy materials. Instructions on how to request a printed copy by mail or electronically may be found on the Notice and on the website referred to in the Notice, including an option to request paper copies on an ongoing basis. On April 3, 2017, we intend to make this proxy statement available on the Internet and to mail the Notice to all stockholders entitled to vote at the annual meeting. We intend to mail this Proxy Statement, together with a proxy card, to those stockholders entitled to vote at the annual meeting who have properly requested paper copies of such materials, within three business days of such receipt.

This proxy statement, proxy card and our annual report to stockholders are available at *http://investors.chct.reit*. This website address contains the following documents: the Notice, the proxy statement and proxy card sample, and the annual report to stockholders. You are encouraged to access and review all of the important information contained in the proxy materials before voting.

QUESTIONS AND ANSWERS REGARDING THE 2017 ANNUAL MEETING OF STOCKHOLDERS

Who is soliciting proxies from the stockholders?

Our Board of Directors is soliciting your proxy. The proxy provides you with the opportunity to vote on the proposals presented at the annual meeting, whether or not you attend the meeting.

What will be voted on at the annual meeting?

Our stockholders will vote on three proposals at the annual meeting:

1. The election of five directors, who are each to serve a one-year term expiring in 2018 or until his successor is elected and qualified;

2. The approval of Amendment No. 2 to the Company's 2014 Incentive Plan that will allow continuation of the significant participation in our Alignment of Interest Program by providing for automatic annual increases in the number of shares of common stock available for grant, award or issuance under the 2014 Incentive Plan; and

3. The ratification of the appointment of BDO USA, LLP as our independent registered public accountants for 2017.

Your proxy will also give the proxy holders discretionary authority to vote the shares represented by the proxy on any matter, other than the above proposals, that is properly presented for action at the annual meeting.

How will we solicit proxies, and who bears the cost of proxy solicitation?

Our directors, officers and employees may solicit proxies by telephone, mail, facsimile, via the Internet or by overnight delivery service. These individuals do not receive separate compensation for these services. Finally, in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"), we will reimburse brokerage firms and other persons representing beneficial owners of our common stock for their reasonable expenses in forwarding solicitation materials to such beneficial owners.

Who can vote at the annual meeting?

Our Board of Directors has fixed the close of business on Friday, March 24, 2017, as the record date for our annual meeting. Only stockholders of record on that date are entitled to receive notice of and vote at the annual meeting. As of March 24, 2017, our only outstanding class of securities was common stock, $0.01 par value per share. On that date, we had 450,000,000 shares of common stock authorized, of which 13,105,253 shares were outstanding.

You (if you, rather than your broker, are the record holder of our stock) can vote either in person at the annual meeting or by proxy, whether or not you attend the annual meeting. If you would like to attend the annual meeting in person and need directions, please contact W. Page Barnes by e-mail at investorrelations@chct.reit or by telephone at 615-771-3052. You may vote your shares on the Internet or, to the extent you request written proxy materials, by signing, dating and mailing the accompanying proxy card in the envelope provided. Instructions regarding the two methods of voting by proxy are contained on the proxy card.

How many votes must be present to hold the annual meeting?

A "quorum" must be present to hold our annual meeting. The presence, in person or by proxy, of a majority of the votes entitled to be cast at the annual meeting constitutes a quorum. Your shares,

once represented for any purpose at the annual meeting, are deemed present for purposes of determining a quorum for the remainder of the meeting and for any adjournment, unless a new record date is set for the adjourned meeting. This is true even if you abstain from voting with respect to any matter brought before the annual meeting. As of March 24, 2017, we had 13,105,253 shares of common stock outstanding; thus, we anticipate that the quorum for our annual meeting will be 6,552,628 shares.

How many votes does a stockholder have per share?

Our stockholders are entitled to one vote for each share held.

What is the required vote on each proposal?

Directors are elected by a plurality vote; the candidates up for election who receive the highest number of votes cast, up to the number of directors to be elected, are elected. Stockholders do not have the right to cumulate their votes.

The proposal to approve Amendment No. 2 to the Company's 2014 Incentive Plan is approved by our stockholders if the votes cast favoring the approval exceed the votes opposing the approval.

The proposal to ratify our appointment of BDO USA, LLP, or BDO, as our independent registered public accountants for 2017, is approved by our stockholders if the votes cast favoring the ratification exceed the votes cast opposing the ratification.

How will the proxy be voted, and how are votes counted?

If you vote by proxy (either voting on the Internet or by properly completing and returning a paper proxy card that you receive upon requesting written proxy materials), the shares represented by your proxy will be voted at the annual meeting as you instruct, including any adjournments or postponements of the meeting. If you return a signed proxy card but no voting instructions are given, the proxy holders will exercise their discretionary authority to vote the shares represented by the proxy at the annual meeting and any adjournments or postponements as follows:

1. "**FOR**" the election of nominees Alan Gardner, Robert Z. Hensley, Alfred Lumsdaine, R. Lawrence Van Horn, and Timothy G. Wallace.

2. "**FOR**" the approval of Amendment No. 2 to the Company's 2014 Incentive Plan that will allow continuation of the significant participation in our Alignment of Interest Program by providing for automatic annual increases in the number of shares of common stock available for grant, award or issuance under the 2014 Incentive Plan.

3. "**FOR**" the ratification of the appointment of BDO USA, LLP as our independent registered public accountants for 2017.

If you hold your shares in broker's name (sometimes call "street name" or "nominee name"), you must provide voting instructions to your broker. If you do not provide instructions to your broker, your shares will not be voted in any matter on which your broker does not have discretionary authority to vote, which generally includes non-routine matters. A vote that is not cast for this reason is called a "broker non-vote". Broker non-votes will be treated as shares present for the purpose of determining whether a quorum is present at the meeting, but they will not be considered present for purposes of calculating the vote on a particular matter, nor will they be counted as a vote FOR or AGAINST a matter or as an abstention on the matter. Under the rules of the New York Stock Exchange ("NYSE"), which is the stock exchange on which our common stock is listed, the ratification of our appointment of our independent registered public accountants is considered a routine matter for broker voting purposes, but the election of directors and the approval of Amendment No. 2 to the 2014 Incentive Plan to the Company's 2014 Incentive Plan are not considered routine matters. It is important that you

instruct your broker as to how you wish to have your shares voted, even if you wish to vote as recommended by the Board.

Can a proxy be revoked?

Yes. You can revoke your proxy at any time before it is voted. You revoke your proxy (1) by giving written notice to our Corporate Secretary before the annual meeting, (2) by granting a subsequent proxy on the Internet, or (3) by delivering a signed proxy card dated later than your previous proxy. If you, rather than your broker, are the record holder of your stock, a proxy can also be revoked by appearing in person and voting at the annual meeting. Written notice of the revocation of a proxy should be delivered to the following address: W. Page Barnes, Community Healthcare Trust Incorporated, 3326 Aspen Grove Drive, Suite 150, Franklin, Tennessee 37067.

PROPOSAL 1
ELECTION OF DIRECTORS

The following lists each director currently serving on our Board of Directors and includes a brief discussion of the experience, qualification and skills that led us to conclude that such individual should be and remain a member of our Board. We believe that our Board of Directors consists of a diverse collection of individuals who possess the integrity, education, work ethic and ability to work with others necessary to oversee our business effectively and to represent the interests of all stockholders, including the qualities listed below. We have attempted below to highlight certain notable experience qualifications and skills for each director, rather than provide an exhaustive catalog of each and every qualification and skill that a director possesses. Each of the nominees set forth below is currently serving as a director of the Company.

Name	Age	Background, Qualification and Skills
Alan Gardner	63	Mr. Gardner retired from Wells Fargo in October 2015. Prior to his retirement, he was a senior relationship manager in healthcare corporate banking. He primarily covered national healthcare companies with market capitalization exceeding $5 billion, generally in the pharmaceutical, medical device and healthcare services sectors. Mr. Gardner has over 26 years of corporate and investment banking experience, with 20 years covering healthcare companies. Prior to joining Wells Fargo (Wachovia) in March 2004, Mr. Gardner was head of healthcare for FleetBoston Financial from 2003 to 2004 and was a managing director for Banc of America Securities from 1996 to 2003. During his career, Mr. Gardner has led a number of significant financing transactions for leading public healthcare companies. Mr. Gardner currently serves as president of the Board of Trustees for Omni Montessori School in Charlotte, North Carolina and as Charlotte Chapter chair for the Impact Angel Network ("IAN"). IAN is managed by RENEW, LLC, an investment advisory and management consulting firm based in Addis Ababa, Ethiopia and Washington D.C. Mr. Gardner earned a B.S. and M.S. from Virginia Polytechnic Institute and State University and an M.B.A. in finance and accounting from the University of Rochester. Mr. Gardner is our lead independent director, and Mr. Gardner's commercial banking, capital markets and healthcare industry experience makes him a valuable resource to our Board of Directors.

Name	Age	Background, Qualification and Skills
Robert Z. Hensley	59	Since 2003, Mr. Hensley has served as a senior advisor to the healthcare and transaction advisory services groups of Alvarez and Marsal, LLC ("A&M"). Mr. Hensley has more than 30 years of experience serving public and privately-held companies across a range of industries, including healthcare, insurance, real estate and private equity capital funds. Mr. Hensley is also the founder of a private publishing company and the principal owner of two real estate and rental property development companies. Before joining A&M, Mr. Hensley was an audit partner with Ernst & Young from 2002 to 2003. Previously, he was with Arthur Andersen, where he served as an audit partner from 1990 to 2002, and was the managing partner of their Nashville office from 1997 to 2002. His significant experience includes mergers and acquisitions, identification of enterprise and industry risk, and forensic investigations and disputes. Mr. Hensley serves on the Board of Directors for Diversicare Healthcare Services, Inc. Mr. Hensley previously served on the Board of Directors for Capella Healthcare from 2008 to 2015. Mr. Hensley previously served as a director of Greenway Medical Technologies from 2011 to 2013, HealthSpring, Inc. from 2006 to 2012 and Comsys IT Partners, Inc. and Spheris, Inc. from 2006 to 2010. Mr. Hensley earned a B.S. in accounting and a Master's of Accountancy from the University of Tennessee and is a Certified Public Accountant. Mr. Hensley's financial accounting, healthcare industry and transactional experience makes him a valuable resource to our Board of Directors.

Name	Age	Background, Qualification and Skills
Alfred Lumsdaine	51	Mr. Lumsdaine currently serves as President of Population Health for Sharecare, a leading digital health company, joining Sharecare in connection with its acquisition of the population health business of Healthways, Inc. ("Healthways") in 2016. Mr. Lumsdaine joined Healthways in 2002 as Controller and Chief Accounting Officer, and became Chief Financial Officer in 2011. Mr. Lumsdaine's nearly 30 years of professional experience have been focused in healthcare services. Prior to joining Healthways, from 2001 to 2002, he was Treasurer and Controller for Logisco, Inc., which followed senior level financial positions with Beverly Rehabilitation (a Division of Beverly Enterprises) from 1998 to 2000 and Theraphysics from 1997 to 1998. Mr. Lumsdaine directed the North America internal audit department of Willis from 1996 to 1997. Mr. Lumsdaine started his career with the Nashville office of Ernst & Young, spending over eight years, from 1988 to 1996, in the external audit practice, primarily focused on the healthcare industry. Mr. Lumsdaine has led and supported significant M&A activity and capital market transactions and his financial leadership experience spans from small fast-growing privately-held entities to larger public companies with complex accounting and financial reporting requirements. Mr. Lumsdaine earned his B.S. in Accounting and Masters of Accountancy from the University of Tennessee and is a Certified Public Accountant. Mr. Lumsdaine's public company management, healthcare industry and financial accounting experience makes him a valuable resource to our Board of Directors.

Name	Age	Background, Qualification and Skills
R. Lawrence Van Horn . . .	49	Professor Van Horn has been an associate professor of Economics and Management and the Executive Director of Health Affairs at the Vanderbilt University Owen Graduate School of Management ("Owen") since 2006. Professor Van Horn is a leading expert and researcher on healthcare management and economics. His current research interests include nonprofit conduct, governance and objectives in healthcare markets and the measurement of healthcare outcomes and productivity. His research on healthcare organizations, managerial incentives in nonprofit hospitals and the conduct of managed care firms has appeared in leading publications. Professor Van Horn consults for national consulting firms, providers, managed care organizations, and pharmaceutical firms. Professor Van Horn also holds faculty appointments in the Vanderbilt University School of Medicine and Law School. Prior to his tenure at Owen, from 1996 to 2006, Professor Van Horn served as an associate professor of economics and management at the William E. Simon Graduate School of Business at the University of Rochester where he was responsible for their graduate programs in health administration. Professor Van Horn began serving on the Board of Directors of Quorum Health Corporation in January 2016. Professor Van Horn holds a Ph.D. from the University of Pennsylvania's Wharton School and a Master's in Business Administration, a Master's in Public Health and a B.A. from the University of Rochester. Professor Van Horn's extensive knowledge and research into healthcare industry economics and governance as well as his unique experience with healthcare decision makers and business executives nationwide regarding healthcare policy make him a valuable resource to our Board of Directors.

Name	Age	Background, Qualification and Skills
Timothy G. Wallace	58	Mr. Wallace has served as our Chairman, Chief Executive Officer and President since the formation of our company in March 2014. Prior to founding our company, from 2003 to 2014, Mr. Wallace was co-founder, President and majority owner of Athena Funding Partners, LLC and related entities which were established in 2002 to provide financing solutions to the higher education industry for on-campus student housing facilities mostly in rural areas. From 1993 to 2002, Mr. Wallace was a co-founder and Executive Vice President of Healthcare Realty Trust (NYSE: HR). Between HR's initial public offering in 1993 and his departure from HR in 2002, Mr. Wallace was integral in helping to grow HR from $2,000 to over $2 billion in asset value. Mr. Wallace remained as a paid consultant to HR and was subject to a non-compete until 2008. Mr. Wallace was a senior manager at Ernst & Young from 1988 to 1993. Mr. Wallace began his career in 1980 with Arthur Andersen & Co. Mr. Wallace holds a Bachelor of Science in Business Administration and Masters in Business Administration, both from Western Kentucky University. Mr. Wallace was selected to serve as Chairman because of his past public company experience, his experience in real estate, including acquiring healthcare real estate, and his role as Chief Executive Officer and President of our company.

Proxy

Each of the persons listed above has been nominated by our Board of Directors to serve as directors for a one-year term expiring at the annual meeting of stockholders occurring in 2018. Each nominee has consented to serve on our Board of Directors. If any nominee were to become unavailable to serve as a director, our Board of Directors may designate a substitute nominee. In that case, the persons named as proxies on the accompanying proxy card will vote for the substitute nominee designated by our Board of Directors.

Required Vote

Directors are elected by a plurality vote; the nominees who receive the highest number of votes cast, up to the number of directors to be elected in that class, are elected.

Our Board of Directors unanimously recommends a vote "FOR" the election of each of the five nominees for director to the Board of Directors.

CORPORATE GOVERNANCE

Board Leadership Structure

Our Board of Directors currently consists of five directors: Messrs. Alan Gardner, Robert Z. Hensley, Alfred Lumsdaine, R. Lawrence Van Horn and Timothy G. Wallace. Assuming that all of our nominees for director are elected, after the annual meeting there will be five directors, each of whom will have been elected for a one-year term. Our Board has determined that each of Alan Gardner, Robert Z. Hensley, Alfred Lumsdaine and R. Lawrence Van Horn is an "independent director" as defined under the listing rules of the NYSE, Rule 10A-3 under the Exchange Act and the Company's Corporate Governance Guidelines.

The Board considered the relationships between our directors and the Company when determining each director's status as an "independent director" under the listing rules of the NYSE, Rule 10A-3 of the Exchange Act and the Company's Corporate Governance Guidelines, including the relationships listed below under "Certain Relationships and Related Party Transactions" The Board determined that these relationships did not affect any director's status as an "independent director". Furthermore, we are not aware of any family relationships between any director, executive officer or person nominated to become a director or executive officer.

Timothy G. Wallace, our President and Chief Executive Officer, serves as Chairman of the Board of the Company, while Alan Gardner serves as "lead independent director" on our Board. The members of the Board who meet the definition of "independent director" under the listing rules of the NYSE select our lead independent director. The lead independent director's responsibilities are explained below.

We have chosen a Board leadership structure with Mr. Wallace serving as our Chairman because we believe this structure results in a single voice speaking for the Company and presents a unified and clear chain of command to execute our strategic initiatives and business plans. Also, the chairman of the Board is expected to manage the Board in performing its duties and lead Board discussion. As our President and Chief Executive Officer, Mr. Wallace is ideally positioned to provide insight on the current status of our overall operations, our future plans and prospects and the risks that we face. Thus, the individual with the most knowledge about us and our operations is responsible for leading the Board's discussions. The Board retains the authority to separate the positions of chairman and chief executive officer if it finds that the Board's responsibilities can be better fulfilled with a different structure.

We also have a lead independent director. The lead independent director serves as an independent counterbalance to the chairman, ensuring that all of our directors' concerns are addressed and otherwise facilitating robust discussions among the entire Board (which, as noted above, is comprised almost entirely of "independent directors"). In terms of Board leadership, we view the lead director as essentially a co-equal with the chairman of the Board. Mr. Gardner has been a director since 2015 and was the second director to join the Board following Mr. Wallace, which we believe adds weight to his independent voice on the Board. Also, at each meeting, if he deems it necessary, the lead independent director may call the Board into executive session (that is, a meeting of only those directors who are "independent directors" under the listing rules of the NYSE) to discuss matters outside the presence of the chairman and other non-independent directors. Our lead independent director is selected on an annual basis by a majority of the independent directors then serving on our Board of Directors.

Our Lead Independent Director Charter sets forth a complete description of the lead director's responsibilities. In general, the lead director is responsible for:

- serving as liaison between the Chairman and our other independent directors;
- calling and presiding at executive sessions of the independent directors;

- serving as the focal point of communication to the Board of Directors regarding management plans and initiatives;
- ensuring that the management adheres to the Board of Directors' oversight role over management operations;
- providing the medium for informal dialogue with and between independent directors, allowing for free and open communication within that group; and
- serving as the communication conduit for third parties who wish to communicate with our Board of Directors.

In addition to these specific duties, we expect the lead independent director to familiarize himself with the Company and the real estate investment trust and healthcare industries in general. He also is expected to keep abreast of developments in the principles of sound corporate governance.

The Board's Role in Risk Oversight

One of the key functions of our Board of Directors is to provide oversight of our risk management process. Our Board of Directors administers this oversight function directly, with support from its three standing committees—the Audit Committee, the Compensation Committee, and the Corporate Governance Committee—each of which addresses risks specific to their respective areas of oversight. In particular, our Audit Committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. The Audit Committee also monitors compliance with legal and regulatory requirements and has oversight of the performance of our internal audit function. Our Compensation Committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking. Our Corporate Governance Committee monitors the effectiveness of our corporate governance guidelines, including whether they are successful in preventing illegal or improper liability-creating conduct.

Each committee meets regularly with management to assist it in identifying all of the risks within such committee's areas of responsibility and in monitoring and, where necessary, taking appropriate action to mitigate the applicable risks. At each Board meeting, the committee chairman provides a report to the full Board on issues related to such committee's risk oversight duties. To the extent that any risks reported to the full Board need to be discussed outside the presence of management, the Board will call an executive session to discuss these issues.

We believe the Board's approach to fulfilling its risk oversight responsibilities complements its leadership structure. In his capacity as chairman of the Board, Mr. Wallace reviews whether Board committees are addressing their risk oversight duties in a comprehensive and timely manner. Since he is also our Chief Executive Officer, Mr. Wallace is able to assist these committees in fulfilling their duties by (1) requiring that our management team provide these committees with all requested reports and other information as well as with access to our employees and (2) implementing recommendations of the various Board committees to mitigate risk. At the same time, Mr. Gardner, as our lead independent director, is able to lead an independent review of the risk assessments developed by management and reported to the committees.

Our Board held six meetings during 2016. In 2016, our directors attended all of our Board meetings as well as all of the meetings of the committees on which they served. The members who are "independent directors" under NYSE Rule 303A.02 met in executive session four times during 2016.

We do not have a policy requiring director attendance at our annual meeting. All of our directors attended our 2016 annual meeting other than Mr. Hensley.

Committees of the Board of Directors

Our Board of Directors has established three standing committees: an Audit Committee, a Compensation Committee and a Corporate Governance Committee. The principal functions of each committee are described below. We currently comply, and we intend to continue to comply, with the listing requirements and other rules and regulations of the NYSE and each of these committees are comprised exclusively of independent directors. Additionally, our Board of Directors may from time to time establish certain other committees to facilitate the management of our company.

Audit Committee

Our Audit Committee consists of Messrs. Hensley, Lumsdaine and Gardner, all of whom are independent directors, with Mr. Hensley serving as chairman. Messrs. Hensley and Lumsdaine qualify as "audit committee financial experts" as that term is defined by the applicable SEC regulations and NYSE corporate governance listing standards. Our Board of Directors has determined that each of the Audit Committee members is "financially literate" as that term is defined by the NYSE corporate governance listing standards. We have adopted an Audit Committee Charter, which details the principal functions of the Audit Committee, including oversight related to:

- our accounting and financial reporting processes;
- the integrity of our consolidated financial statements and financial reporting process;
- our systems of disclosure controls and procedures and internal control over financial reporting;
- our compliance with financial, legal and regulatory requirements;
- the evaluation of the qualifications, independence and performance of our independent registered public accounting firm;
- reviewing the adequacy of our Audit Committee Charter on an annual basis;
- the performance of our internal audit function; and
- our overall risk profile.

The Audit Committee is also responsible for engaging an independent registered public accounting firm, reviewing with the independent registered public accounting firm the plans and results of the audit engagement, approving professional services provided by the independent registered accounting firm, including all audit and non-audit services, reviewing the independence of the independent registered public accounting firm, considering the range of audit and non-audit fees and reviewing the adequacy of our internal accounting controls.

The Audit Committee met six times in 2016. A copy of the charter of our Audit Committee is available on the investor relations webpage of our website, *http://investors.chct.reit*.

Compensation Committee

Our Compensation Committee consists of Messrs. Lumsdaine, Gardner and Van Horn, all of whom are "independent directors" as defined in NYSE Rule 303A.02, with Mr. Lumsdaine serving as chairman. Further, each member of the Compensation Committee is a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act. We have adopted a Compensation Committee Charter, which details the principal functions of the Compensation Committee, including:

- reviewing and recommending to our Board of Directors on an annual basis the corporate goals and objectives relevant to our chief executive officer's compensation, evaluating our chief executive officer's performance in light of such goals and objectives and determining and approving the remuneration of our chief executive officer based on such evaluation;

- reviewing and recommending to our Board of Directors the compensation, if any, of all of our other executive officers;
- evaluating our executive compensation policies and plans;
- assisting management in complying with our proxy statement and annual report disclosure requirements;
- administering our incentive plans;
- reviewing and recommending to our Board of Directors policies with respect to incentive compensation and equity compensation arrangements;
- reviewing the competitiveness of our executive compensation programs and evaluating the effectiveness of our compensation policy and strategy in achieving expected benefits to us;
- evaluating and overseeing risks associated with compensation policies and practices;
- reviewing and recommending to our Board of Directors the terms of any employment agreements, severance arrangements change in control protections and any other compensatory arrangements for our executive officers;
- reviewing the adequacy of its Compensation Committee Charter on an annual basis;
- producing a report on executive compensation to be included in our annual proxy statement as required; and
- reviewing, evaluating and recommending changes, if appropriate, to the remuneration for directors.

The Compensation Committee met four times in 2016. A copy of the charter of our Compensation Committee is available on the investor relations webpage of our website, *http://investors.chct.reit*.

Corporate Governance Committee

Our Corporate Governance Committee consists of Messrs. Van Horn, Hensley and Gardner, all of whom are "independent directors" as defined in NYSE Rule 303A.02, with Mr. Van Horn serving as chairman. We have adopted a Corporate Governance Committee charter, which details the principal functions of the Corporate Governance Committee, including:

- identifying, evaluating and recommending to the full Board of Directors qualified candidates for election as directors and recommending nominees for election as directors at the annual meeting of stockholders;
- developing and recommending to the Board of Directors corporate governance guidelines and implementing and monitoring such guidelines;
- reviewing and making recommendations on matters involving the general operation of the Board of Directors, including Board size and composition, and committee composition and structure;
- evaluating and recommending to the Board of Directors nominees for each committee of the Board of Directors;
- annually facilitating the assessment of the Board of Directors' performance as a whole and of the individual directors, as required by applicable law, regulations and the NYSE corporate governance listing standards;
- considering nominations by stockholders of candidates for election to our Board of Directors;
- considering and assessing the independence of members of our Board of Directors;

- developing, as appropriate, a set of corporate governance principles, and reviewing and recommending to our Board of Directors any changes to such principles;
- periodically reviewing our policy statements; and
- reviewing, at least annually, the adequacy of its Corporate Governance Committee Charter.

When evaluating director candidates, the Corporate Governance Committee's objective is to craft a Board composed of individuals with a broad mix of backgrounds and experiences and possessing, as a whole, all of the skills and expertise necessary to guide a company like us in the prevailing business environment. The Corporate Governance Committee uses the same criteria to assess all candidates for director, regardless of who proposed the candidate. The Corporate Governance Committee considers whether the candidate possesses the following qualifications and qualities:

- independence for purposes of the NYSE rules and SEC rules and regulations, and a record of honest and ethical conduct and personal integrity;
- experience in the healthcare, real estate and/or public real estate investment trust industry or in finance, accounting, legal or other professional disciplines;
- ability to represent the interests of all of our stockholders; and
- ability to devote time to the Board of Directors and to enhance their knowledge of our industry.

The Corporate Governance Committee met three times in 2016. A copy of the charter of the Corporate Governance Committee is available on the investor relations webpage of our website, *http://investors.chct.reit*. Our corporate governance guidelines and code of ethics and business conduct are also available on the investor relations webpage of our website, *http://investors.chct.reit*. If we make any substantive amendment to the code of ethics or grant any waiver, including any implicit waiver, from a provision of the code of ethics to certain executive officers, we are obligated to disclose the nature of such amendment or waiver, the name of the person to whom any waiver was granted, and the date of waiver on our website or in a report on Form 8-K.

Usually, nominees for election to the Board are proposed by the current members of the Board. The Corporate Governance Committee will also consider candidates that stockholders and others recommend. Stockholder recommendations should be addressed to: W. Page Barnes, Corporate Secretary, 3326 Aspen Grove Drive, Suite 150, Franklin, Tennessee 37067. Your recommendations must be submitted to us no earlier than November 4, 2017, nor later than 5:00 p.m., Eastern Time on December 4, 2017, for consideration as a possible nominee for election to the Board at our 2018 annual meeting.

The Board has not adopted a formal procedure that you must follow to send communications to it, but it does have informal procedures, described below, which it believes adequately facilitate stockholder and other interested party communications with the Board. Stockholders and other interested parties can send communications to the Board by contacting W. Page Barnes, our Corporate Secretary, in one of the following ways:

- By writing to Community Healthcare Trust Incorporated, 3326 Aspen Grove Drive, Suite 150, Franklin, Tennessee, 37067, Attention: Corporate Secretary;
- By e-mail to investorrelations@chct.reit; or
- By phone at 615-771-3052.

If you request information or ask questions that can be more efficiently addressed by management, Mr. Barnes will respond to your questions instead of the Board. He will forward to the Audit Committee any communication concerning employee fraud or accounting matters and will forward to the full Board any communication relating to corporate governance or those requiring action by the Board of Directors. A stockholder may communicate directly with Mr. Gardner, the lead independent director, by sending a confidential letter address to his attention at 3326 Aspen Grove Drive, Suite 150, Franklin, Tennessee, 37067.

Director Compensation

The Compensation Committee recommends the compensation for our non-employee directors; our full Board approves or modifies the recommendation. Any modifications are implemented after the annual meeting. Directors who are also our employees receive no additional compensation for their service as directors, but they are reimbursed for any direct expenses incurred to attend our meetings. Annual compensation of non-employee directors may be a combination of cash and restricted stock at levels set by the Compensation Committee.

Cash compensation

Each non-employee director receives an annual retainer, with chairpersons of our board committees and the lead director receiving additional annual retainers. The annual retainer is earned at the annual meeting of our stockholders. The current annual cash retainer for service on our Board of Directors is $25,000, but may be adjusted by the Compensation Committee based on an evaluation of director compensation at peer companies. Additionally, the chairpersons of the Audit Committee, the Compensation Committee and the Corporate Governance Committee receive additional annual retainers of $10,000, $7,500 and $7,500, respectively, and the lead independent director receives an additional annual retainer of $10,000.

Each year, non-employee directors may elect to take all or a portion of their retainer(s) and other cash compensation in the form of restricted stock. For all elections made by our directors for 2016 and onwards, the number of shares of restricted stock to be acquired will be determined as of the 15th business day following the date of our annual meeting of stockholders by dividing the total of the director's elected reduced annual retainer by the average price of the common stock for the 10 trading days immediately preceding the determination date. Payments of restricted stock in lieu of an annual retainer otherwise payable in cash will be made thereafter. Pursuant to the Company's Amended and Restated Alignment of Interest Program (the "Restated Alignment Program"), each director who makes this election will be awarded additional shares, at no additional cost to the director, according to the following multiples:

Duration of Restriction Period	Restriction Multiple
1 year	0.2x
2 years	0.4x
3 years	0.6x

The restriction period subjects the shares obtained by the cash deferral and the restriction multiple to the risk of forfeiture in the event a director voluntarily resigns or is removed by the stockholders for any reason during the year for which the director received compensation. During the restricted period, the restricted shares may not be sold, assigned, pledged or otherwise transferred. Accordingly, for example, if a non-employee director elects to receive stock compensation in lieu of cash compensation for the year 2017 that is equivalent in value to 1,000 shares of common stock and the director elected a three-year restriction period for such stock compensation, the non-employee director would receive the 1,000 shares of restricted common stock in lieu of the director's cash compensation plus an award of 600 shares of restricted common stock for electing to subject his or her stock compensation to a three-year restriction period, resulting in a total receipt of 1,600 shares of restricted common stock, all of which would be subject to a three-year cliff vesting schedule whereby no shares vest until the third anniversary of the date of grant, at which time 100% of the shares of restricted stock will vest. All of the shares granted in 2017 would be forfeited, however, if such non-employee director voluntarily resigns or is removed by the stockholders for any reason during 2017. Subject to the risk of forfeiture and transfer restrictions, non-employee directors have all rights as stockholders with respect to restricted shares, including the right to vote and receive dividends or other distributions on such shares.

Stock Awards

In addition, we award non-employee directors an annual grant of shares of restricted stock. Our goal is to have a minimum of 60% to 75% of the aggregate total compensation for our non-employee directors paid in the form of restricted stock having a restriction period of up to three years. Directors are not entitled to receive a restriction multiple for this award.

Each non-employee director receives an annual equity award of restricted stock with an aggregate market value of $50,000 at the conclusion of each annual stockholders' meeting, which shares are subject to a three-year cliff vesting schedule whereby no shares vest until the third anniversary of the date of grant, at which time 100% of the shares of restricted stock will vest. During the restricted period, the restricted shares may not be sold, assigned, pledged or otherwise transferred. Additionally, such non-employee director must forfeit such equity award if the non-employee director voluntarily resigns or is removed for any reason during the year for which the non-employee director is receiving compensation. Subject to the risk of forfeiture and transfer restrictions, directors have all rights as stockholders with respect to restricted shares, including the right to vote and receive dividends or other distributions on such shares.

2016 Director Compensation

The following table sets forth compensation paid during 2016 to each of our non-employee directors:

	Fees Earned or Paid				
Name[1]	Fees Paid in Cash	Fees Paid in Stock[2]	Stock Awards[3]	All Other Compensation	Total
Alan Gardner	$ —	$35,000	$72,991	$—	$107,991
Robert Hensley	$10,000	$25,000	$56,433	$—	$ 91,433
Alfred Lumsdaine	$ —	$32,500	$71,362	$—	$103,862
R. Lawrence Van Horn	$ —	$32,500	$71,362	$—	$103,862

(1) Mr. Wallace is our other director and is also a full-time employee whose compensation is discussed below under the section titled "Executive Compensation" and "Summary Compensation Table". Mr. Wallace receives no additional compensation for his service as a director.

(2) This column represents non-employee director annual retainer and additional annual retainer amounts, approximately 93% of which was paid in shares of our restricted common stock in lieu of cash. All of the shares are subject to a three-year cliff vesting schedule whereby no shares vest until the third anniversary of the date of grant, at which time 100% of the shares of restricted stock will vest, subject to the director's continuing service as a director of the Company.

(3) Represents the grant date fair value computed in accordance with FASB ASC Topic 718 of awards of restricted stock to the non-employee directors under the 2014 Incentive Plan, or the 2016 Director Awards. The dollar value of the 2016 Director Awards was based upon the grant date price of our common stock, which was $18.28 on May 18, 2016. This column also includes the amount of the grant date value of the shares received in accordance with the restriction multiples with respect to the deferral of director retainer and additional retainer amounts based on the price of our common stock of $19.76 on the determination date. All of the shares are subject to a three-year cliff vesting schedule whereby no shares vest until the third anniversary of the date of grant, at which time 100% of the shares of restricted stock will vest, subject to the director's continuing service as a director of the Company.

We also reimburse our directors for expenses they incur in connection with their service on our Board, such as director education, travel and lodging expenses.

PROPOSAL 2
APPROVAL OF AMENDMENT NO. 2 TO THE 2014 INCENTIVE PLAN

Introduction

On November 1, 2016, each of the Board of Directors and the Compensation Committee of our Board of Directors adopted and approved (i) Amendment No. 2 to the 2014 Incentive Plan, which is subject to approval by our stockholders at the annual meeting, and (ii) the Restated Alignment Program, which is not subject to approval by our stockholders at the annual meeting.

The Board of Directors and the Compensation Committee determined that it was in the best interest of the Company and our stockholders to adopt Amendment No. 2 to the 2014 Incentive Plan and the Restated Alignment Program in light of (1) the significant participation by our management, directors and employees in our Alignment of Interest Program, therefore resulting in a diminishing number of shares of common stock available and reserved for issuance under Section 3.1 of the 2014 Incentive Plan (the "Plan Pool") due to management, directors and employees electing to receive shares of restricted stock in lieu of cash compensation, and (2) our continued desire to utilize our equity to obtain, attract, retain and incentivize qualified employees and directors.

Currently, the 2014 Incentive Plan authorizes a maximum number of 525,782 shares of the Company's common stock for issuance and available for use under the 2014 Incentive Plan, including shares of restricted common stock acquired under the original Alignment of Interest Program in exchange for cash compensation ("Acquisition Shares"), as well as shares of restricted common stock awarded for electing to receive such Acquisition Shares (the "Award Shares"). There was no distinction made in the 2014 Incentive Plan or the Alignment of Interest Program between shares being acquired in lieu of cash compensation—Acquisition Shares and shares being awarded for electing to take Acquisition Shares with restrictions—Award Shares.

Proxy

As of March 24, 2017, a total of 419,070 shares of restricted common stock have been granted under the 2014 Incentive Plan and approximately 106,712 shares of common stock remained available for issuance, and these shares were reserved for both Acquisition Shares and Award Shares. Based on the historic trend of issuing Acquisition Shares and Award Shares from the Plan Pool, the Board of Directors and the Compensation Committee determined that all of the authorized shares of common stock reserved under the 2014 Incentive Plan would be issued before our 2018 annual stockholder meeting.

Accordingly, the Restated Alignment Program amends the original Alignment of Interests Program to separately reserve 500,000 shares of the Company's common stock to be acquired under the Restated Alignment Program as Acquisition Shares (the "Program Pool") instead of issuing the Acquisition Shares from the Plan Pool. Hereinafter, all Acquisition Shares will be issued from the Program Pool, and all Award Shares will continue to be issued from the Plan Pool. As noted above, these modifications to the Alignment of Interest Program do not require stockholder approval.

Amendment No. 2 to the 2014 Incentive Plan revises the 2014 Incentive Plan to automatically increase annually the number of shares of common stock available for issuance under the Plan Pool. Our usage of shares issued under the Plan Pool is significantly higher than other similar companies due to our management, directors and employees electing to take a significant portion of their compensation in the form of restricted common stock. If approved by our stockholders, the Plan Pool will equal 7% of the total number of shares of common stock outstanding on December 31 of the immediately preceding year. This type of provision is referred to as an "evergreen provision", *i.e.*, incremental, automatic increases in the number of shares of common stock reserved in the Plan Pool that result from the issuance of common stock in any manner. This is necessary because we use and intend to continue to use Plan Pool shares for compensation on an annual basis. Amendment No. 2 to the 2014 Incentive Plan also establishes March 31, 2024 as the termination date of the 2014 Incentive

Plan in order to comply with NYSE rules and regulations governing evergreen provisions in employee benefit plans. Finally, Amendment No. 2 to the 2014 Incentive Plan, increases the number of shares that may be awarded in any calendar year to any eligible person who is subject to the Section 162(m) of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), from 75,000 shares to 150,000 shares since this number includes Acquisition Shares—cash compensation amounts taken in restricted common stock.

Summary of the 2014 Incentive Plan, as Amended

The following description is only a summary of the material features of the 2014 Incentive Plan, as amended by Amendment No. 1 to the 2014 Incentive Plan and Amendment No. 2 to the 2014 Incentive Plan, and does not describe all of its provisions. A copy of the 2014 Incentive Plan, as amended by Amendment No. 1 to the 2014 Incentive Plan and Amendment No. 2 to the 2014 Incentive Plan, is included in this Proxy Statement as *Appendix A*.

General. The 2014 Incentive Plan permits the grant of cash and restricted stock awards.

Shares Subject to the 2014 Incentive Plan. The aggregate number of shares of common stock that may be issued pursuant to awards under the 2014 Incentive Plan is equal to seven percent (7%) of the total number of shares of common stock outstanding on December 31 of the immediately preceding year. No more than one hundred fifty thousand (150,000) shares may be awarded in any calendar year to any eligible person who is subject to the Section 162(m) of the Code. To the extent an award becomes unrestricted or forfeited, the shares of common stock covered thereby will no longer be charged against the maximum shares limitations and may again be made subject to awards under the 2014 Incentive Plan.

Plan Administration. The 2014 Incentive Plan is administered by the Compensation Committee of the Board of Directors. All members of the Compensation Committee must be "non-employee directors" as that term is defined under Rule 16b-3 promulgated under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and "outside directors" as defined in Section 162(m) and the regulations promulgated thereunder. The Compensation Committee, acting as the administrator of the 2014 Incentive Plan (in such role the Compensation Committee will be referred to as the "administrator"), will have the discretionary authority, subject to the express limitations of the 2014 Incentive Plan, to grant and determine the terms of awards, interpret plan provisions, and make all other determinations necessary or advisable for plan administration. The administrator may, in its discretion, delegate to one or more members of the Compensation Committee such of its duties, powers and responsibilities as it may determine.

Eligibility. Persons eligible to participate in the 2014 Incentive Plan are employees of the Company or any of its subsidiaries and any director, consultant, or other independent contractor providing services to the Company or any of its subsidiaries.

Stock Awards. Restricted shares of common stock may be awarded under the 2014 Incentive Plan. Generally, awards of restricted stock are subject to the requirement that the shares be forfeited to the Company unless specified conditions are satisfied and that the share remain nontransferable until vested. Subject to such conditions that may be imposed by the administrator, the recipient of an award of common stock has all the rights of a stockholder, including the right to vote and receive dividends. Vesting requirements may be based on the continued employment of the recipient with the Company or service to the Company for a specified period of time (which shall not be less than one year) or the attainment of specified business goals or measures established by the administrator in its discretion.

Transferability. Awards under the Plan may not be transferred other than by will or the laws of descent and distribution. The Company may provide in an award agreement that the participate may

designate a beneficiary or beneficiaries who shall be entitled to any rights or payments under an award after a participant's death.

Trading Policy Restrictions. Awards under the 2014 Incentive Plan shall be subject to the Company's Insider Trading Policies and Procedures, as such may be amended and/or restated from time to time.

Termination of Service. In general, unless the administrator expressly provides otherwise, upon termination of a participant's employment or other service relationship with the Company or its subsidiaries for any reason, including a termination without cause, an unvested award will be forfeited without consideration.

Tax Withholding. Upon taxable events with respect to an award, the participant shall pay to the Company the amounts necessary to satisfy applicable federal, state and local withholding tax requirements or shall otherwise make arrangements satisfactory to the Company for such requirements. The award agreement may specify the manner in which withholding obligations shall be satisfied with respect to a particular award.

Amendments and Termination. The Board of Directors may at any time amend or terminate the 2014 Incentive Plan; provided, that, no amendment may, without stockholder consent, be made that would (i) change the class of eligible persons under the plan, (ii) increase the number of shares available for issuance under the 2014 Incentive Plan, (iii) increase the aggregate number of shares of common stock that can be granted pursuant to restricted stock awards, or (iv) require approval of the Company's stockholders under the listing requirements of the exchange or trading system through which common stock may be listed or traded at the time of the amendment. Notwithstanding anything to the contrary, the Board of Directors may amend the 2014 Incentive Plan without further approval to the extent necessary under Section 409A of the Code to effectively defer compensation in the manner contemplated under each respective award.

Unless terminated earlier as permitted under the 2014 Incentive Plan, the 2014 Incentive Plan shall terminate on March 31, 2024. No termination of the 2014 Incentive Plan shall adversely affect any award previously granted without the consent of recipient or its permitted transferee.

Adjustments to Awards. As a result of certain transactions (such as any recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other change or distribution with respect to the shares of common stock), the plan administrator will make appropriate adjustments to (i) the maximum number and type of shares available for issuance under the 2014 Incentive Plan, (ii) the number and type of shares of common stock, share units or other rights subject to outstanding awards, (iii) the price for each share or unit or other rights subject to then outstanding awards, (iv) the performance targets or goals applicable to any outstanding performance awards to the extent such performance targets or goals are expressed as amounts per share, or (v) any other terms of an award that are affected by such an event.

Change of Control Provisions. Except as otherwise provided in an award agreement, in the event of termination of a participant's employment by the Company without Cause (as defined in the participant's employment agreement, award agreement or the 2014 Incentive Plan, as applicable) or Good Reason (as defined in the participant's employment agreement, award agreement or the 2014 Incentive Plan, as applicable), in either case occurring within the eighteen (18) month period following a change of control (defined below), each then outstanding award granted under the 2014 Incentive Plan held by such participant shall automatically become fully vested to the extent not previously forfeited. For this purpose "change of control" means a dissolution or liquidation of the Company, a reorganization, merger or consolidation where the Company is not the surviving entity, the sale of substantially all the assets of the Company, a pending or threatened takeover bid or tender offer

pursuant to which 10% or more of the outstanding securities of the Company is acquired, an acquisition where the stockholders immediately prior to such transaction would not own immediately after such transaction at least 50% of the voting stock of the surviving corporation. Upon a change of control, if the surviving entity does not assume or offer substitute similar awards for awards outstanding at such time under the 2014 Incentive Plan, all awards outstanding immediately prior to the change of control shall become fully vested to the extent not previously forfeited. To the extent necessary to satisfy Section 409A of the Code, an event will not constitute a change or control unless is constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of assets of the Company, as described in Section 409A of the Code and the regulations thereunder.

New 2014 Incentive Plan Benefits. The future benefits or amounts that would be received under the 2014 Incentive Plan by executive officers, non-executive officer employees and non-employee directors are discretionary and are therefore not determinable at this time. Similarly, the benefits or amounts which would have been received by or allocated to such persons for the last completed fiscal year if the 2014 Incentive Plan had been in effect, as amended, would have been discretionary and are, therefore, indeterminable.

Registration Statement. If stockholders approve Amendment No. 2 to the 2014 Incentive Plan, the Company intends to file a registration statement on Form S-8 under the Securities Act of 1933, as amended, to register the shares of common stock that may be issuable pursuant to the 2014 Incentive Plan. The registration statement is expected to become effective upon filing.

Federal Tax Effects

The following discussion summarizes certain U.S. federal income tax consequences of transactions under the 2014 Incentive Plan, as amended by Amendment No. 1 to the 2014 Incentive Plan and Amendment No. 2 to the 2014 Incentive Plan. This discussion does not describe all U.S. federal income tax consequences under the 2014 Incentive Plan, nor does it describe state, local, foreign tax or all U.S. federal non-income tax consequences. Participants should consult their own tax advisors about potential tax consequences of participating in the 2014 Incentive Plan.

Restricted Stock. A participant generally realizes no taxable income at the time shares of restricted stock are awarded. When the restrictions (the risk of forfeiture) lapses, a participant generally will have ordinary income equal to the excess of the fair market value of the shares at that time over the purchase price, if any.

A participant may make an election under Section 83(b) of the Code to be taxed on shares of restricted stock at the time they are acquired rather than later, when the substantial risk of forfeiture lapses. This so-called "83(b) election" must be made not later than thirty (30) days after the transfer of the shares to the participant and must satisfy certain other requirements. If the participant makes an effective 83(b) election, the participant will realize ordinary income equal to the fair market value of the shares as of the time of such transfer, less any amount paid for the shares. Fair market value for this purpose is to be determined without regard to the forfeiture restrictions. If the participant makes an effective 83(b) election, no additional income will result by reason of the lapsing of the restrictions.

For purposes of determining capital gain or loss on a sale of shares awarded under the 2014 Incentive Plan, the holding period in the shares begins when the participant realizes taxable income with respect to the transfer of such shares to the participant. However, if the participant makes an effective 83(b) election in connection with an award or purchase of stock subject to a substantial risk of forfeiture and later forfeits shares, the tax loss realized as a result of the forfeiture is limited to the excess of the amount paid by the participant to acquire the shares (if any) over the amount (if any) reimbursed in connection with the forfeiture.

Section 162(m). Under 162(m), certain remuneration in excess of $1 million may be nondeductible if paid to any "covered employee" of a publicly held corporation (generally the corporation's chief executive officer and its next three most highly compensated executive officers, excluding the chief financial officer, in the year that the compensation is paid), unless an exemption applies.

Section 409A. Awards under the 2014 Incentive Plan are intended either to be exempt from the rules of Section 409A of the Code or to satisfy those rules, and shall be construed accordingly. Granted awards may be modified at any time, in the administrator's discretion, so as to increase the likelihood of exemption from or compliance with the rules of Section 409A. If awards were subject to Section 409A and the requirements of Section 409A were not satisfied, the holders of such awards generally would be subject to current tax plus a 20% penalty tax and, in some cases, additional interest on the amount of compensation deferred under such awards, as determined under Section 409A.

Certain Change of Control Payments. Under the Code, the vesting and payments of awards in connection with a change of control of a corporation may be required to be valued and taken into account in determining whether participants have received compensatory payment, contingent on the change in control, in excess of certain limits. If these limits are exceeded, a substantial portion of amounts payable to the participant, including some recognized by reason of the granting, vesting or exercise of awards, may be subject to an additional 20% federal tax and may be non-deductible to the corporation.

Required Vote

Approval of Amendment No. 2 to the 2014 Incentive Plan requires the affirmative vote of a majority of the shares of common stock cast on the matter. Abstentions and broker non-votes will have no effect on the outcome of the proposal.

Our Board of Directors unanimously recommends a vote "FOR" the approval of Amendment No. 2 to the 2014 Incentive Plan.

PROPOSAL 3
RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS FOR 2017

General

We are asking our stockholders to ratify the selection of BDO USA, LLP as our independent registered public accountants for 2017. Although current law, rules and regulations, as well as the charter of the Audit Committee, require the Audit Committee to engage, retain and supervise our independent registered public accountants, we view the selection of the independent registered public accountants as an important matter of stockholder concern and thus are submitting the selection of BDO USA, LLP for ratification by stockholders as a matter of good corporate practice.

The Audit Committee appointed BDO USA, LLP to serve as our independent registered public accountants for the 2016 fiscal year and has appointed BDO USA, LLP to serve as our independent registered public accountants for the 2017 fiscal year. A representative of BDO USA, LLP is expected to attend the annual meeting. If present, the representative will have the opportunity to make a statement and will be available to respond to appropriate questions. BDO USA, LLP has served as our independent registered public accountants and audited our financial statements since 2014.

Audit and Non-Audit Services

Fees related to services performed for us by BDO USA, LLP in fiscal years 2016 and 2015 are as follows:

	2016	2015
Audit Fees[(1)]	$395,238	$414,716
Audit-Related Fees[(2)]	49,652	—
Tax Fees[(3)]	—	9,264
All Other Fees	—	—
Total	$444,890	$423,980

(1) Audit fees include fees and expenses associated with the audit of our financial statements, the reviews of the financial statements in our quarterly reports on Form 10-Q, and services provided in connection with registration statements and periodic reports filed with the Securities and Exchange Commission. Audit fees for 2016 include fees associated with registration statements totaling $165,302. Audit fees for 2015 include fees associated with our IPO of $221,489.

(2) Audit-related fees for 2016 included fees associated with Rule 3-14 audits.

(3) Tax fees for 2015 included fees associated with planning and consulting with respect to the Company's corporate structure.

In accordance with the procedures set forth in its charter, the Audit Committee pre-approves all auditing services and permitted non-audit and tax services (including the fees and terms of those services) to be performed for us by our independent registered public accountants prior to their engagement with respect to such services, subject to the de minimis exceptions for non-audit services permitted by the Exchange Act, which are approved by the Audit Committee prior to the completion of the audit. For fiscal years 2016 and 2015, none of the fees listed under Tax Fees were covered by the de minimis exception.

In making its determination regarding the independence of BDO USA, LLP, the Audit Committee considered whether the provision of the services covered in the sections entitled "Tax Fees" was

compatible with maintaining such independence. All of the work BDO USA, LLP was performed by full-time employees of the firm.

Required Vote

The affirmative vote by a majority of the votes cast at the annual meeting is required for the ratification of the appointment of BDO USA, LLP as our independent registered public accountants. Abstentions will have no effect on this proposal. If our stockholders fail to ratify this appointment, the Audit Committee will reconsider whether to retain BDO USA, LLP and may retain that firm or another firm without resubmitting the matter to our stockholders. Even if the appointment is ratified, the Audit Committee may, in its discretion, direct the appointment of a different independent registered public accountant at any time during the year if it determines that such change would be in our best interests and in the best interests of our stockholders.

Our Board of Directors unanimously recommends a vote "FOR" the ratification of BDO USA, LLP as our independent registered public accountants for 2017.

REPORT OF THE AUDIT COMMITTEE

The information provided in this section shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to its proxy regulations or to the liabilities of Section 18 of the Exchange Act. The information provided in this section shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

The Audit Committee oversees our financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the preparation, consistency and fair presentation of the financial statements, the accounting and financial reporting process, the systems of internal control, and the procedures designed to ensure compliance with accounting standards, applicable laws and regulations. Management is also responsible for its assessment of the design and effectiveness of our internal control over financial reporting. Our independent registered public accountants are responsible for performing an audit in accordance with the standards of the Public Company Accounting Oversight Board (United States), or PCAOB, to obtain reasonable assurance that our consolidated financial statements are free from material misstatement and expressing an opinion on the conformity of the financial statements of the Company with U.S. generally accepted accounting principles. The internal auditors are responsible to the Audit Committee and the Board of Directors for testing the integrity of the financial accounting and reporting control systems and such other matters as the Audit Committee and the Board of Directors determine.

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management the audited financial statements of the Company for the year ended December 31, 2016 and management's assessment of the design and effectiveness of our internal control over financial reporting as of December 31, 2016. The discussion addressed the quality, and not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

The committee reviewed and discussed with the independent public accountants their judgments as to the quality of our accounting principles and such other matters as are required to be discussed with the committee under generally accepted auditing standards including, without limitation, the matters required to be discussed by PCAOB Auditing Standard No. 1301. In addition, the committee received the written disclosures and the letter from the independent registered public accountants required by applicable requirements of the PCAOB regarding the independent registered public accountants' communications with the Audit Committee concerning independence, discussed with the independent registered public accountants their independence from management and the Company, and considered the compatibility of non-audit services with the auditors' independence.

The committee discussed with our internal and independent registered public accountants the overall scope and plans for their respective audits. The committee met with the internal and independent registered public accountants, with and without management present, to discuss the results of their examinations, their evaluations of our internal controls, and the overall quality of our financial reporting.

In reliance upon the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in our annual report to stockholders for filing with the SEC.

The members of the Audit Committee are not professionally engaged in the practice of auditing or accounting and are not experts in the fields of accounting or auditing, including with respect to auditor independence. Members of the Audit Committee rely without independent verification on the information provided to them and on the representations made by management and the independent registered public accounting firm. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial

reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions referred to above do not assure that the audit of the Company's financial statements has been carried out in accordance with the standards of the PCAOB, that the financial statements are presented in accordance with generally accepted accounting principles or that BDO USA, LLP is in fact "independent".

Audit Committee:

Robert Z. Hensley (Chairman)
Alfred Lumsdaine
Alan Gardner

BENEFICIAL OWNERSHIP OF SHARES OF COMMON STOCK

Directors, Executive Officers and Other Stockholders

As of March 24, 2017, we had 18 stockholders of record. Except as otherwise stated in a footnote, the following table presents certain information regarding the beneficial ownership of our common stock as of March 24, 2017 by: (i) the persons known by us to own beneficially more than 5% of our common stock; (ii) each of our directors and named executive officers; and (iii) all of our executive officers and directors as a group. Each person named in the table has sole voting and investment power with respect to all of the common stock shown as beneficially owned by such person, except as otherwise set forth in the notes to the table.

The SEC has defined "beneficial ownership" of a security to mean the possession, directly or indirectly, of voting power and/or investment power over such security. A stockholder is also deemed to be, as of any date, the beneficial owner of all securities that such stockholder has the right to acquire within 60 days after that date through (1) the exercise of any option, warrant or right, (2) the conversion of a security, (3) the power to revoke a trust, discretionary account or similar arrangement or (4) the automatic termination of a trust, discretionary account or similar arrangement. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, our common stock subject to options or other rights (as set forth above) held by that person that are currently exercisable or will become exercisable within 60 days thereafter, are deemed outstanding, while such shares are not deemed outstanding for purposes of computing percentage ownership of any other person.

Unless otherwise indicated, the business address of all the individuals and entities is c/o Community Healthcare Trust Incorporated, 3326 Aspen Grove Drive, Suite 150, Franklin, Tennessee 37067. No common stock beneficially owned by any director or named executive officer has been pledged as security for a loan.

Name of Beneficial Owner	Number of Shares Beneficially Owned (#)	Percentage of All Shares (%)[1]
5% Stockholders		
Prudential Financial, Inc.	1,085,981[2]	8.3%
Systematic Financial Management, L.P.	670,434[3]	5.1%
Directors		
Alan Gardner	15,566	*
Robert Hensley	22,858	*
Alfred Lumsdaine	16,706	*
Lawrence Van Horn	9,514	*
Named Executive Officers		
Timothy G. Wallace	504,326[4]	3.8%
W. Page Barnes	88,046	*
Leigh Ann Stach	57,494	*
All directors and executive officers as a group (7 persons total)	714,510	5.5%

* Less than 1% of the outstanding shares of common stock.

(1) Based on 13,105,253 shares of common stock outstanding on March 24, 2017.

(2) Based on a Schedule 13G/A filed with the SEC on January 24, 2017, Prudential Financial, Inc. has sole voting and dispositive power with respect to 135,522 shares of common stock and shared

voting and dispositive power with respect to 950,459 shares of common stock. Prudential Financial, Inc. is a Parent Holding Company and the indirect parent of PGIM, Inc., who is the beneficial owner of 1,085,071 shares of common stock and of Quantitative Management Associates LLC who is the beneficial owner of 910 shares of common stock. Prudential Financial is located at 751 Broad Street, Newark, New Jersey 07102-3777.

(3) Based on a Schedule 13G filed with the SEC on February 10, 2017, Systematic Financial Management, L.P. has sole voting with respect to 513,959 shares of common stock, sole dispositive power with respect to 670,434 shares of common stock and shared voting and dispositive power with respect to 0 shares of common stock. Systematic Financial Management, L.P. is located at 300 Frank W. Burr Boulevard, Glenpointe East, 7th Floor, Teaneck, New Jersey 07666.

(4) Includes 120,000 shares of common stock owned by Athena Funding Partners, LLC, of which Mr. Wallace is deemed to be the beneficial owner.

EXECUTIVE OFFICERS

The names, ages, positions and business experience of our executive officers, except for Mr. Wallace, are listed below. Because he is also a member of our Board, information about Mr. Wallace appeared previously under Proposal 1—Election of Directors. All of our executive officers serve at the discretion of the Board and are parties to employment agreements.

Name	Age	Position
W. Page Barnes	63	Mr. Barnes has served as our Executive Vice President and Chief Financial Officer since the formation of our Company in March 2014. Mr. Barnes is responsible for financing and management activities. Prior to joining our company, from 2005 to 2013, Mr. Barnes was a co-founder, Chief Financial Officer and Executive Vice President—Chief Development Officer for Haven Behavioral Healthcare where he was responsible for raising a $100 million private equity investment, negotiating four separate bank financings and the acquisition and/or development of 12 hospitals. From 1997 to 2005, Mr. Barnes served as Chief Financial Officer then Senior Vice President—Finance for Ardent Health Services and its predecessor Behavioral Healthcare Corporation. Prior to Ardent, Mr. Barnes began a banking career with AmSouth Bank in 1990 as a Commercial Real Estate Relationship Manager and ended it in 1997 as Senior Vice President and Manager of the Healthcare Banking Department. Mr. Barnes holds a Bachelor of Science in Accounting from Auburn University.
Leigh Ann Stach	50	Ms. Stach has served as our Vice President—Financial Reporting and Chief Accounting Officer since the formation of our company in March 2014. Ms. Stach is responsible for our financial reporting. From 2005 to 2013, Ms. Stach served as Vice President—Financial Reporting at HR where she had responsibility for financial reporting and coordinating due diligence materials for debt and equity offerings. In addition, she brought EDGAR and XBRL filings in-house and provided oversight of HR's compliance function and internal audit. Prior to that, from 1997 to 2005, Ms. Stach served as Vice President—Controller at HR. From 1994 to 1997, Ms. Stach served as Assistant Controller at HR. Prior to HR, from 1991 to 1994, Ms. Stach was a senior accountant—financial reporting at HCA. She began her career with Hospital Corporation of America in 1988 as an internal auditor. Ms. Stach holds a Bachelor of Science in Accounting from Western Kentucky University.

EXECUTIVE COMPENSATION

Executive Compensation Objectives

We believe that the compensation of our executive officers aligns their interests with those of the stockholders in a way that encourages prudent decision-making, links compensation to our overall performance, provides a competitive level of total compensation necessary to attract and retain talented and experienced executive officers and motivates the executive officers and directors to contribute to our success. All of our executive officers are eligible to receive performance-based compensation under the 2014 Incentive Plan.

We use restricted stock grants of our common stock as the primary means of delivering long-term compensation to our executive officers. Shares of restricted stock are forfeitable until the lapse of the applicable restrictions. We believe that restricted stock grants with long vesting periods align the interests of executive officers and stockholders and provide strong incentives to our executive officers to achieve long-term growth in our business, grow the value of our common stock and maintain or increase our dividends. The executive officers personally benefit from these efforts through their restricted stock awards, which receive dividends at the same rate as unrestricted common stock and increase in value as the value of our common stock increases. As such, the Company's executive officers essentially have to earn this equity compensation twice: the first time through their efforts to meet the initial performance criteria necessary for a grant of restricted stock to be made; and the second time by continued service through the at-risk vesting period. Because substantially all of our executive officers' compensation during the initial terms of their respective employment agreements will be tied to the value of our common stock, if we have superior long-term operating performance, our executive officers, through their equity compensation, will eventually receive above market compensation from dividends and capital appreciation in our common stock. Conversely, if we do not perform as well as our competitors and the value of our common stock declines, our executive officers' compensation will ultimately be below-market over the long term.

Our Compensation Committee determines the restrictions for each award granted pursuant to the 2014 Incentive Plan. Restrictions on the restricted stock may include time-based restrictions, the achievement of specific performance goals or the occurrence of a specific event. Vesting of restricted stock will generally be subject to cliff vesting periods ranging from three to eight years and will be conditioned upon the participant's continued employment, among other restrictions that may apply. If the performance goals are not achieved or the time-based restrictions do not lapse within the time period provided in the award agreement, the participant will forfeit his or her restricted stock. The Company prohibits the hedging of Company securities by its executive officers and directors. None of the executive officers or directors has entered into any hedging arrangements with respect to the Company's securities. In addition, restricted stock may not be sold, assigned, pledged or otherwise transferred.

Determination of Executive Compensation

The Board established the Compensation Committee to carry out the Board's responsibilities to administer our compensation programs. The Compensation Committee has the final decision-making authority for the compensation of our executive officers. The Compensation Committee operates under a written charter adopted by the Compensation Committee and approved by the Board. The charter is available in the investor relations section of our website (*http://investors.chct.reit*).

Our Compensation Committee has independent authority to engage outside consultants and obtain input from external advisers as well as our management team or other employees.

The Compensation Committee may retain any independent counsel, experts or advisors that it believes to be desirable and appropriate. The Compensation Committee may also use the services of

the Company's regular legal counsel or other advisors to the Company. The Compensation Committee undertakes an independent assessment prior to retaining or otherwise selecting any independent counsel, compensation consultant, search firm, expert or other advisor that will provide advice to it, taking such factors into account and as otherwise may be required by the NYSE from time to time. On at least an annual basis, the Compensation Committee evaluates whether any work by any compensation consultant to it raised any conflict of interest.

The Compensation Committee has retained FPL Advisory Group ("FPL") as its independent compensation consultant to advise it regarding market trends and practices in executive compensation and with respect to specific compensation decisions. The Compensation Committee's policy is to meet annually with the compensation consultant to discuss executive compensation trends. The consultant also attends Compensation Committee meetings periodically. FPL participated by telephone in two of the Compensation Committee's meetings in 2016, during which it provided a review of recent trends and developments in compensation practices within the Company's industry and in general. FPL received a fee of $20,000 for its compensation consulting services provided to the Compensation Committee in 2016, as well as an $800 administrative fee and the reimbursement of reasonable expenses.

Our Chief Executive Officer typically attends Compensation Committee meetings, except for executive sessions (unless specifically requested by the Compensation Committee and Corporate Governance Committee to be present). No executive officer attends an executive session at which his or her compensation is considered. Our Chief Executive Officer may provide recommendations with respect to compensation for the executive officers other than himself. The Compensation Committee considers these recommendations, but may approve, reject or adjust them as it deems appropriate.

Compensation Components

Our compensation program consists of three elements:

Base Salary

Each of our named executive officers has an employment agreement that establishes their base salary. Adjustments to base salary are determined by the Compensation Committee and are based upon a review of a variety of factors, including the following:

- individual and Company performance, measured against quantitative and qualitative goals, such as growth, asset quality and other matters;
- duties and responsibilities as well as the named executive officer's experience; and
- the types and amount of each element of compensation to be paid to the named executive officer.

Equity Awards

We have adopted the 2014 Incentive Plan under which awards may be made in the form of restricted stock or cash. The purposes of the 2014 Incentive Plan are to attract and retain qualified persons upon whom, in large measure, our sustained progress, growth and profitability depend, to motivate the participants to achieve long-term Company goals and to more closely align the participants' interests with those of our other stockholders by providing them with a proprietary interest in our growth and performance. Our executive officers, officers, employees, consultants and non-employee directors are eligible to participate in the 2014 Incentive Plan.

The 2014 Incentive Plan is administered by our Compensation Committee, which interprets the 2014 Incentive Plan and has broad discretion to select the eligible persons to whom awards will be

granted, as well as the type, size and terms and conditions of each award, including the amount of cash or number of shares subject to awards and the expiration date of, and the vesting schedule or other restrictions (including, without limitation, restrictive covenants) applicable to, awards. However, during a calendar year, no participant may receive awards intended to comply with the performance-based compensation requirements of Section 162(m) of the Code which exceed 75,000 (150,000 under Amendment No. 2 to the 2014 Incentive Plan to be voted on at the 2017 annual meeting of stockholders) shares of common stock.

Unless the 2014 Incentive Plan is earlier terminated by our Board of Directors, the 2014 Incentive Plan will automatically terminate on the date which is ten years following the effective date of the 2014 Incentive Plan. Awards granted before the termination of the 2014 Incentive Plan may extend beyond that date in accordance with their terms.

The two distinct programs applicable to executive officers under the 2014 Incentive Plan are the Restated Alignment Program and the Amended and Restated Executive Officer Incentive Program. In addition, we believe it is in the best interests of our stockholders to encourage all executive officers to increase their equity position in the Company to promote share ownership and further align employee and stockholder interests and have therefore adopted stock ownership guidelines with respect to executive officers and directors.

The Company's Restated Alignment Program, under the 2014 Incentive Plan, is designed to provide the Company's executive officers with an incentive to remain with the Company and to incentivize long-term growth and profitability. On November 1, 2016, each of the Board of Directors and Compensation Committee of the Company approved an amendment and restatement to the original Alignment of Interest Program, which reflected amendments to the original program to reserve 500,000 shares of the Company's common stock to be issued under the Restated Alignment Program in exchange for an employee's cash compensation. Previously, such shares were issued under the shares available under the 2014 Incentive Plan and had significantly reduced the number of shares available for issuance pursuant to awards granted under the 2014 Incentive Plan. Pursuant to the Restated Alignment Program, executive officers may elect to acquire restricted stock in lieu of up to 100% of any compensation otherwise payable in cash under their employment agreements. The executive officer must elect his or her participation level and the applicable vesting period for the upcoming year no later than December 31 of the then-current year. For elections made by our executive officers prior to the date of the completion of our IPO, the number of shares of restricted stock acquired under the Restated Alignment Program were determined as of the date of the IPO by dividing the total of the executive officer's elected reduced salary for the remainder of such year by the IPO price per share. For all elections made by our named executive officers after the completion of our IPO, the number of shares of restricted stock to be acquired will be determined as of January 15 of the year following the election or, if such date is not a trading day, on the trading day immediately before January 15 by dividing the total of the named executive officer's elected reduced salary, cash bonus or other compensation by the average price of our common stock for the 10 trading days immediately preceding the determination date. If the dollar amount of any reduced salary, cash bonus or other compensation has not been determined by January 15, then the determination date will be the 15th business day following the date on which the amount of such compensation is fixed and determined. Payments of restricted stock in lieu of compensation otherwise payable in cash will be made thereafter. Additionally, to the extent an executive officer elects to receive stock compensation in lieu of cash compensation, the executive officer is entitled to receive an additional award of restricted stock pursuant to the Restated Alignment Program, subject to a three-, five- or eight-year cliff vesting schedule, depending on the executive officer's election. Each executive officer who makes this election will be awarded the

additional stock award at no additional cost to the executive officer, according to the following multiple-based formula:

Duration of Restriction Period	Restriction Multiple
3 years	0.3x
5 years	0.5x
8 years	1.0x

The restriction period subjects the shares obtained by the cash deferral and the restriction multiple to the risk of forfeiture in the event an executive officer voluntarily terminates employment or is terminated for cause from employment with the Company, as those terms are described below. Accordingly, if an executive officer voluntarily leaves or is terminated for cause, that executive officer would lose all such shares that had not yet vested. By way of example, if an officer elects to receive stock compensation in lieu of cash compensation that is equivalent in value to 1,000 shares of common stock and the officer elected an eight-year restriction period for such stock compensation, the officer would receive the 1,000 shares of restricted common stock in lieu of the officer's cash compensation plus an award of 1,000 shares of restricted common stock for electing to subject their stock compensation to an eight-year restriction period, resulting in a total receipt of 2,000 shares of restricted common stock, all of which would be subject to an eight-year cliff vesting schedule whereby no shares vest until the eighth anniversary of the date of grant, at which time 100% of the shares of restricted stock will vest. Subject to the risk of forfeiture and transfer restrictions, executive officers have all rights of stockholders with respect to the restricted shares, including the right to vote and receive dividends or other distributions on such shares.

Discretionary and Incentive Awards

The Compensation Committee is permitted to grant discretionary awards of cash, stock, or a combination of both under the 2014 Incentive Plan, and may determine all terms of the award, including to whom, and the time or times at which, discretionary awards may be granted, the number of shares, units or other rights subject to each discretionary award, the exercise, base or purchase price of such discretionary award (if any), the time or times at which such discretionary award will become vested, exercisable or payable, the performance criteria, goals and other conditions of the discretionary award, and the duration of the discretionary award. In 2016, the Compensation Committee approved the payment of a discretionary cash bonus to the Company's executive officers totaling approximately $0.6 million. The executive officers each elected restricted shares in lieu of the cash bonus, which based on their elections are subject to an eight-year cliff vesting schedule whereby no shares vest until the eighth anniversary of the date of grant, at which time 100% of the shares of restricted stock will vest. Based on the eight-year restriction period elected, the Company granted the executive officers an aggregate of 25,860 shares of restricted stock in lieu of their cash bonus and granted an additional 25,857 shares based on the restriction period elected. Further, we have an Amended and Restated Executive Officer Incentive Program (the "Executive Officer Incentive Program") under the 2014 Incentive Plan pursuant to which our executive officers may earn incentive awards in the form of cash and/or restricted stock. Any awards under the Executive Officer Incentive Program and its interpretation and operation are subject to the discretion of the Compensation Committee. The intent of the Executive Officer Incentive Program is to provide cash and/or restricted stock awards based on individual and Company performance. The Compensation Committee judges the Company's performance under the Executive Officer Incentive Program against targeted metrics set in advance by the Compensation Committee. Restricted stock awards are anticipated to be based on the Company's relative total stockholder return performance over one-year and three-year periods, measured against a peer group of companies used for comparison. All of our executive officers are eligible to participate in

the Executive Officer Incentive Program. The Company did not grant awards under the Executive Officer Incentive Program in 2016.

Pursuant to the Restated Alignment Program, executive officers may elect to convert any cash compensation awarded under the Executive Officer Incentive Program into shares of restricted common stock. In the event that an executive officer elects to receive shares of restricted common stock rather than cash compensation, the officer will be entitled to receive additional shares of restricted common stock pursuant to the Restated Alignment Program, subject to a three-, five- or eight-year cliff vesting schedule, depending on the officer's election. Each executive officer who makes this election will be awarded the additional restricted common stock award at no additional cost to the officer, according to the multiple-based formula set forth above under "Equity Awards."

Stock Ownership Guidelines

We believe that it is in the best interests of our stockholders to encourage all executive officers and directors to increase their equity position in the Company to promote share ownership and further align stockholder interests with executive officers and directors. Accordingly, as set forth in the table below, we have adopted stock ownership guidelines applicable to our executive officers and directors requiring each to hold common stock with a fair market value equal to a multiple of each executive officer's then current base salary or each non-employee director's then current annual retainer, as applicable:

Position	Common Stock Ownership Multiple
Chief Executive Officer	5x Current Base Salary
Executive Vice President	3x Current Base Salary
Vice President	1x Current Base Salary
Non-Employee Director	3x Annual Retainer

The guidelines provide that all owned stock, both restricted and unrestricted, counts toward the ownership guidelines. All of our executive officers and directors are in compliance with these guidelines as of March 24, 2017.

Employment Agreements of our Named Executive Officers

We have entered into employment agreements with each named executive officer that became effective on May 28, 2015. The initial term of each employment agreement is through December 31, 2017, and the term of each respective employment agreement will automatically renew for successive one-year terms. Pursuant to each first amendment, dated January 12, 2017, to each of the employment agreements, the annual base salary of each of Mr. Wallace, Mr. Barnes and Ms. Stach was increased for fiscal year 2017 from $300,000 to $376,333, from $150,000 to $214,333 and from $125,000 to $175,000, respectively. The base salaries are subject to annual increases as the Compensation Committee may approve in their discretion and other benefits generally available to other employees and our other executive officers, and each will be eligible for an annual bonus for each calendar year during his or her respective employment based on a combination of his or her respective continued employment with the Company and the achievement of certain performance goals established by our Board of Directors and our Compensation Committee.

If employment is terminated for any reason other than for cause, change-in-control or death or disability, the named executive officer is entitled to receive all accrued salary, bonus compensation, if any, to the extent earned, whether or not vested without regard to such termination (other than defined contribution plan or profit sharing plan benefits which will be paid in accordance with the applicable plan), any benefits under any plans of the Company in which the named executive officer is a participant to the full extent of the named executive officer's rights under such plans, full vesting of

all awards granted to the named executive officer under the 2014 Incentive Plan, accrued vacation pay and any appropriate business expenses incurred by the named executive officer in connection with his or her duties hereunder, all to the date of termination. In addition, the named executive officer will receive as severance compensation his or her base salary (at the rate payable at the time of such termination), for a period of 36 months, with respect to Mr. Wallace, and 12 months, with respect to Mr. Barnes and Ms. Stach, from the date of such termination; provided, however, that if the named executive officer is employed by a new employer during such period, the severance compensation payable to the named executive officer during such period will be reduced by the amount of compensation that the named executive officer is receiving from the new employer. However, the named executive officer is under no obligation to mitigate the amount owed the named executive officer by seeking other employment or otherwise. In addition to the severance payment, the named executive officer will be paid an amount equal to the greater of: (i) two times the average annual cash bonus, if any, earned by the named executive officer in the two years immediately preceding the date of termination, without regard to any elective income deferral or conversion of such bonus into stock or any other non-cash consideration; and (ii) two times the product of the named executive officer's base salary and 0.67, with respect to Mr. Wallace, and 0.33, with respect to Mr. Barnes or Ms. Stach. Each named executive officer will be entitled to accelerated vesting of any accrued benefit under each deferred compensation plan. If a named executive officer is terminated for disability, the terminated named executive officer will receive the benefits described above, all to the date of termination, with the exception of medical and dental benefits, if any, which shall continue at the Company's expense through the then current one-year term of the employment agreement. If a named executive officer's employment terminates due to death, the terminated named executive officer's estate will receive the benefits described above.

The severance payment in the event of a change in control will consist of: (1) three times the terminated officer's annual base salary (at the rate payable at the time of such termination), and (2) an amount equal to the greater of: (i) two times the average annual cash bonus, if any, earned by the terminated officer in the two years immediately preceding the date of termination, without regard to any elective income deferral or conversion of such bonus into stock or any other non-cash consideration; and (ii) two times the product of the terminated officer's base salary and 0.67, with respect to Mr. Wallace, and 0.33 with respect to Mr. Barnes and Ms. Stach. Such severance compensation shall be paid in a lump sum promptly after the date of such termination, and in no event later than two and a half months after the end of the year in which such termination occurs. If the payments due to the change-in-control result in an excise tax to the terminated officer, under Section 4999 of the Code, all change-in-control payments to the terminated officer may be limited to an amount that is less than 300% of his or her average annual compensation. This limit would not apply in the event that the terminated officer's net after-tax benefits are greater after considering the effect of the excise tax.

Each employment agreement contains customary non-competition and non-solicitation covenants that apply during the term and for 12 months following a termination upon a change in control, so long as the payments to which the terminated officer is entitled as a result of his or her termination upon a change of control are made on a timely basis.

COMPENSATION TABLES

Summary Compensation Table

We did not conduct business in our current corporate format prior to the completion of our IPO on May 27, 2015 and did not pay any compensation to any of our named executive officers. On the date of the completion of our IPO, each executive officer's employment agreement became effective, which is discussed above in the section titled "Employment Agreements of our Named Executive Officers". The table below sets forth the compensation paid in fiscal years 2016 and 2015 to our principal executive officer and the two most highly compensated executive officers. The three executive officers are referred to in this proxy statement as our named executive officers. During the initial three-year term of their respective employment agreements, each of our named executive officers has agreed to take 100% of his or her salary, bonus and long-term incentive compensation, awarded pursuant to our 2014 Equity Incentive Plan, in the form of restricted common stock. Provided that the named executive officers comply with the terms of the Restated Alignment Program described above, the election to receive stock compensation otherwise payable in cash caused the named executive officers to be eligible to receive additional stock awards based upon a multiple described below. All shares of restricted stock issued in lieu of cash compensation and any shares of restricted stock issued under the Restated Alignment Program are subject to a vesting schedule whereby no shares vest until the third, fifth or eighth anniversary of the date of grant, at which time 100% of the shares of restricted stock will vest, subject to continued employment.

The following table sets forth the compensation of our principal executive officer and the two most highly compensated executive officers other than our principal executive officer for the fiscal years 2016 and 2015. As discussed above under "Employment Agreements with Named Executive Officers," we provide severance benefits to each of our named executive officers.

		Salary		Bonus			
Name and Principal Position	**Year**	**Compensation Paid in Cash[(1)]**	**Compensation Paid in Stock[(2)]**	**Compensation Paid in Cash**	**Compensation Paid in Stock[(3)]**	**Stock Awards[(4)]**	**Total**
Timothy G. Wallace	2016	$—	$300,000	$—	$300,000	$561,593	$1,161,593
Chief Executive Officer and President	2015	$—	$179,100	$—	$ —	$191,361	$ 370,461
W. Page Barnes	2016	$—	$150,000	$—	$150,000	$280,776	$ 580,776
Executive Vice President—Chief Financial Officer	2015	$—	$ 89,550	$—	$ —	$ 95,671	$ 185,221
Leigh Ann Stach	2016	$—	$125,000	$—	$150,000	$258,849	$ 533,849
Vice President—Financial Reporting and Chief Accounting Officer	2015	$—	$ 74,625	$—	$ —	$ 79,726	$ 154,351

(1) All of our named executive officers agreed to take shares of restricted common stock in lieu of any cash compensation for the fiscal years ended December 31, 2016 and 2015.

(2) These amounts represent the annual base salary of each named executive officer set forth in the table pursuant to their employment agreements, 100% of which was paid in shares of our restricted common stock in lieu of cash. The number of shares of common stock issued in 2016 was based on $17.82, which was the average price of our common stock for the 10 days preceding January 15, 2016, the determination date. The number of shares of common stock issued in 2015 was based upon the price of our common stock issued in our initial public offering of $19.00. Compensation for 2015 was pro-rated from the closing date of our IPO, May 28, 2015 through December 31, 2015. All of the shares of our restricted common stock issued in lieu of cash compensation are subject to an eight-year cliff vesting schedule whereby no shares vest until the eighth anniversary of the date of grant, at which time 100% of the shares of restricted stock will vest, subject to continued employment.

(3) These bonus amounts paid in 2016 represent the annual bonus of each named executive officer set forth in the table pursuant to their employment agreements, 100% of which was paid in shares of our restricted common stock in lieu

of cash based on $23.20, which was the average price of our common stock for the 10 days preceding August 18, 2016, the determination date. All of the shares of our restricted common stock issued in lieu of cash bonus compensation are subject to an eight-year cliff vesting schedule whereby no shares vest until the eighth anniversary of the date of grant, at which time 100% of the shares of restricted stock will vest, subject to continued employment.

(4) Represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 of awards of restricted common stock to the named executive officers for the years ended December 31, 2016, and 2015, upon completion of our IPO in May 2015 under the 2014 Incentive Plan. The dollar values of the awards for 2016 and 2015 are based on the grant date value of such awards and the restrictions multiples for cash compensation deferrals outlined in our Restated Alignment Program. With respect to the awards granted to our named executive officers' in connection with their deferral of their 2016 annual base salary, the grant date value of such awards was based on $16.73 per share. With respect to the awards granted to our named executive officers' in connection with their deferral of their 2016 bonuses, the grant date value of such awards was based on $23.14 per share. With respect to the awards granted to our named executive officers' in connection with their deferral of their 2015 annual base salary, the grant date value of such awards was based on $19.65 per share.

Outstanding Equity Awards at December 31, 2016

The following table sets forth all outstanding equity awards held by each of our named executive officers at December 31, 2016.

Name	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)[1]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Timothy G. Wallace	39,190[2]	$902,546	—	$—
W. Page Barnes	19,594[2]	$451,250	—	$—
Leigh Ann Stach	17,406[2]	$400,860	—	$—

(1) The market value of unvested restricted common stock is calculated by multiplying the number of unvested shares of restricted common stock held by the applicable named executive officer by the closing price of our common stock on December 30, 2016, which was $23.03.

(2) These shares of restricted common stock are subject to eight-year cliff vesting through 2024, subject to continued employment with the Company on the vesting date.

EQUITY COMPENSATION PLAN INFORMATION

The following table gives information about shares of our common stock that may be issued under our 2014 Incentive Plan as of December 31, 2016.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)
Equity compensation plans approved by stockholders[1]	—	—	223,483
Equity compensation plans not approved by stockholders[2]	—	—	500,000
Total	—	—	723,483

(1) Our 2014 Incentive Plan was approved by our stockholders prior to the completion of our IPO.

(2) Shares reserved under our Restated Alignment Program to be issued to employees in exchange for such employee's cash compensation.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of the Compensation Committee during 2016 were Alfred Lumsdaine (Chair), Alan Gardner, and Lawrence Van Horn. In 2016, no member of the Compensation Committee was an officer or employee of the Company or any of its subsidiaries or was formerly an officer of the Company or any of its subsidiaries, and no member had any relationship requiring disclosure as a related person transaction under applicable SEC regulations.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Policies and Procedures for Related Person Transactions

Our Audit Committee has adopted a written policy governing the approval of related party transactions that complies with all applicable requirements of the SEC and the NYSE concerning related party transactions. Under our policy, a related party transaction is a transaction between the Company and a related party (including any transaction requiring disclosure under Item 404 of Regulation S-K under the Exchange Act), other than transactions available to all employees generally or involving less than $5,000 when aggregated with similar transactions. "Related parties" include (i) an officer or director of the Company, (ii) a person who is an immediate family member of an officer or director; (iii) an entity which is owned or controlled by an officer or director or an immediate family member of an officer or director, or an entity in which an officer or director or an immediate family member of an officer or director is deemed to have a substantial ownership interest or control of such entity by virtue of such person owning more than 20% of such entity; and (iv) any person known to be the beneficial owner of more than 5% of any class of the Company's voting securities. Members of an officer's or director's immediate family include such officer's or director's spouse, child, stepchild, parent, stepparent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law and any other person sharing the household of such officer or director. For purposes of this policy, officers will be defined as "executive officers" under applicable guidelines of the SEC. Additionally, a "Related Party" may be a person or entity that proposes to enter into a transaction with the Company if the Audit Committee finds that such transaction would require disclosure under Item 404 of Regulation S-K.

Our related party transaction policy is administered by our Audit Committee. At each fiscal year's first regularly-scheduled Audit Committee meeting, management or the Corporate Governance Committee, as applicable, will provide the Audit Committee with detailed information concerning all related party transactions then known by management to be entered into or to be continued by the Company for the fiscal year. Under the related party transactions policy, there is a general presumption that a related party transaction with the Company will not be approved by the Audit Committee. However, the Audit Committee may approve a related party transaction if: (i) the Audit Committee finds that the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party; and (ii) the Audit Committee finds that it has been fully apprised of all significant conflicts that may exist or otherwise arise on account of the transaction, and it believes, nonetheless, that the Company is warranted entering into the related party transaction and has developed an appropriate plan to manage the potential conflicts of interest. The Audit Committee will consider each proposed related party transaction and may approve the Company's entering into or continuing such related party transaction if the transaction satisfies the guidelines set forth above.

Related Party Transactions

Pursuant to its authority and based on discussions with management and BDO USA, LLP, the Audit Committee has determined that there have been no related party transactions requiring disclosure under Item 404(a) of Regulation S-K.

Legal Proceedings

We are not aware of any current legal proceedings involving any of our directors or executive officers and either the Company or any of its subsidiaries.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers and directors and persons who own more than 10% of a registered class of our equity securities to file with the SEC and the NYSE reports of ownership of our securities and changes in their ownership on Forms 3, 4 and 5. Executive officers, directors and greater than 10% stockholders are required by SEC rules to furnish us with copies of all Section 16(a) reports that they file.

Based solely upon a review of the reports on Forms 3 and 4 and amendments thereto furnished to us in 2016 and Forms 5 and amendments thereto furnished to us with respect to 2016, or written representations from reporting persons that no Form 5 filing was required, we believe that in 2016 our executive officers, directors and greater than 10% owners timely filed all reports they were required to file under Section 16(a) of the Exchange Act.

STOCKHOLDER PROPOSALS FOR THE 2018 ANNUAL MEETING

At the annual meeting each year, the Board of Directors submits to stockholders its nominees for election as directors. In addition, the Board may submit other matters to the stockholders for action at the annual meeting. Stockholders may also submit proposals for action at the annual meeting.

Proposals for Inclusion in Our Proxy Statement

Stockholders interested in submitting a proposal for inclusion in our proxy materials for the 2018 annual meeting of stockholders may do so by following the procedures described in Rule 14a-8 of the Exchange Act. If the 2018 annual meeting is held within 30 days of May 30, 2018, stockholder proposals must be received by Timothy G. Wallace at 3326 Aspen Grove Drive, Suite 150, Franklin, Tennessee, 37067, no later than 5:00 p.m., Eastern Time on December 4, 2017 in order for such proposals to be considered for inclusion in the proxy statement and form of proxy relating to such meeting.

Any stockholder proposals (including recommendations of nominees for election to the Board of Directors) intended to be presented at the Company's 2018 annual meeting of stockholders, other than a stockholder proposal submitted pursuant to Exchange Act Rule 14a-8, must be received in writing at our principal executive offices no earlier than November 4, 2017, nor later than 5:00 p.m., Eastern Time on December 4, 2017, together with all supporting documentation required by our Bylaws. For more complete information on these requirements, please refer to our Bylaws.

OTHER MATTERS

As of the date of this proxy statement, management does not know of any other matters to be brought before the annual meeting other than those set forth herein. However, if any other matters are properly brought before the annual meeting, the persons named in the enclosed form of proxy will have discretionary authority to vote all proxies with respect to such matters in accordance with their best judgment.

REGARDLESS OF THE NUMBER OF SHARES YOU OWN, YOUR VOTE IS IMPORTANT TO THE COMPANY. PLEASE SUBMIT A PROXY BY INTERNET OR, IF YOU REQUEST WRITTEN PROXY MATERIALS BY RETURNING A COMPLETED, SIGNED AND DATED PROXY CARD OR VOTING INSTRUCTION FORM.

AVAILABILITY OF ANNUAL REPORT ON FORM 10-K

Upon written request of any record holder or beneficial owner of shares entitled to vote at the annual meeting, we will provide, without charge, a copy of our annual report to stockholders. Requests should be mailed to W. Page Barnes, Corporate Secretary, 3326 Aspen Grove Drive, Suite 150, Franklin, Tennessee 37067. You may also access our Annual Report on Form 10-K on the investor relations webpage of our Internet website, *http://investors.chct.reit*.

By Order of the Board of Directors,

Timothy G. Wallace
Chairman of the Board
April 3, 2017

APPENDIX A

2014 INCENTIVE PLAN, AS AMENDED

COMMUNITY HEALTHCARE TRUST
INCORPORATED

2014 INCENTIVE PLAN

WHEREAS, Community Healthcare Trust Incorporated ("CHCT") desires to adopt this 2014 Incentive Plan (the "Plan"). The Plan will: (i) provide for the issuance of incentive awards, including cash and restricted stock awards; and (ii) comply with section 409A of the Internal Revenue Code;

NOW, THEREFORE, the Plan set forth below is hereby adopted effective April 1, 2014:

1. ***PURPOSE OF THE PLAN.***

The purpose of the Plan is to promote the interests of CHCT and its stockholders by strengthening CHCT's ability to (i) attract, motivate, and retain personnel upon whose judgment, initiative, and efforts the financial success and growth of the business of CHCT largely depend; (ii) offer such personnel additional incentives to put forth maximum efforts for the success of the business; and (iii) afford them an opportunity to acquire a proprietary interest in CHCT through stock ownership.

CHCT believes that restricted stock grants with long vesting periods align the interests of officers and directors with its shareholders and provide strong incentives to grow the value of the stock and to maintain the dividend payment. The officers and directors personally benefit from these efforts through their restricted stock awards, which receive dividends at the same rate as unrestricted common stock. Prior to vesting, the restricted stock grants are subject to forfeiture.

2. ***DEFINITIONS.***

Wherever the following capitalized terms are used in the Plan, they shall have the meanings specified below:

"*Award*" means an award of Cash and/or Restricted Stock under the Plan.

"*Award Agreement*" means an agreement entered into between CHCT and a Participant setting forth the terms and conditions of an Award granted to a Participant.

"*Base Salary*" means, with respect to each Participant for a Plan Year, the base rate of compensation paid to a Participant by CHCT for the Plan Year and excludes all other forms of compensation such as benefits, pension contributions employer matches related to any deferral arrangement and other cash payments, but does not exclude employee contributions which are based upon an employee's deferral of compensation, such as a nonqualified deferred compensation arrangement or a cash or deferred arrangement under section 401(k) of the Code, or any elective reduction of Base Salary pursuant to any program pursuant to this Plan.

"*Board*" means the Board of Directors of CHCT.

"*Change in Control*" shall have the meaning specified in Article 8 hereof.

"*CHCT*" means Community Healthcare Trust Incorporated and its successors.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Committee*" means the compensation committee of the Board, subject to the provisions of Article 4 hereof.

"*Common Stock*" means the common stock, $.01 par value per share, of CHCT.

"*Compensation*" means Base Salary, any cash bonus payable to the Participant pursuant to any incentive plan of CHCT and any Restricted Stock Award pursuant to this Plan that would become unrestricted during the Reduction Year.

"*Date of Grant*" means the date on which an Award under the Plan is made by the Committee, or such later date as the Committee may specify to be the effective date of the Award.

"*Disability*" means a condition that results in a Participant (i) being unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) receiving income replacement benefits for a period of not less than three months under any accident and health plan covering employees of CHCT by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

"*Eligible Person*" means any person who is an Employee of CHCT or any of its Subsidiaries and any director, consultant or other independent contractor providing services to CHCT or a Subsidiary.

"*Employee*" means any person who is employed as a common law employee.

"*Exchange Act*" means the Securities and Exchange Act of 1934.

"*Participant*" means any Eligible Person who holds an outstanding Award under the Plan.

"*Plan*" means the Community Healthcare Trust Incorporated 2014 Incentive Plan as set forth herein, as it may be amended from time to time.

"*Restricted Stock Award*" means an Award entitling a Participant to shares of Common Stock that are nontransferable and subject to forfeiture until specific conditions established by the Committee are satisfied.

"*Subsidiary*" means an entity (whether or not a corporation) that is wholly or majority owned or controlled, directly or indirectly, by CHCT, or any other affiliate of CHCT that is so designated, from time to time, by the Committee.

3. *SHARES OF COMMON STOCK SUBJECT TO THE PLAN.*

3.1 ***Number of Shares***. Subject to the following provisions of this Article 3, the aggregate number of shares of Common Stock that may be issued pursuant to all Awards under the Plan shall be equal to seven percent (7%) of the total number of shares of Common Stock outstanding on December 31 of the immediately preceding year. The shares of Common Stock to be delivered under the Plan will be made available from authorized but unissued shares of Common Stock or issued shares that have been reacquired by CHCT. To the extent that an Award becomes unrestricted or is forfeited, the shares of Common Stock covered thereby will no longer be charged against the foregoing maximum share limitations and may again be made subject to Awards under the Plan. The maximum number of shares that may be awarded in any calendar year to an Eligible Person who is subject to the Code Section 162(m) compensation limit is one hundred and fifty thousand (150,000) shares.

3.2 ***Adjustments***. If there shall occur any recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other distribution with respect to the shares of Common Stock, or other change in corporate structure affecting the Common Stock, the Committee shall cause an adjustment to be made in (i) the maximum number and kind of shares provided in Section 3.1 hereof, (ii) the number and kind of shares of Common Stock, share units, or other rights subject to then outstanding Awards, (iii) the price for each share or unit or other right subject to then outstanding Awards, (iv) the performance targets or goals applicable to any outstanding Performance Awards to the extent such

performance targets or goals are expressed as amounts per share, or (v) any other terms of an Award that are affected by such an event.

4. *ADMINISTRATION OF THE PLAN.*

4.1 ***Committee Members***. The Plan shall be administered by the Committee. The Committee shall have such powers and authority as may be necessary or appropriate for the Committee to carry out its functions as described in the Plan. No member of the Committee shall be liable for any action or determination made in good faith by the Committee with respect to the Plan or any Award thereunder.

4.2 ***Delegatory Authority***. Notwithstanding anything herein to the contrary, the Committee may delegate responsibility for granting Awards and otherwise administering the Plan with respect to Eligible Persons to one or more different subcommittees consisting of one or more members of the Committee.

4.3 ***Discretionary Authority***. Subject to the express limitations of the Plan, the Committee shall have authority in its discretion to determine the Eligible Persons to whom, and the time or times at which, Awards may be granted, the number of shares, units or other rights subject to each Award, the exercise, base or purchase price of an Award (if any), the time or times at which an Award will become vested, exercisable or payable, the performance criteria, performance goals and other conditions of an Award, the duration of the Award, and all other terms of the Award. The Committee shall also have discretionary authority to interpret the Plan, to make all factual determinations under the Plan, and to make all other determinations necessary or advisable for Plan administration. The Committee may prescribe, amend, and rescind rules and regulations relating to the Plan. All interpretations, determinations, and actions by the Committee shall be final, conclusive, and binding upon all parties.

Proxy

5. *AWARD ELIGIBILITY, FEATURES AND RESTRICTIONS.*

5.1 ***Terms of Awards***. All Eligible Persons are eligible to be designated by the Committee to receive an Award under the Plan. The Committee has authority, in its sole discretion, to determine and designate from time to time those Eligible Persons who are to be granted Awards, the types of Awards to be granted and the number of shares or units subject to the Awards that are granted under the Plan. An Award may be evidenced by an Award Agreement between CHCT and the Participant that shall include such terms and conditions (consistent with the Plan) as the Committee may determine; provided, however, that failure to issue an Award Agreement shall not invalidate an Award. An Award Agreement may also be reflected in the Committee minutes or a letter from the Committee to the Participant.

5.2 ***Rights as Stockholder***. Unless otherwise stated in an Award Agreement, a Participant will at the time an Award is granted have all rights of a stockholder with respect to any shares of Common Stock that are transferred pursuant to a Performance Award or Restricted Stock Award. Such rights include the right to vote the shares and receive all dividends and other distributions paid or made with respect thereto. A Participant shall not have stockholder rights until shares of Common Stock are transferred upon the vesting of Restricted Stock Units or upon the payment of any shares of Common Stock associated with the award of Performance Units. Except as provided in Section 3.2 hereof, no adjustment or other provision shall be made for dividends or other stockholder rights until a Participant has become a stockholder with respect to an Award.

5.3 ***Issuance and Delivery of Shares***. Shares of Common Stock that are transferred or become transferable pursuant to an Award shall be issued as specified in this Section 5.3, but subject to the restrictions specified herein and/or in an Award Agreement.

(a) *Date of Issuance.* Shares of Common Stock to be issued pursuant to an Award shall be delivered to Participants by CHCT (or its transfer agent) as soon as administratively feasible after

(i) a Participant receives a Restricted Stock Award, and (ii) all conditions for transfer of Stock specified in an Award have occurred; provided, however, that CHCT may condition the delivery of shares on the Participant's execution of any applicable stockholder agreement or agreement described in paragraph (d) of this Section 5.3 that CHCT requires at the time of exercise; and provided, further, that CHCT may delay the delivery of Stock until all restrictions specified in an Award have lapsed and the Common Stock is no longer subject to a substantial risk of forfeiture. As an alternative to physical delivery, shares may be retained by CHCT's transfer agent in book entry form.

(b) *Transfer Restrictions.* Common Stock granted under any Restricted Stock Award may not be transferred, assigned or subject to any encumbrance, pledge, or charge until all applicable restrictions are removed or have expired, unless otherwise allowed by the Committee. The Committee may require the Participant to enter into an escrow agreement providing that the certificates representing the shares granted or sold under the Award will remain in the physical custody of CHCT or an escrow holder until all restrictions are removed or have expired. Failure to satisfy any applicable restrictions shall result in the subject shares of the Award being forfeited and returned to CHCT, with any purchase price paid by the Participant to be refunded, unless otherwise provided by the Committee. The Committee may require that certificates representing the shares granted under an Award bear a legend making appropriate reference to the restrictions imposed.

(c) *Securities Law Compliance.* Notwithstanding anything herein to the contrary, no Award shall be exercisable, no Common Stock shall be issued, no certificates for shares of Stock shall be delivered, and no payment shall be made under this Plan except in compliance with all federal or state laws and regulations (including, without limitation, withholding tax requirements), federal and state securities laws and regulations and the rules of all securities exchanges or self-regulatory organizations on which CHCT's shares may be listed. CHCT shall have the right to rely on an opinion of its counsel as to such compliance. Any certificate issued to evidence shares of Stock issued pursuant to this Plan may bear such legends and statements as the Committee upon advice of counsel may deem advisable to assure compliance with federal or state laws and regulations.

(d) *Representations by Participants.* As a condition to the receipt of or the transfer of Common Stock pursuant to an Award, CHCT may require a Participant to represent and warrant at the time that the shares are being acquired only for investment and without any present intention to sell or distribute such shares. At the option of CHCT, a stop transfer order against any shares of stock may be placed on the official stock books and records of CHCT, and a legend indicating that the stock may not be pledged, sold or otherwise transferred unless an opinion of counsel was provided (concurred in by counsel for CHCT) and stating that such transfer is not in violation of any applicable law or regulation may be stamped on the stock certificate in order to assure exemption from registration. The Committee may also require such other action or agreement by the Participants as may from time to time be necessary to comply with federal or state securities laws. This provision shall not obligate CHCT or any Subsidiary to undertake registration of Common Stock hereunder.

6. *RESTRICTED STOCK AWARDS.*

6.1 ***Grant of Restricted Stock Awards***. A Restricted Stock Award represents shares of Common Stock that are issued subject to such restrictions on transfer and other incidents of ownership and such forfeiture conditions as the Committee may determine. Forfeiture conditions may be performance or nonperformance based, or a combination thereof, in the sole discretion of the Committee. The Committee may, in connection with any Restricted Stock Award, require the payment of a specified purchase price.

6.2 ***Vesting Requirements***. The restrictions imposed on shares granted under a Restricted Stock Award shall lapse in accordance with the vesting requirements specified by the Committee in the Award Agreement. Such vesting requirements may be based on the continued employment of the Participant with CHCT or its Subsidiaries for a specified time period or periods, provided that any such restriction shall not be scheduled to lapse in its entirety earlier than the first anniversary of the Date of Grant. Such vesting requirements may also be based on the attainment of specified business goals or measures established by the Committee in its sole discretion.

7. *CHANGE IN CONTROL*.

7.1 ***Effect of Change in Control***. Unless stated otherwise in an Award Agreement, the provisions of this Article 7 will apply to outstanding Awards at the time of a Change in Control to the extent of rights under such Awards that have not been previously forfeited. The surviving corporation or entity or acquiring corporation or entity, or affiliate of such corporation or entity, may assume any Awards outstanding under the Plan or substitute similar equity and incentive awards (including an award to acquire the same consideration paid to the stockholders in the transaction described in this Section 7.1) for those outstanding under the Plan.

(a) In the event that any surviving corporation or entity or acquiring corporation or entity in a Change in Control, or affiliate of such corporation or entity, does not assume such Awards and does not substitute similar awards for those outstanding under the Plan, then all Awards outstanding shall, immediately prior to the Change in Control event, become fully vested to the extent not previously forfeited.

(b) In the event that any surviving corporation or entity or acquiring corporation or entity in a Change in Control, or affiliate of such corporation or entity, assumes Awards outstanding under the Plan at the time of the Change in Control, or substitutes Awards with similar stock awards (including an award to acquire the same consideration paid to the stockholders in the transaction described in this Article 8 for those outstanding under the Plan), and the employment of a Participant is terminated without Cause or for Good Reason within 18 months after the effective date of the Change in Control event, all Awards held by such Participant shall become fully vested to the extent not previously forfeited. The terms "Cause" and "Good Reason" shall have the same meanings as the same or similar terms in any written employment agreement between the Participant and CHCT or Subsidiary or as specified in an Award Agreement. In the absence of such a written agreement, such terms shall be defined as follows for purposes of this Section 8.1:

(1) "Cause" means involuntary termination of employment due to: (i) conviction of a crime of moral turpitude that adversely affects the reasonable business interests of CHCT, (ii) commission of an act of fraud, embezzlement, or material dishonesty against CHCT or any Subsidiary, or (iii) intentional neglect of the responsibilities of employment, and such neglect remains uncorrected for more than 30 days following written notice from CHCT detailing the acts of neglect.

(2) "Good Reason" means voluntary termination of employment by the Participant because the terms of employment are modified so that the position is not substantially equivalent to the position held immediately prior to the time of the Change in Control. A position is "substantially equivalent" if it is the same or better than the position to which it is being compared. A position is not substantially equivalent unless (i) the cash compensation offered is the same or higher than that earned immediately prior to the Change in Control, (ii) deferred compensation, incentive and equity compensation, and health and welfare benefits are, in the aggregate, similar to those provided immediately prior to the Change in Control, (iii) the duties are similar to the duties performed prior to the

Change in Control; and (iv) the position does not require the Participant to relocate or to commute more than 35 miles each way to the place of employment. The Participant's right to voluntarily terminate employment for "Good Reason" expires 180 days after beginning employment in the position that is not "substantially equivalent" to the Participant's prior position.

7.2 ***Definition of Change in Control***. For purposes hereof, a "Change in Control" means the occurrence of any of the following events:

(a) a dissolution or liquidation of CHCT;

(b) a reorganization, merger or consolidation of CHCT in which CHCT is not the surviving organization;

(c) the sale of all or substantially all of the assets of CHCT;

(d) a pending or threatened takeover bid or tender offer pursuant to which 10% or more of the outstanding securities of CHCT is acquired, whether or not deemed a tender offer under applicable state or federal laws; or

(e) an acquisition (other than directly from CHCT) of beneficial ownership, within the meaning of Rule 13d-3 promulgated under the Exchange Act ("Beneficial Ownership"), of voting securities of CHCT (the "Voting Securities") by any person, individual, entity or group, within the meaning of section 13(d)(3) or 14(d)(2) of the Exchange Act (each, a "Person"), immediately following which such Person has Beneficial Ownership of 50% or more of the combined voting power of the then outstanding Voting Securities.

Notwithstanding the foregoing, to the extent necessary to satisfy section 409A of the Code, an event will not constitute a Change in Control unless it constitutes a change in the ownership or effective control of CHCT, or in the ownership of a substantial portion of the assets of CHCT, as described in section 409A of the Code and the regulations thereunder.

8. *GENERAL PROVISIONS*.

8.1 ***No Assignment or Transfer; Beneficiaries***. Awards under the Plan shall not be assignable or transferable, except by will or by the laws of descent and distribution, and during the lifetime of a Participant, the Award shall be exercised only by such Participant or by his guardian or legal representative. Notwithstanding the foregoing, the Committee may provide in the terms of an Award Agreement that the Participant shall have the right to designate a beneficiary or beneficiaries who shall be entitled to any rights, payments or other specified under an Award following the Participant's death.

8.2 ***Deferrals of Payment***. Notwithstanding any other provisions of the Plan, a Participant may elect to further defer the receipt of payment of cash or delivery of shares of Common Stock that would otherwise be due to the Participant by virtue of the exercise of a right or the satisfaction of vesting or other conditions with respect to an Award by electing to subject it to further deferral pursuant to the provisions of this Plan and any Program adopted pursuant to this Plan. Additional deferral shall be subject to the same rules and procedures as outlined in this Plan and any Program adopted pursuant to this Plan. Such deferrals are also subject to any additional requirements of section 409A of the C ode.

8.3 ***Employment or Service***. Nothing in the Plan, in the grant of any Award or in any Award Agreement shall confer upon any Eligible Person the right to continue in the capacity in which he is employed by, or otherwise serves, CHCT or any Subsidiary.

8.4 ***Tax Withholding***. Upon any taxable event that occurs with respect to the grant, exercise or lapse of restrictions with respect to an Award, or otherwise, the Participant shall, upon notification of the amount due and as a condition to exercise of an Award, pay to CHCT amounts necessary to satisfy

applicable federal, state and local withholding tax requirements or shall otherwise make arrangements satisfactory to CHCT for such requirements. The Award Agreement may specify the manner in which the withholding obligation shall be satisfied with respect to the particular type of Award.

8.5 ***Unfunded Plan***. The adoption of this Plan and any setting aside of cash amounts or shares of Common Stock by CHCT with which to discharge its obligations hereunder shall not be deemed to create a trust or other funded arrangement. The benefits provided under this Plan shall be a general, unsecured obligation of CHCT payable solely from the general assets of CHCT, and neither a Participant nor the Participant's permitted transferees or estate shall have any interest in any assets of CHCT by virtue of this Plan, except as a general unsecured creditor of CHCT. Notwithstanding the foregoing, CHCT shall have the right to implement or set aside funds in a grantor trust, subject to the claims of CHCT's creditors, to discharge its obligations under the Plan.

8.6 ***Other Compensation and Benefit Plans***. This Plan shall not affect any other stock incentive or other compensation plans in effect for CHCT or any Subsidiary, nor shall the Plan preclude CHCT from establishing any other forms of stock incentive or other compensation for employees of CHCT or any Subsidiary. The amount of any compensation deemed to be received by a Participant pursuant to an Award shall not constitute compensation with respect to which any other employee benefits of such Participant are determined, including, without limitation, benefits under any bonus, pension, profit sharing, life insurance or salary continuation plan, except as otherwise specifically provided by the terms of such plan.

8.7 ***Plan Binding on Transferees***. The Plan shall be binding upon CHCT, its transferees and assigns, and the Participant, his executor, administrator and permitted transferees and beneficiaries.

8.8 ***Construction and Interpretation***. Whenever used herein, nouns in the singular shall include the plural, and the masculine pronoun shall include the feminine gender. Headings of Articles and Sections hereof are inserted for convenience and reference and constitute no part of the Plan.

8.9 ***Severability***. If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

8.10 ***Governing Law***. The validity and construction of the Plan and of the Award Agreements shall be governed by the laws of the State of Mary land.

9. *EFFECTIVE DATE, TERMINATION AND AMENDMENT*.

9.1 ***Effective Date***. The Effective Dale of this Plan is April 1, 2014.

9.2 ***Termination***. The Plan shall continue until terminated by the Board in its sole discretion or March 31, 2024. No termination of the Plan shall adversely affect any Award theretofore granted without the consent of the Participant or the permitted transferee of the Award.

9.3 ***Amendment.*** The Board may at any time and from time to time and in any respect, amend or modify the Plan; *provided*, *however*, that, without the consent of CHCT's stockholders, no amendment or modification of the Plan shall be effective that would (i) change the class of Eligible Persons under the Plan, (ii) increase the number of shares of Common Stock reserved for issuance under the Plan in accordance with Section 3.1 hereof, (iii) increase the aggregate number of shares of Common Stock that may be granted pursuant to Restricted Stock Awards, in accordance with Section 3.1 hereof, or (iv) require approval of CHCT's stockholders under the listing requirements of the New York Stock Exchange or the exchange or trading system through which Common Stock may be listed or traded at the time of the amendment. Notwithstanding anything to the contrary herein, the Board may amend the Plan without further consent or approval to the extent necessary under

section 409A of the Code so that Awards issued hereunder will effectively defer compensation in the manner contemplated under each respective Award.

IN WITNESS WHEREOF, the undersigned officer of CHCT has duty executed this Community Healthcare Trust Incorporated 2014 Stock Incentive Plan on this the 1st day of April, 2014, but to be effective as provided herein.

COMMUNITY HEALTHCARE TRUST INCORPORATED

/s/ TIMOTHY WALLACE

By: Timothy Wallace
Title: *Chairman of the Board and Chief Executive Officer*

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

Commission file number: 001-37401

Community Healthcare Trust Incorporated
(Exact Name of Registrant as Specified in Its Charter)

Maryland	**46-5212033**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

3326 Aspen Grove Drive
Suite 150
Franklin, Tennessee 37067
(Address of Principal Executive Offices) (Zip Code)

(615) 771-3052
(Registrant's Telephone Number, Including Area Code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common stock, $0.01 par value per share	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act:
None
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The aggregate market value of the shares of common stock (based upon the closing price of these shares on the New York Stock Exchange, Inc. on June 30, 2016) of the Registrant held by non-affiliates (for purposes of this calculation, all of the Registrant's directors and executive officers are deemed affiliates of the Registrant) on June 30, 2016 was approximately $263.3 million.

The Registrant had 13,105,253 shares of Common Stock, $0.01 par value per share, outstanding as of February 17, 2017.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Definitive Proxy Statement relating to the Annual Meeting of Stockholders are incorporated by reference into Part III of this Report. The Registrant expects to file its Definitive Proxy Statement with the Securities and Exchange Commission within 120 days after December 31, 2016.

COMMUNITY HEALTHCARE TRUST INCORPORATED
FORM 10-K
December 31, 2016

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

We make statements in this Annual Report on Form 10-K that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). All statements other than statements of historical facts may be forward-looking statements. In particular, statements pertaining to our capital resources, property performance and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our funds from operations and anticipated market conditions, demographics and results of operations are forward-looking statements. When we use the words "may," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" or similar expressions or their negatives, as well as statements in future tense, we intend to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- our limited operating history;
- defaults on or non-renewal of leases by tenants;
- adverse economic or real estate developments, either nationally or in the markets in which our properties are located;
- decreased rental rates or increased vacancy rates;
- difficulties in identifying healthcare properties to acquire and completing acquisitions;
- our ability to make distributions on our shares of stock;
- our dependence upon key personnel whose continued service is not guaranteed;
- our ability to identify, hire and retain highly qualified personnel in the future;
- the degree and nature of our competition;
- general economic conditions;
- the availability, terms and deployment of debt and equity capital;
- general volatility of the market price of our common stock;
- changes in our business or strategy;
- changes in governmental regulations, tax rates and similar matters;
- new laws or regulations or changes in existing laws and regulations that may adversely affect the healthcare industry;
- trends or developments in the healthcare industry that may adversely affect our tenants;

- competition for acquisition opportunities;
- our failure to successfully develop, integrate and operate acquired properties and operations;
- our ability to operate as a public company;
- changes in accounting principles generally accepted in the United States of America ("GAAP");
- our failure to generate sufficient cash flows to service our outstanding indebtedness;
- fluctuations in interest rates and increased operating costs;
- our increased vulnerability economically due to the concentration of our investments in healthcare properties;
- a substantial portion of our revenue is derived from our largest tenants and thus, the bankruptcy, insolvency or weakened financial position of any one of them could seriously harm our operating results and financial condition;
- geographic concentrations in Florida, Illinois, Kansas and Texas causes us to be particularly exposed to downturns in these local economies or other changes in local real estate market conditions;
- lack of or insufficient amounts of insurance;
- other factors affecting the real estate industry generally;
- our failure to maintain our qualification as a real estate investment trust ("REIT") for U.S. federal income tax purposes;
- limitations imposed on our business and our ability to satisfy complex rules in order for us to maintain our status as a REIT for U.S. federal income tax purposes; and
- changes in governmental regulations or interpretations thereof, such as real estate and zoning laws and increases in real property tax rates and taxation of REITs.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. You should not place undue reliance on any forward-looking statements, which speak only as of the date of this report. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes after the date of this prospectus, except as required by applicable law. For a further discussion of these and other factors that could impact our future results, performance or transactions, see "Part I, Item 1A. Risk Factors."

Unless the context otherwise requires or indicates, references above or in this report to "we," "us," "our," "the Company," "our Company," and "Community Healthcare Trust" refer to Community Healthcare Trust Incorporated, a Maryland corporation organized to qualify as a REIT for U.S. federal income tax purposes, together with its consolidated subsidiaries, including Community Healthcare OP, LP, a Delaware limited partnership, or our operating partnership, of which we are the sole general partner and own 100% of its interests.

PART I.

ITEM 1. BUSINESS

We are a fully-integrated healthcare real estate company organized as a corporation in the State of Maryland on March 28, 2014. We own and acquire, or finance, real estate properties that are leased to hospitals, doctors, healthcare systems or other healthcare service providers in Non-Urban markets, which we define as, collectively, suburban areas, exurban areas (areas adjoining metropolitan statistical areas) and micropolitan areas (areas with populations of 10,000 to 50,000 that do not directly border larger urban areas). We conduct our business through a traditional umbrella partnership real estate investment trust, or UPREIT structure in which our properties are owned by our operating partnership (the "OP"), directly or through subsidiaries. We are the sole general partner of our OP, owning 100% of the OP units.

On May 27, 2015, we completed our initial public offering ("IPO") of 7,187,500 shares of common stock, including 937,500 shares of common stock issued in connection with the exercise in full of the underwriters' option to purchase additional shares, and received net proceeds of approximately $125.2 million from the offering. Concurrently, we issued an aggregate of 123,683 shares of common stock for an aggregate purchase price of approximately $2.3 million in private placements to certain directors and officers of the Company. In April 2016, we completed a follow-on offering of 5,175,000 shares of common stock, including 675,000 shares of common stock issued in connection with the exercise in full of the underwriters' option to purchase additional shares, and received net proceeds of approximately $86.1 million from the follow-on offering.

As of December 31, 2016, we had investments of approximately $263.5 million in 57 real estate properties and one mortgage note, located in 22 states, totaling over 1.33 million square feet in the aggregate. The real estate properties were approximately 93.1% leased at December 31, 2016 with a weighted average remaining lease term of approximately 7.2 years.

We operate so as to maintain our status as a real estate investment trust, or REIT, for federal income tax purposes. As a REIT, we are not subject to corporate federal income tax with respect to taxable income distributed to our stockholders. We have also elected one subsidiary to be treated as a taxable REIT subsidiary ("TRS"), which is subject to federal and state income taxes.

Our investments in healthcare real estate, including mortgage and other loans, are considered a single reportable segment as further discussed in Note 1 of Item 8 in this Annual Report on Form 10-K setting forth the required financial information.

Competitive Strengths

We believe our management team's significant healthcare, real estate and public REIT management experience distinguishes us from other REITs and real estate operators, both public and private. Specifically, our Company's competitive strengths include, among others:

- *Strong, Diversified Portfolio.* Our focus is on investing in properties where we can develop strategic alliances with financially sound healthcare providers that offer need-based healthcare services in our target markets. Our tenant base includes many nationally recognized healthcare providers (or their affiliates), such as HCA, Fresenius and AmSurg. Our property portfolio has significant diversification with respect to healthcare provider, industry segment, and facility type.

- *Attractive and Disciplined Investment Focus.* We focus on Non-Urban healthcare facilities in off-market or lightly marketed transactions at purchase prices generally between $2 million and $25 million. We believe there is significantly less competition from existing REITs and institutional buyers for these Non-Urban assets than for comparable urban assets, thereby increasing the potential for more attractive risk-adjusted

returns. In addition, we believe that healthcare-related real estate rents and valuations are less susceptible to changes in the general economy than many other types of commercial real estate due to favorable demographic trends and the need-based rise in healthcare expenditures, even during economic downturns.

- *Extensive Relationships with Healthcare Providers, Intermediaries and Property Owners.* We believe that our management team has a strong reputation among, and a deep understanding of the real estate needs of, healthcare providers in our target markets. For example, AmSurg, a nationally recognized leader in the development, management and operation of outpatient surgery centers, has designated us as one of its two strategic partners to acquire real estate owned by physicians that are partners in surgery centers AmSurg operates. We believe that this strategic relationship is an example of our ability to meet the needs of healthcare providers by structuring transactions that are mutually advantageous to sellers, our tenants and us. We believe this ability has, and will continue to, lead to strategic acquisition opportunities, which will, in turn, produce attractive risk-adjusted returns. None of our properties to date were acquired pursuant to "calls for offers" or other auction style bidding situations. We believe our relationships provide us with additional off-market or lightly marketed acquisition opportunities, thus providing us the opportunity to continue to purchase assets outside a competitive bidding process.

- *Experienced Management Team.* Each of the members of our management team has between 24 and 35 years of healthcare, real estate and/or public REIT management experience. Led by Timothy G. Wallace, our Chairman, Chief Executive Officer and President, W. Page Barnes, our Executive Vice President and Chief Financial Officer, and Leigh Ann Stach, our Vice President-Financial Reporting and Chief Accounting Officer, our management team has significant experience in acquiring, owning, operating and managing healthcare facilities and providing full service real estate solutions for the healthcare industry. Prior to founding our company, Mr. Wallace was a co-founder and Executive Vice President of Healthcare Realty Trust (NYSE: HR). Between the initial public offering of HR in 1993 and his departure from HR in 2002, Mr. Wallace was integral in helping to grow HR to over $2 billion in assets. Mr. Barnes has held executive positions with acute care and behavioral hospital companies and directed healthcare lending for AmSouth Bank. Ms. Stach has experience in public healthcare REIT accounting and financial reporting.

- *Growth Oriented Capital Structure.* At December 31, 2016, we have $51.0 million outstanding on our syndicated senior revolving credit facility, or our credit facility, with a 20.8% debt-to-book capitalization ratio. In the future, in addition to equity and debt issuances, we may also use OP units of our operating partnership as currency to acquire additional properties from owners seeking to defer their potential taxable gain and diversify their holdings. We believe that the borrowing capacity under our credit facility, combined with our ability to use OP units as acquisition currency, provides us with significant financial flexibility to make opportunistic investments and fund future growth.

- *Significant Alignment of Interests.* We have structured the compensation of our management team to closely align their interests with the interests of our stockholders. During the initial terms of their respective employment agreements, original management elected to take 100% of their total compensation in the form of restricted stock that is subject to an eight-year cliff-vesting period, and elected to take 95% of total compensation in 2016 and 2017 in the form of restricted stock. We believe that paying our management team with restricted stock that is subject to long-term cliff-vesting periods effectively aligns the interests of our management team with those of our stockholders, creating significant incentives to maximize returns for our stockholders. In addition, concurrently with the completion of our IPO in May 2015, Mr. Wallace purchased $2,000,000 in shares of our common stock and certain of our officers and directors purchased an aggregate of $350,000 in shares of our common stock in concurrent private placements, in each case at a price per share equal to the price of the shares sold in the IPO, which we believe further aligns management's interests with our stockholders. Finally, we adopted and each have met, at December 31, 2016, stock ownership guidelines that requires our officers and directors to continuously own an amount of our common stock based on a multiple of such officer's annual base salary or such director's annual retainer, as applicable.

Business Objective

Our principal business objective is to provide attractive risk-adjusted returns to our stockholders through a combination of (i) sustainable and increasing rental income and cash flow that generates reliable, increasing dividends and (ii) potential long-term appreciation in the value of our properties and common stock. Our primary strategies to achieve our business objective are to invest in, own and proactively manage a diversified portfolio of healthcare properties, which we believe will drive reliable, increasing rental revenue and cash flow.

Growth Strategy

We intend to continue to grow our portfolio of healthcare properties primarily through acquisitions of Non-Urban healthcare facilities that provide stable revenue growth and predictable long-term cash flows. We generally focus on individual acquisition opportunities between $2 million and $25 million in off-market or lightly marketed transactions and do not intend to participate in competitive bidding or auctions of properties. We believe that there are abundant opportunities to acquire attractive healthcare properties in our target markets either from third-party owners of existing healthcare facilities or directly with healthcare providers through sale-leaseback transactions. We believe there is significantly less competition for these Non-Urban assets from existing REITs and institutional buyers than for comparable assets in urban areas, thereby increasing the potential for attractive risk-adjusted returns. Furthermore, we may acquire healthcare properties on a non-cash basis in a tax efficient manner through the issuance of OP units as consideration for the transaction.

We intend for our investment portfolio to be diversified among healthcare facility type and segments such as ambulatory surgery centers, behavioral facilities, dialysis clinics, medical office buildings, oncology centers, physician clinics, acute care hospitals, assisted living facilities, post-acute care hospitals, skilled nursing facilities, and specialty hospitals, as well as being diverse both geographically and with respect to our tenant base. We seek to invest in properties where we can develop strategic alliances with financially sound healthcare providers that offer need-based healthcare services in our target markets.

In connection with our review and consideration of healthcare real estate acquisition opportunities, we generally take into account a variety of considerations, including but not limited to:

- whether the property will be leased to a financially-sound healthcare tenant;
- the historical performance of the market and its future prospects;
- property location, with an emphasis on proximity to a population base;
- demand for healthcare related services and facilities;
- current and future supply of competing properties;
- occupancy and rental rates in the market;
- population density and growth potential;
- anticipated capital expenditures;
- anticipated future acquisition opportunities; and
- existing and potential competition from other healthcare real estate owners and tenants.

We currently have no intention to invest in companies that provide healthcare services structured to comply with the REIT Investment Diversification and Empowerment Act of 2007, or RIDEA.

Portfolio Summary

See Note 2 to the Consolidated Financial Statements in Item. 8 "Financial Statements and Supplementary Data" for a table that summarizes our portfolio as of December 31, 2016.

Customer Concentrations

Our real estate portfolio is leased to a diverse tenant base. For the year ended December 31, 2016, none of our tenants individually accounted for 10% or more of our consolidated revenues. We have no control over the success or failure of our tenants' businesses and, at any time, any of our tenants may experience a downturn in its business that may weaken its financial condition.

Geographic Concentrations

The Company's portfolio is currently located in 22 states with approximately 55.2% of our consolidated revenues for the year ended December 31, 2016 derived from properties located in Florida (15.5%), Illinois (15.3%), Kansas (13.5%) and Texas (10.9%). Such geographic concentrations could expose the Company to certain downturns in the economics of those states or other changes in the such states' respective real estate market conditions. Any material change in the current payment programs or regulatory, economic, environmental or competitive conditions in any of these areas could have an effect on our overall business results. In the event of negative economic or other changes in any of these markets, our business, financial condition and results of operations, our ability to make distributions to our shareholders and the trading price of our common shares may be adversely affected. See each of the discussions under Item 1A, "Risk Factors," under the captions "Adverse economic or other conditions in the geographic markets in which we conduct business could negatively affect our occupancy levels and rental rates and have a material adverse effect on our operating results," and "A large percentage of our properties are located in Florida, Illinois, Kansas and Texas, and changes in these markets may materially adversely affect us."

Recent Developments

From January 1, 2017 through February 23, 2017, the Company acquired two real estate properties totaling approximately 48,800 square feet for a purchase price of approximately $7.9 million, including cash consideration of approximately $7.8 million. Upon acquisition, the properties were approximately 94% leased with lease expirations through 2022. These acquisitions were funded with proceeds from the Credit Facility.

Tax Status

We qualified as a REIT for U.S. federal income tax purposes for the years ended December 31, 2015 and 2016, and we expect that we will remain qualified as a REIT for U.S. federal income tax purposes for the year ending December 31, 2017. Our qualification as a REIT depends upon our ability to meet, on a continuing basis, through actual investment and operating results, various complex requirements under the Internal Revenue Code of 1986, as amended, or the Code, relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels and the diversity of ownership of our capital stock. We believe that we are organized in conformity with the requirements for qualification as a REIT under the Code and that our manner of operations will enable us to continue to meet the requirements for qualification and taxation as a REIT for U.S. federal income tax purposes for the year ending December 31, 2017.

As a REIT, we generally will not be subject to U.S. federal income tax on our taxable income that we distribute currently to our stockholders. Under the Code, REITs are subject to numerous organizational and operational requirements, including a requirement that they distribute on an annual basis at least 90% of their REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gains. If we fail to qualify for taxation as a REIT in any taxable year and do not qualify for certain statutory relief provisions, our income for that year will be subject to tax at regular corporate rates, and we would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT. Even if we qualify as a REIT for U.S. federal income tax purposes, we may still be subject to state and local taxes on our income and

assets and to U.S. federal income and excise taxes on our undistributed income. Additionally, any income earned by Community Healthcare Trust Services, Inc., our taxable REIT subsidiary, and any other “taxable REIT subsidiaries”, or TRS, that we form or acquire in the future will be fully subject to U.S. federal, state and local corporate income tax.

Government Regulation

Our healthcare tenants and their operators are subject to extensive federal, state and local government legislation and regulation, including the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, the "Affordable Care Act") and laws intended to combat fraud and waste such as the Anti-Kickback Statute, Stark Law, False Claims Act and Health Insurance Portability and Accountability Act of 1996. Many states have analogous laws which may be broader than their federal counterparts. Compliance with these regulatory requirements can increase operating costs and, thereby, adversely affect the financial viability of our tenants’ businesses. Our tenants' failure to comply with these laws and regulations could adversely affect their ability to successfully operate our properties, which could negatively impact their ability to satisfy their contractual obligations to us. As a landlord, we intend for all of our business activities and operations to conform in all material respects with all applicable laws and regulations, including healthcare laws and regulations. Our leases require the tenants and operators to comply with all applicable laws, including healthcare laws.

These laws subject tenant healthcare facilities and practices to requirements related to reimbursement, licensing and certification policies, ownership of facilities, addition or expansion of facilities and services, pricing and billing for services, compliance obligations (including those governing the security, use and disclosure of confidential patient information) and fraud and abuse laws. These laws and regulations are wide-ranging and complex, may vary or overlap from jurisdiction to jurisdiction, and are subject frequently to change. Healthcare facilities may also be affected by changes in accreditation standards or in the procedures of the accrediting agencies that are recognized by governments in the certification process. In addition, expansion (including the addition of new beds or services or the acquisition of medical equipment) and occasionally the discontinuation of services of healthcare facilities may be subject to state regulatory approval through certificate of need programs. This may impact the ability of our tenants to expand their businesses. Different tenants may be more or less subject to certain types of regulation, some of which are specific to the type of facility or provider. We cannot predict the degree to which these changes, or changes to the federal healthcare programs in general, may affect the economic performance of some or all of our tenants, positively or negatively. We expect healthcare providers to continue to adjust to new operating and reimbursement challenges, as they have in the past, by increasing operating efficiency and modifying their strategies to profitably grow operations.

There are various state and federal laws that may apply to investors including U.S. federal and state anti-kickback and fee-splitting statutes, which limit physician referrals to entities in which the physician has a financial relationship. States vary in the types of entities, if any, their laws cover. Investment interests in those facilities may, in certain instances, prohibit referrals to the entity by physician investors. Physician investors may also face disciplinary action from licensure boards for referrals to entities in which the physician has an investment interest. Some states require disclosure of the financial relationship before referral by any physician investors, while others prohibit referrals entirely. These state laws and regulations may be broader than their federal counterparts and are the subject of State enforcement. Many state laws contain exemptions for investments in publicly traded companies provided certain requirements are met. These exemption requirements may include listing on a national stock exchange or maintaining a minimum asset value. Meeting some of these requirements may be dependent on market forces or otherwise outside our control.

Changes in laws and regulations, reimbursement enforcement activity and regulatory non-compliance by our tenants and operators can all have a significant effect on their operations and financial condition, which in turn may adversely impact us, as detailed below and set forth under Item 1A, “Risk Factors,” under the caption “The healthcare industry is heavily regulated and new laws or regulations, changes to existing laws or regulations, changes to reimbursement models or structure, loss of licensure or failure to obtain licensure could adversely impact our company and result in the inability of our tenants to make rent payments to us.” We highlight below several of

the more complex laws, however this is an overview, as the complexities of the laws impacting tenants are varied and extensive.

The Affordable Care Act has continued to change how healthcare services are covered, delivered and reimbursed. The Affordable Care Act includes payment reform provisions intended to drive Medicare towards more value-based purchasing which, in turn, increases accountability for healthcare providers for the quality and costs of the healthcare services they provide. While more individuals now carry healthcare coverage as a result of the Affordable Care Act, the full effects of the changes to reimbursement models for both public and commercial coverage continue to evolve. Each kind of healthcare provider tenant has a different and complex set of laws related to reimbursement and reimbursement models, which may affect the tenant's ability to collect revenues and meet the terms of their leases. Such varying reimbursement models and laws impact each kind of provider as well as the healthcare system as a whole. For example, for physicians, the Centers for Medicare and Medicaid Services sets an annual Medicare Sustainable Growth Rate and updates a related physician fee schedule to control spending by Medicare on physician services The implementation of this physician fee schedule can be suspended or adjusted by Congress, as has been done regularly in the past. In addition, for ambulatory service centers, the Affordable Care Act introduced provisions that reduce the annual inflation update for payment rates by a "productivity adjustment," which may result in a decrease in Medicare payment rates for the same procedures in a given year compared to the prior year. Other changes brought about by the Affordable Care Act could negatively impact reimbursement for any one of the kind of provider tenants as outlined below.

The Affordable Care Act also has begun to alter reimbursement from private insurers and managed care organizations. Networks continue to readjust and all providers must ensure adequate market share in their respective areas to remain in the network created by many of the managed care organizations. Under the Affordable Care Act, individuals are required to obtain coverage or pay a penalty resulting in millions of more Americans obtaining coverage, usually through the healthcare exchanges (called the Marketplace) established to provide coverage in each state. It is unclear at this time how the Marketplace coverage will impact each state and locale.The new Presidential Administration has suggested that it plans to seek to repeal all or portions of the Affordable Care Act and replace the current legislation with new legislation. There is uncertainty with respect to the impact this Administration may have, if any, and any changes will likely take time to unfold, and could have an impact on coverage and reimbursement for healthcare items and services covered by plans that were authorized by the Affordable Care Act. However, we cannot predict the ultimate content, timing or effect of any healthcare reform legislation or the impact of potential legislation on us and/or our tenants.

The Bipartisan Budget Act of 2015, Section 603, lowered Medicare rates effective January 1, 2017, for services provided in off-campus, provider-based outpatient departments, to the same level of rates for physician-office settings, for those facilities not grandfathered-in under the current Medicare rates as of the law’s date of enactment, November 2, 2015. This legislation reflects the movement by the Center for Medicare and Medicaid Services toward reimbursement “site-neutrality,” or equalizing Medicare rates across different facility-type settings. While these changes are expected to lower overall Medicare spending, our medical office buildings that are located on hospital campuses could become more valuable as hospital tenants will keep their higher Medicare rates for on-campus outpatient services. However, we cannot predict the amount of benefit from these measures or if other federal budget negotiations will ultimately require cuts to reimbursement rates for services provided in other facility-type settings.

Legislative Developments

Each year, legislative proposals for health policy are introduced in Congress and state legislatures, and regulatory changes are enacted by government agencies. These proposals, individually or in the aggregate, could significantly change the delivery of healthcare services, either nationally or at the state level, if implemented. Examples of significant legislation currently under consideration, recently enacted or in the process of implementation, include:

- the Affordable Care Act and proposed amendments and repeal measures and related actions at the federal and state level;

- quality control, cost containment, and payment system reforms for Medicaid, Medicare and other public funding, such as expansion of pay-for-performance criteria and value-based purchasing programs, bundled provider payments, accountable care organizations, increased patient cost-sharing, geographic payment variations, comparative effectiveness research, and lower payments for hospital readmissions;

- implementation of health insurance exchanges and regulations governing their operation, whether run by the state or by the federal government, whereby individuals and small businesses purchase health insurance, including government-funded plans, many assisted by federal subsidies that are under ongoing legal challenges;

- equalization of Medicare payment rates across different facility-type settings; the Bipartisan Budget Act of 2015, Section 603, lowered Medicare payment rates, effective January 1, 2017, for services provided in off-campus, provider-based outpatient departments to the same level of rates for physician-office settings for those facilities not grandfathered-in under the current Medicare rates as of the law's date of enactment, November 2, 2015;

- the continued adoption by providers of federal standards for the meaningful-use of electronic health records, and the transition to ICD-10 coding;

- anti-trust scrutiny of recently-announced mergers of large health insurance companies; and

- tax law changes affecting non-profit providers.

Environmental Matters

As an owner of real estate, we are subject to various federal, state and local environmental laws, regulations and ordinances and also could be liable to third parties as a result of environmental contamination or noncompliance at our properties even if we no longer own such properties. See the discussion under Item 1A, "Risk Factors," under the caption "Environmental compliance costs and liabilities associated with owning and leasing our properties may affect our results of operations."

Competition

We compete with many other entities engaged in real estate investment activities for acquisitions of healthcare properties, including national, regional and local operators, acquirers and developers of healthcare-related real estate properties. The competition for healthcare-related real estate properties may significantly increase the price that we must pay for healthcare properties or other assets that we seek to acquire, and our competitors may succeed in acquiring those properties or assets themselves. In addition, our potential acquisition targets may find our competitors to be more attractive because they may have greater resources, may be willing to pay more for the properties or may have a more compatible operating philosophy. In particular, larger REITs that target healthcare properties may enjoy significant competitive advantages that result from, among other things, a lower cost of capital, enhanced operating efficiencies, more personnel and market penetration and familiarity with markets. In addition, the number of entities and the amount of funds competing for suitable investment properties may increase. Increased competition would result in increased demand for the same assets and therefore increase prices paid for them. Those higher prices for healthcare properties or other assets may adversely affect our returns from our investments.

Insurance

We carry comprehensive liability insurance and property insurance covering our properties. In addition, tenants under long-term single-tenant net leases are required to carry property insurance covering our interest in the buildings.

Employees

At December 31, 2016, we employed 13 people. The employees are not members of any labor union, and we consider our relations with our employees to be excellent.

Seasonality

Our business has not been, and we do not expect it to become subject to, material seasonal fluctuations.

Available Information

The Company makes available to the public free of charge through its internet website the Company's Definitive Proxy Statement, Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after the Company electronically files such reports with, or furnishes such reports to, the Securities and Exchange Commission ("SEC"). The Company's internet website address is www.chct.reit.

The public may read and copy any materials that the Company files with the SEC at the SEC's Public Reference Room located at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains electronic versions of the Company's reports on its website at www.sec.gov.

Corporate Governance Guidelines

The Company has adopted Corporate Governance Guidelines relating to the conduct and operations of the Board of Directors. The Corporate Governance Guidelines are posted on the Company's website (www.chct.reit) and are available in print to any stockholder who requests a copy.

Committee Charters

The Board of Directors has an Audit Committee, Compensation Committee and Corporate Governance Committee. The Board of Directors has adopted written charters for each committee which are posted on the Company's website (www.chct.reit) and are available in print to any stockholder who requests a copy.

Executive Officers

Information regarding the executive officers of the Company is set forth in Part III, Item 10 of this report and is incorporated herein by reference.

ITEM 1A. RISK FACTORS

Risks Related to Our Business

We are recently formed and have a very limited operating history; therefore there is no assurance that we will be able to successfully operate our business as a publicly traded company or generate sufficient cash flows to make or sustain distributions to our stockholders.

We commenced operations on May 27, 2015 and have a very limited operating history. We are subject to all of the business risks and uncertainties associated with any new business, including the risk that we will not achieve our investment objectives as described in this report and that the value of your investment could decline substantially. Our financial condition and results of operations will depend on many factors, including the availability of acquisition opportunities, readily accessible short- and long-term financing, conditions in the financial markets and economic conditions generally. There can be no assurance that we will be able to generate sufficient cash flow over time to pay our operating expenses and make distributions to stockholders. If we fail to successfully operate our business, implement our investment strategy or generate sufficient revenue to make or sustain distributions to stockholders, the value of your investment could decline significantly or you could lose all or a portion of your investment.

Our real estate investments are concentrated in healthcare properties, making us more vulnerable economically than if our investments were diversified in other segments of the economy.

We acquire, own, manage, operate and selectively develop properties for lease primarily to physicians and healthcare delivery systems. We are subject to risks inherent in concentrating investments in real estate, and the risks resulting from a lack of diversification is even greater as a result of our business strategy to concentrate our investments in the healthcare sector. Any adverse effects that result from these risks could be more pronounced than if we diversified our investments outside of healthcare properties. Given our concentration in this sector, our tenant base is especially concentrated and dependent upon the healthcare industry generally, and any industry downturn could adversely affect the ability of our tenants to make lease payments and our ability to maintain current rental and occupancy rates. Our tenant mix could become even more concentrated if a significant portion of our tenants practice in a particular medical field or are reliant upon a particular healthcare delivery system. Accordingly, a downturn in the healthcare industry generally, or in the healthcare related facility specifically, could adversely affect our business, financial condition and results of operations, our ability to make distributions to our shareholders and the market price of our common shares.

We may be unable to source off-market or lightly marketed deal flow in the future, which may have a material adverse effect on our growth.

A key component of our investment strategy is to acquire additional Non-Urban healthcare properties in off-market or lightly marketed transactions, relying on our officers' relationships with healthcare providers and real estate brokers. We seek to acquire properties before they are widely marketed by real estate brokers. As we expect to compete with many national, regional and local acquirers of healthcare properties, properties that are acquired in off-market or lightly marketed transactions are typically more attractive to us as a purchaser because of the absence of a formal sales process, which could lead to higher prices. In the formal sales process, our potential acquisition targets may find our competitors to be more attractive because they may have greater resources, may be willing to pay more for the properties or may have a more compatible operating philosophy. In particular, larger REITs, including publicly traded and privately held REITs, private equity investors or institutions investment funds who are targeting healthcare properties may enjoy significant competitive advantages that result from, among other things, a lower cost of capital, enhanced operating efficiencies, more risk tolerance, more personnel and market penetration and familiarity with markets. As such, if we do not have access to off-market or lightly marketed deal flow in the future, our ability to locate and acquire additional properties in Non-Urban markets at attractive prices could be materially and adversely affected, which could materially impede our growth, and, as a result, adversely affect our operating results.

Our business could be harmed if key personnel terminate their employment with us or if we are unsuccessful in integrating new personnel into our operations.

Our success depends, to a significant extent, on the continued services of Mr. Timothy G. Wallace, our Chairman, Chief Executive Officer and President, Mr. W. Page Barnes, our Executive Vice President and Chief Financial Officer, and Ms. Leigh Ann Stach, our Vice President of Financial Reporting and Chief Accounting Officer. Each executive officer has significant experience in the healthcare and/or real estate industry and have all developed significant relationships with various healthcare providers and real estate brokers throughout the United States. Our ability to continue to acquire and develop healthcare properties in off market or lightly marketed transactions depends upon the significant relationships that our senior management team has developed over many years.

Although we have entered into employment agreements with Messrs. Wallace and Barnes and Ms. Stach, we cannot provide any assurance that any of them will remain employed by us. Our ability to retain our executive officers, or to attract suitable replacements should any member of the senior management team leave, is dependent on the competitive nature of the employment market. The loss of services of, or the failure to successfully integrate one or more new members of, our senior management team could adversely affect our business and our prospects.

We may be unable to complete any pending acquisitions, which would adversely affect our ability to make distributions to our stockholders and could have a material adverse impact on our results of operations, earnings and cash flow.

We cannot assure you that we will complete any pending acquisitions on the terms described in this report or other reports the Company may file or furnish in future SEC filings, because these transactions are subject to a variety of conditions, including, in the case of properties under contract, the execution of a mutually agreed-upon lease between us and the proposed tenant, our satisfactory completion of due diligence and the satisfaction of customary closing conditions. These transactions, whether or not successful, require substantial time and attention from management. Furthermore, the pending acquisitions require significant expense, including expenses for due diligence, legal and accounting fees and other costs. If we are unable to complete the acquisitions of any potential acquisitions, we would still incur the costs associated with pursuing those investments, but would not generate the revenues and net operating income that we currently anticipate, which would adversely affect our ability to make distributions to our stockholders and could have a material adverse impact on our financial condition, results of operations and the market price of our common shares.

We may be unable to successfully acquire properties and expand our operations into new or existing Non-Urban markets.

A component of our strategy is to pursue acquisitions of properties in new and existing Non-Urban markets. These acquisitions could divert our officers' attention from other pending and/or potential acquisitions, and we may be unable to retain key employees or attract highly qualified new employees in those markets. In addition, we may not possess familiarity with the dynamics and prevailing conditions of any new Non-Urban markets, which could adversely affect our ability to successfully expand into or operate within those markets. For example, new Non-Urban markets may have different insurance practices, reimbursement rates and local real estate zoning regulations than those with which we are familiar. We may find ourselves more dependent on third parties in new Non-Urban markets because our physical distance could hinder our ability to directly and efficiently manage and otherwise monitor new properties in new Non-Urban markets. In addition, our expansion into new Non-Urban markets could result in unexpected costs or delays as well as lower occupancy rates and other adverse consequences. We may not be successful in identifying suitable properties or other assets that meet our acquisition criteria or in consummating acquisitions on satisfactory terms or at all for a number of reasons, including, among other things, significant competition from other prospective purchasers in new Non-Urban markets, unsatisfactory results of our due diligence investigations, failure to obtain financing for the acquisition on favorable terms or at all, and our misjudgment of the value of the opportunities. We may also be unable to successfully integrate the operations of acquired properties, maintain consistent standards, controls, policies and procedures, or realize the anticipated benefits of the acquisitions within the anticipated timeframe or at all. If we are unsuccessful in expanding into new or our existing Non-Urban markets, it could materially and adversely affect our business, financial condition and

results of operations, our ability to make distributions to our stockholders and the market price of our common stock.

The bankruptcy, insolvency or weakened financial position of our tenants, and particularly our largest tenants, could materially and adversely affect our operating results and financial condition.

We receive substantially all of our revenue from rent payments from tenants under leases of space in our healthcare properties. We have no control over the success or failure of our tenants' businesses and, at any time, any of our tenants may experience a downturn in its business that may weaken its financial condition. Additionally, private or governmental payers may lower the reimbursement rates paid to our tenants for their healthcare services. For example, the Affordable Care Act provides for significant reductions to Medicare and Medicaid payments. As a result, our tenants may delay lease commencement or renewal, fail to make rent payments when due or declare bankruptcy. Any leasing delays, tenant failures to make rent payments when due or tenant bankruptcies could result in the termination of the tenant's lease and, particularly in the case of a large tenant, or a significant number of tenants, may have a material adverse effect on our business, financial condition and results of operations, our ability to make distributions to our stockholders and the market price of our common stock. In addition, to the extent a tenant vacates specialized space in one of our properties (such as imaging space, ambulatory surgical space, or inpatient hospital space), re-leasing the vacated space could be more difficult than re-leasing less specialized office space, as there are fewer users for such specialized healthcare space in a typical market than for more traditional office space.

Any bankruptcy filings by or relating to one of our tenants could bar all efforts by us to collect pre-bankruptcy debts from that tenant or seize its property, unless we receive an order permitting us to do so from a bankruptcy court, which we may be unable to obtain. A tenant bankruptcy could also delay our efforts to collect past due balances under the relevant leases and could ultimately preclude full collection of these sums. Furthermore, if a tenant rejects the lease while in bankruptcy, we would have only a general unsecured claim for pre-petition damages. Any unsecured claim that we hold may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims. It is possible that we may recover substantially less than the full value of any unsecured claims that we hold, if any, which may have a material adverse effect on our business, financial condition and results of operations, our ability to make distributions to our stockholders and the market price of our common stock. Furthermore, dealing with a tenant bankruptcy or other default may divert management's attention and cause us to incur substantial legal and other costs, which could adversely affect our ability to execute our business strategies, financial condition, and results of operations, as well as our ability to make distributions to our stockholders and the market price of our common stock.

We may have difficulty finding suitable replacement tenants in the event of a tenant default or non-renewal of our leases, especially for our properties located in smaller markets.

We cannot predict whether our tenants will renew existing leases beyond their current terms. We currently have 27 leases scheduled to expire in 2017 and 30 leases scheduled to expire in 2018, which represent 13.7% and 13.2% of our total annualized lease revenue, respectively, as of December 31, 2016. If any of our leases are not renewed, or are terminated prior to the contractual expiration date, we would attempt to lease those properties to another tenant at then-current market rates. However, following expiration of a lease term or if we exercise our right to replace a tenant in default, rental payments on the related properties could decline or cease altogether while we reposition the properties with a suitable replacement tenant. Because our properties are located in Non-Urban areas, the timetable to replace a departing tenant may be longer than replacing a tenant in an urban area. As such, we may be required to fund certain expenses and obligations (e.g., real estate taxes, debt costs and maintenance expenses) to preserve the value of, and avoid the imposition of liens on, our properties while they are being repositioned. Furthermore, our ability to reposition our properties with a suitable tenant could be significantly delayed or limited by state licensing, receivership, certificate of need, or CON, or other laws, as well as by the Medicare and Medicaid change-of-ownership rules. We could also incur substantial additional expenses in connection with any licensing, receivership or change-of-ownership proceedings. In addition, our ability to locate suitable replacement tenants could be impaired by the specialized healthcare uses or contractual restrictions on use of the properties, and we may be required to spend substantial amounts to adapt the properties to other uses. Any such delays, limitations and

expenses could adversely impact our ability to collect rent, obtain possession of leased properties or otherwise exercise remedies for tenant default and could have a material adverse effect on our business, financial condition and results of operations, our ability to make distributions to our stockholders and the market price of our common stock.

All of these risks may be greater in the Non-Urban markets on which we focus, where there may be fewer potential replacement tenants, making it more difficult to replace tenants, especially for specialized space, like hospital or outpatient treatment facilities located in our properties, and could have a material adverse effect on our business, financial condition and results of operations, our ability to make distributions to our stockholders and the market price of our common stock.

Adverse economic or other conditions in the geographic markets in which we conduct business could negatively affect our occupancy levels and rental rates and have a material adverse effect on our operating results.

Our operating results depend upon our ability to maintain and improve the anticipated occupancy levels and rental rates at our properties. Adverse economic or other conditions in the geographic markets in which we operate, including periods of economic slowdown or recession, industry slowdowns, periods of deflation, relocation of businesses, changing demographics, water pollution, earthquakes and other natural disasters, fires, terrorist acts, civil disturbances or acts of war and other man-made disasters which may result in uninsured or underinsured losses, and changes in tax, real estate, zoning and other laws and regulations, may lower our occupancy levels and limit our ability to increase rents or require us to offer rental concessions. The failure of our properties to generate revenues sufficient to meet our cash requirements, including operating and other expenses, debt service and capital expenditures, may have an adverse effect on our business, financial condition and results of operations, our ability to make distributions to our stockholders and the market price of our common stock.

A large percentage of our properties are located in Florida, Illinois, Kansas and Texas, and changes in these markets may materially adversely affect us.

Of our investments in 58 properties, the properties located in Florida, Illinois, Kansas and Texas provide, in the aggregate, approximately $13.9 million, or approximately 55.2%, of our revenue for the year ended December 31, 2016. As a result of this geographic concentration, we are particularly exposed to downturns in the economies of those states or other changes in such states' respective real estate market conditions. Any material change in the current payment programs or regulatory, economic, environmental or competitive conditions in these states could have a disproportionate effect on our overall business results. In the event of negative economic or other changes in these markets, our business, financial condition and results of operations, our ability to make distributions to our stockholders and the market price of our common stock may be materially and adversely affected.

We will rely upon external sources of capital to fund future capital needs, and, if we encounter difficulty in obtaining such capital, we may not be able to make future acquisitions necessary to grow our business or meet maturing obligations.

In order to maintain our status as a REIT under the Code, we are required, among other things, to distribute each year to our stockholders at least 90% of our REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains. In addition, we are subject to income tax at regular corporate rates to the extent we distribute less than 100% of our REIT taxable income, including any net capital gains. Because of this distribution requirement, we will not likely be able to fund all of our future capital needs from cash retained from operations, including capital needed to make investments and to satisfy or refinance maturing obligations. As a result, we expect to rely upon external sources of capital, including debt and equity financing, to fund future capital needs. If we are unable to obtain needed capital on satisfactory terms or at all, we may not be able to make the investments needed to expand our business or to meet our obligations and commitments as they mature. Our access to capital will depend upon a number of factors over which we have little or no control, including general market conditions, the market's perception of our current and potential future earnings and cash distributions and the market price of our common stock. We may not be in a position to take advantage of attractive acquisition opportunities for growth if we are unable to access the capital markets on a timely basis on favorable terms.

We may not be able to control our expenses or our expenses may remain constant or increase, even if our revenue does not increase, which could cause our results of operations to be adversely affected.

There are factors beyond our control that may adversely affect our ability to control our expenses. Certain costs associated with real estate investments (e.g., real estate taxes, debt costs and maintenance expenses) required to preserve the value of the property may not be reduced even if a healthcare related facility is not occupied or other circumstances cause our revenues to decrease. If our expenses increase as a result of any of the foregoing factors, our results of operations may be adversely affected.

Our ability to issue equity to expand our business will depend, in part, upon the market price of our common stock, and our failure to meet market expectations with respect to our business could adversely affect the market price of our common stock and thereby limit our ability to raise capital.

The availability of equity capital to us will depend, in part, upon the market price of our common stock, which, in turn, will depend upon various market conditions and other factors that may change from time to time, including:

- the extent of investor interest in our company and our assets;
- our ability to satisfy the distribution requirements applicable to REITs;
- the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- our financial performance and that of our tenants;
- analyst reports about us and the REIT industry;
- macroeconomic conditions generally and conditions affecting the healthcare and real estate industry in particular;
- general stock and bond market conditions, including changes in interest rates on fixed income securities, which may lead prospective purchasers of our common stock to demand a higher annual yield from future distributions;
- a failure to maintain or increase our dividend which is dependent, in large part, upon funds from operations, or FFO, which, in turn, depends upon increased revenue from additional acquisitions and rental increases; and
- other factors such as governmental regulatory action and changes in REIT tax laws.

Our failure to meet the market's expectations with regard to future earnings and cash distributions could materially and adversely affect the market price of our common stock and, as a result, the cost and availability of equity capital to us.

We have now, and may have in the future, exposure to contingent rent escalators, which can hinder our growth and profitability.

We receive a significant portion of our revenues by acquiring and leasing our assets under long-term net leases in which the rental rate is generally fixed with annual fixed rate rental rate escalations or rental rate escalators based upon changes in the Consumer Price Index, or CPI. Properties which we acquire in the future may contain CPI escalators or escalators that are contingent upon our tenant's achievement of specified revenue parameters. If, as a result of weak economic conditions or other factors, the revenues generated by our net leased properties do not meet the specified parameters or CPI does not increase, our growth and profitability will be hindered by these leases.

Our investments in development projects may not yield anticipated returns which could directly affect our operating results and reduce the amount of funds available for distributions.

A component of our growth strategy is exploring development opportunities, some of which may arise through strategic joint ventures. In deciding whether to make an investment in a particular development, we make certain assumptions regarding the expected future performance of that property. To the extent that we consummate development opportunities, our investment in these projects will be subject to the following risks:

- we may be unable to obtain financing for development projects on favorable terms or at all;
- we may not complete development projects on schedule or within budgeted amounts;
- we may encounter delays in obtaining or fail to obtain all necessary zoning, land use, building, occupancy, environmental and other governmental permits and authorizations, or underestimate the costs necessary to develop the property to market standards;
- development or construction delays may provide tenants the right to terminate preconstruction leases or cause us to incur additional costs;
- volatility in the price of construction materials or labor may increase our development costs;
- hospitals or health systems may maintain significant decision-making authority with respect to the development schedule;
- we may incorrectly forecast risks associated with development in new geographic regions;
- tenants may not lease space at the quantity or rental rate levels projected;
- demand for our development project may decrease prior to completion, including due to competition from other developments; and
- lease rates and rents at newly developed properties may fluctuate based on factors beyond our control, including market and economic conditions.

If our investments in development projects do not yield anticipated returns for any reason, including those set forth above, our business, financial condition and results of operations, our ability to make distributions to our shareholders and the market price of our common shares may be adversely affected.

The mortgage notes in which we may invest may be impacted by unfavorable real estate market conditions, which could decrease their value.

The mortgage notes in which we may invest may be impacted by unfavorable real estate market conditions, which could decrease their value. If we acquire investments in mortgage notes, such investments will involve special risks relating to the particular borrower, and we will be at risk of loss on those investments, including losses as a result of defaults on mortgage notes. These losses may be caused by many conditions beyond our control, including economic conditions affecting real estate values, tenant defaults and lease expirations, interest rate levels and the other economic and liability risks associated with real estate. We do not know whether the values of the property securing any of our real estate-related investments will remain at the levels existing on the dates we initially make the related investment. If the values of the underlying properties drop, our risk will increase and the values of our interests may decrease.

Delays in liquidating defaulted mortgage note investments could reduce our investment returns.

Delays in liquidating defaulted mortgage note investments could reduce our investment returns. If there are defaults under our mortgage note investments, we may not be able to foreclose on or obtain a suitable remedy with respect to such investments. Specifically, we may not be able to repossess and sell the underlying properties quickly, which could reduce the value of our investment. For example, an action to foreclose on a property securing a mortgage note is regulated by state statutes and rules and is subject to many of the delays and expenses of lawsuits if the defendant raises defenses or counterclaims. Additionally, in the event of default by a mortgagor, these restrictions, among other things, may impede our ability to foreclose on or sell the mortgaged property or to obtain proceeds sufficient to repay all amounts due to us on the mortgage note.

Risks Related to the Healthcare Industry

The healthcare industry is heavily regulated and new laws or regulations, changes to existing laws or regulations, changes to reimbursement models or structure, loss of licensure or failure to obtain licensure could adversely impact our company and result in the inability of our tenants to make rent payments to us.

The healthcare industry is heavily regulated by U.S. federal, state and local governmental authorities. Our tenants generally will be subject to laws and regulations covering, among other things, licensure, certification for participation in government programs, billing for services, breaches of privacy and security of health information and relationships with physicians and other referral sources. In addition, new laws and regulations, changes in existing laws and regulations or changes in the interpretation of such laws or regulations could negatively affect our financial condition and the financial condition of our tenants. These changes, in some cases, could apply retroactively. The enactment, timing or effect of legislative or regulatory changes cannot be predicted.

The Affordable Care Act has changed how healthcare services are covered, delivered and reimbursed through expanded coverage of uninsured individuals and reduced Medicare program spending. In addition, the law reforms certain aspects of health insurance, expands existing efforts to tie Medicare and Medicaid payments to performance and quality and contains provisions intended to strengthen fraud and abuse enforcement. In addition, the Affordable Care Act required skilled nursing facilities and nursing facilities to implement a compliance and ethics program for all employees and agents. The documentation and training associated with defining the policies and procedures is a significant undertaking and will require healthcare providers to continue to expend significant resources towards ensuring documentation is comprehensive and in line with government expectations. The complexities and ramifications of the Affordable Care Act are significant. At this time, it is difficult to predict the full effects of the Affordable Care Act and its impact on our business, our revenues and financial condition and those of our tenants due to the law's complexity, lack of implementing regulations or interpretive guidance, gradual implementation and possible amendment. Further, we are unable to foresee how individuals and businesses will respond to the choices afforded them by the Affordable Care Act. The Affordable Care Act could adversely affect the reimbursement rates received by our tenants, the financial success of our tenants and strategic partners and consequently us.

Furthermore, the new Presidential Administration has suggested that it plans to seek to repeal all or portions of the Affordable Care Act and replace the current legislation with new legislation. There is uncertainty with respect to the impact this Administration may have, if any, and any changes will likely take time to unfold, and could have an impact on coverage and reimbursement for healthcare items and services covered by plans that were authorized by the Affordable Care Act. However, we cannot predict the ultimate content, timing or effect of any healthcare reform legislation or the impact of potential legislation on us. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for medical products once approved or additional pricing pressures, and may adversely affect our operating results.

Many states also regulate the construction of healthcare facilities, the expansion of healthcare facilities, the construction or expansion of certain services, including by way of example specific bed types and medical equipment, as well as certain capital expenditures through CON laws. Under such laws, the applicable state regulatory body must determine a need exists for a project before the project can be undertaken. If one of our tenants

seeks to undertake a CON-regulated project, but is not authorized by the applicable regulatory body to proceed with the project, the tenant would be prevented from operating in its intended manner.

Failure to comply with these laws and regulations could adversely affect us directly and our tenants' ability to make rent payments to us which may have an adverse effect on our business, financial condition and results of operations, our ability to make distributions to our stockholders and the market price of our common stock.

Adverse trends in healthcare provider operations may negatively affect our lease revenues and our ability to make distributions to our stockholders.

The healthcare industry is currently experiencing, among other things:

- changes in the demand for and methods of delivering healthcare services;
- changes in third party reimbursement methods and policies;
- increased attention to compliance with regulations designed to safeguard protected health information and cyber-attacks on entities;
- consolidation and pressure to integrate within the healthcare industry through acquisitions and joint ventures; and
- increased scrutiny of billing, referral and other practices by U.S. federal and state authorities.

These factors may adversely affect the economic performance of some or all of our tenants and, in turn, our lease revenues, which may have a material adverse effect on our business, financial condition and results of operations, our ability to make distributions to our stockholders and the market price of our common stock.

Reductions in reimbursement from third-party payers, including Medicare and Medicaid, could adversely affect the profitability of our tenants and hinder their ability to make rent payments to us or renew their lease.

Sources of revenue for our tenants typically include Medicare, Medicaid, private insurance payers and health maintenance organizations. Healthcare providers continue to face increased government and private payer pressure to control or reduce healthcare costs and significant reductions in healthcare reimbursement, including reduced reimbursements and changes to payment methodologies under the Affordable Care Act. In some cases, private insurers rely upon all or portions of the Medicare payment systems to determine payment rates which may result in decreased reimbursement from private insurers. The Affordable Care Act will likely increase enrollment in plans offered by private insurers who choose to participate in state-run exchanges, but the Affordable Care Act also imposes new requirements for the health insurance industry, including prohibitions upon excluding individuals based upon pre-existing conditions which may increase private insurer costs and, thereby, cause private insurers to reduce their payment rates to providers.

Efforts by payers to reduce healthcare costs will likely continue which may result in reductions or slower growth in reimbursement for certain services provided by some of our tenants. A reduction in reimbursements to our tenants from third-party payers for any reason could adversely affect our tenants' ability to make rent payments to us which may have a material adverse effect on our businesses, financial condition and results of operations, our ability to make distributions to our stockholders and the market price of our common stock.

Our tenants and our Company are subject to fraud and abuse laws, the violation of which by a tenant may jeopardize the tenant's ability to make rent payments to us.

There are various federal and state laws prohibiting fraudulent and abusive business practices by healthcare providers who participate in, receive payments from or are in a position to make referrals in connection with

government-sponsored healthcare programs, including the Medicare and Medicaid programs. Our lease arrangements with certain tenants may also be subject to these fraud and abuse laws.

These laws include without limitation:

- the federal Anti-Kickback Statute, which prohibits, among other things, the offer, payment, solicitation or receipt of any form of remuneration in return for, or to induce, the referral of any federal or state healthcare program patients;

- the Stark Law, which, subject to specific exceptions, restricts physicians who have financial relationships with healthcare providers from making referrals for designated health services for which payment may be made under Medicare or Medicaid programs to an entity with which the physician, or an immediate family member, has a financial relationship;

- the federal False Claims Act, which prohibits any person from knowingly presenting false or fraudulent claims for payment to the federal government, including under the Medicare and Medicaid programs;

- the federal Civil Monetary Penalties Law, which authorizes HHS to impose monetary penalties for certain fraudulent acts; and

- state anti-kickback, anti-inducement, anti-referral and insurance fraud laws which may be generally similar to, and potentially more expansive than, the federal laws set forth above.

Other laws that impact how our tenants conduct their operations include: state and local licensure laws; laws protecting consumers against deceptive practices; laws generally affecting our tenants' management of property and equipment and how our tenants generally conduct their operations, such as fire, health and safety and environmental laws (including medical waste disposal); federal and state laws affecting assisted living facilities mandating quality of services and care, mandatory reporting requirements regarding the quality of care and quality of food service; resident rights (including abuse and neglect laws); and health standards set by the federal Occupational Safety and Health Administration.

Violations of these laws may result in criminal and/or civil penalties that range from punitive sanctions, damage assessments, penalties, imprisonment, denial of Medicare and Medicaid payments and/or exclusion from the Medicare and Medicaid programs. In addition, the Affordable Care Act clarifies that the submission of claims for items or services generated in violation of the Anti-Kickback Statute constitutes a false or fraudulent claim under the False Claims Act. The federal government has taken the position, and some courts have held that violations of other laws, such as the Stark Law, can also be a violation of the False Claims Act. Additionally, certain laws, such as the False Claims Act, allow for individuals to bring whistleblower actions on behalf of the government for violations thereof. Imposition of any of these penalties upon one of our tenants or strategic partners could jeopardize that tenant's ability to operate or to make rent payments or affect the level of occupancy in our healthcare properties, which may have a material adverse effect on our business, financial condition and results of operations, our ability to make distributions to our stockholders and the market price of our common stock. Further, we enter into leases and other financial relationships with healthcare delivery systems that are subject to or impacted by these laws.

Our tenants may be subject to cyber-attack and compliance issues associated with the protection of personal information.

Breaches of personal information can result from deliberate attacks or unintentional events. More recently, there has been an increased level of attention focused on cyber-attacks focused on healthcare providers because of the vast amount of personally identifiable information they possess. Most healthcare providers, including all who accept Medicare and Medicaid, must comply with the Health Insurance Portability and Accountability Act, or HIPAA, regulations regarding the privacy and security of protected health information. The HIPAA regulations impose extensive administrative requirements on our tenants with regard to how such protected health information may be used and disclosed. Further, the regulations include extensive and complex regulations which require providers to

establish reasonable and appropriate administrative, technical and physical safeguards to ensure the confidentiality, integrity and availability of protected health information maintained in electronic format. The HIPAA regulations were amended in 2009 by the Health Information Technology and Clinical Health Act, or HITECH. HITECH changes included more stringent privacy requirements, increased and direct liability for the vendors of healthcare providers who help the providers operate, breach notification requirements and increased enforcement through the use of state attorneys' general and their offices. Our tenants must safeguard protected health information against reasonably anticipated threats or hazards to the information. HITECH directs the Secretary of HHS to provide for periodic audits to ensure covered entities (and their business associates, as that term is defined under HIPAA) comply with the applicable HIPAA requirements, increasing the likelihood that a HIPAA violation will result in an enforcement action.

Violations of these various privacy and security laws can result in significant civil monetary penalties, as well as the potential for criminal penalties. In addition to state data breach notification requirements, HIPAA authorizes state attorneys general to bring civil actions on behalf of affected state residents against entities that violate HIPAA privacy and security regulations. These penalties could be in addition to any penalties assessed by a state for a breach which would be considered reportable under the state's data breach notification laws. Further there are significant costs associated with a breach including investigation costs, remediation and mitigation costs, notification costs, attorney fees and the potential for reputational harm and lost revenues due to a loss in confidence in the provider. While there is no private right of action under HIPAA, plaintiff attorneys are increasingly developing class action litigation strategies designed to obtain settlements from healthcare providers. We cannot predict the effect of additional costs on tenants to comply with these laws nor the costs associated with a potential breach of protected health information by a tenant and what effect they might have on the expenses of our tenants and their ability to meet their obligations to us, which in turn could have a material adverse effect on our business, financial condition and results of operations, our ability to pay distributions to our stockholders and the market price of our common stock.

Our healthcare-related tenants may be subject to significant legal actions that could subject them to increased operating costs and substantial uninsured liabilities, which may affect their ability to pay their rent payments to us, and we could be subject to healthcare industry violations.

As is typical in the healthcare industry, our tenants may often become subject to claims that their services have resulted in patient injury or other adverse effects. Many of these tenants may have experienced an increasing trend in the frequency and severity of professional liability and general liability insurance claims and litigation asserted against them. The insurance coverage maintained by these tenants may not cover all claims made against them nor continue to be available at a reasonable cost, if at all. In some states, insurance coverage for the risk of punitive damages arising from professional liability and general liability claims and/or litigation may not, in certain cases, be available to these tenants due to state law prohibitions or limitations of availability. As a result, these types of tenants of our healthcare properties and healthcare-related facilities operating in these states may be liable for punitive damage awards that are either not covered or are in excess of their insurance policy limits.

We also believe that there has been, and will continue to be, an increase in governmental investigations of certain healthcare providers, particularly in the area of Medicare/Medicaid false claims, as well as an increase in enforcement actions resulting from these investigations. Insurance is not available to cover such losses. Any adverse determination in a legal proceeding or governmental investigation, any settlements of such proceedings or investigations in excess of insurance coverage, whether currently asserted or arising in the future, could have a material adverse effect on a tenant's financial condition. If a tenant is unable to obtain or maintain insurance coverage, if judgments are obtained or settlements reached in excess of the insurance coverage, if a tenant is required to pay uninsured punitive damages, or if a tenant is subject to an uninsurable government enforcement action or investigation, the tenant could be exposed to substantial additional liabilities, which may affect the tenant's ability to pay rent, which in turn could have a material adverse effect on our business, financial condition and results of operations, our ability to pay distributions to our stockholders and the market price of our common stock.

Risks Related to the Real Estate Industry

Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties.

Because real estate investments are relatively illiquid, our ability to promptly sell one or more of our properties in response to changing economic, financial and investment conditions is limited. The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond our control. In the event we decide to sell any of our properties, we cannot predict whether we will be able to sell such properties for the price or on the terms set by us or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of any of our properties. The fact that we own properties in Non-Urban markets may lengthen the time required to sell our properties. We may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure you that we will have funds available to correct those defects or to make those improvements.

In acquiring a property, we may agree to transfer restrictions that materially restrict us from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These transfer restrictions would impede our ability to sell a property even if we deem it necessary or appropriate. These facts and any others that would impede our ability to respond to adverse changes in the performance of our properties may have an adverse effect on our business, financial condition, results of operations, or ability to make distributions to our stockholders and the market price of our common stock.

Moreover, the Code imposes restrictions on a REIT's ability to dispose of properties that are not applicable to other types of real estate companies. In particular, the tax laws applicable to REITs require that we hold our properties for investment, rather than primarily for sale in the ordinary course of business, which may cause us to forego or defer sales of properties that otherwise would be in our best interests. Therefore, we may not be able to vary our portfolio promptly in response to economic or other conditions or on favorable terms, which may adversely affect our cash flows, our ability to make distributions to our stockholders and the market price of our common stock.

Uncertain market conditions could cause us to sell our healthcare properties at a loss in the future.

We intend to hold our various real estate investments until such time as we determine that a sale or other disposition appears to be advantageous to achieve our investment objectives. Our senior management team and our board of directors may exercise their discretion as to whether and when to sell one of our healthcare properties, and we will have no obligation to sell our buildings at any particular time. We generally intend to hold our healthcare properties for an extended period of time, and we cannot predict with any certainty the various market conditions affecting real estate investments that will exist at any particular time in the future. Because of the uncertainty of market conditions that may affect the future disposition of our healthcare properties, we may not be able to sell our buildings at a profit in the future or at all. We may incur prepayment penalties in the event that we sell a property subject to a mortgage earlier than we otherwise had planned. Additionally, we could be forced to sell healthcare properties at inopportune times which could result in us selling the affected building at a substantial loss. Accordingly, the extent to which you will receive cash distributions and realize potential appreciation on our real estate investments will, among other things, be dependent upon fluctuating market conditions. Because of the uncertainty of market conditions that may affect the future disposition of our properties, and the potential payment of prepayment penalties upon such disposition, we cannot assure you that we will be able to sell our properties at a profit in the future, which could materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

Uninsured losses relating to real property may adversely affect your returns.

We evaluate our insurance coverage annually in light of current industry practice through an analysis prepared by outside consultants and attempt to ensure that all of our properties are adequately insured to cover casualty losses. However, there are certain losses, including losses from floods, earthquakes, wildfires, acts of war, acts of terrorism

or riots, that are not generally insured against or that are not generally fully insured against because it is not deemed economically feasible or prudent to do so. In addition, changes in the cost or availability of insurance could expose us to uninsured casualty losses. In the event that any of our properties incurs a casualty loss that is not fully covered by insurance, the value of our assets will be reduced by the amount of any such uninsured loss, and we could experience a significant loss of capital invested and potential revenue in these properties and could potentially remain obligated under any recourse debt associated with the property. In addition, we may have no source of funding to repair or reconstruct the damaged property, and we cannot assure you that any such sources of funding will be available to us for such purposes in the future. Furthermore, we, as the general partner of our operating partnership, generally will be liable for all of our operating partnership's unsatisfied recourse obligations. Any such losses could materially adversely affect our financial condition, results of operations, cash flows and ability to pay distributions, and the market price of our common stock.

Our property taxes could increase due to property tax rate changes or reassessments, which could materially adversely impact our cash flows.

Even if we qualify as a REIT for federal income tax purposes, we will be required to pay some state and local taxes on our properties. The real property taxes on our properties may increase as property tax rates change or as our properties are assessed or reassessed by taxing authorities. The amount of property taxes we pay in the future may increase substantially from what we have paid in the past. If the property taxes we pay increase, our cash flow would be adversely impacted to the extent that we are not reimbursed by tenants for those taxes, and our ability to pay any expected dividends to our stockholders could be materially adversely affected.

Our properties may contain or develop harmful mold or suffer from other air quality issues, which could lead to liability for adverse health effects and costs of remediation.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants or others if property damage or personal injury is alleged to have occurred.

We may incur significant costs complying with various federal, state and local laws, regulations and covenants that are applicable to our properties.

The properties in our portfolio are subject to various covenants and federal, state and local laws and regulatory requirements, including permitting and licensing requirements. Local regulations, including municipal or local ordinances and zoning restrictions may restrict our use of our properties and may require us to obtain approval from local officials or restrict our use of our properties and may require us to obtain approval from local officials of community standards organizations at any time with respect to our properties, including prior to acquiring a property or when undertaking renovations of any of our properties. Among other things, these restrictions may relate to fire and safety, seismic or hazardous material abatement requirements. There can be no assurance that existing laws and regulatory policies will not adversely affect us or the timing or cost of any future acquisitions or renovations, or that additional regulations will not be adopted that increase such delays or result in additional costs. Our growth strategy may be adversely affected by our ability to obtain permits, licenses and zoning relief. Our failure to obtain such permits, licenses and zoning relief or to comply with applicable laws could have an adverse effect on our financial condition, results of operations, cash flows and our ability to pay distributions, and the market price of our common stock.

In addition, federal and state laws and regulations, including laws such as the Americans with Disabilities Act, or ADA, and the Fair Housing Amendment Act of 1988, or FHAA, impose further restrictions on our properties and operations. Under the ADA and the FHAA, all public accommodations must meet federal requirements related to access and use by disabled persons. Some of our properties may currently be in non-compliance with the ADA or the FHAA. If one or more of our properties is not in compliance with the ADA, the FHAA or any other regulatory requirements, we may be required to incur additional costs to bring the property into compliance, including the removal of access barriers, and we might incur governmental fines or the award of damages to private litigants. In addition, we do not know whether existing requirements will change or whether future requirements will require us to make significant unanticipated expenditures that will adversely impact our financial condition, results of operations, cash flows and our ability to pay distributions, and the market price of our common stock.

Environmental compliance costs and liabilities associated with owning and leasing our properties may affect our results of operations.

Under various U.S. federal, state and local laws, ordinances and regulations, current and prior owners and tenants of real estate may be jointly and severally liable for the costs of investigating, remediating and monitoring certain hazardous substances or other regulated materials on or in such property. In addition to these costs, the past or present owner or tenant of a property from which a release emanates could be liable for any personal injury or property damage that results from such release, including for the unauthorized release of asbestos-containing materials and other hazardous substances into the air, as well as any damages to natural resources or the environment that arise from such release. These environmental laws often impose such liability without regard to whether the current or prior owner or tenant knew of, or was responsible for, the presence or release of such substances or materials. Moreover, the release of hazardous substances or materials, or the failure to properly remediate such substances or materials, may adversely affect the owner's or tenant's ability to lease, sell, develop or rent such property or to borrow by using such property as collateral. Persons who transport or arrange for the disposal or treatment of hazardous substances or other regulated materials may be liable for the costs of removal or remediation of such substances at a disposal or treatment facility, regardless of whether or not such facility is owned or operated by such person.

We perform a Phase I environmental site assessment at any property we are considering acquiring. However, Phase I environmental site assessments are limited in scope and do not involve sampling of soil, soil vapor, or groundwater, and these assessments may not include or identify all potential environmental liabilities or risks associated with the property. Even where subsurface investigation is performed, it can be very difficult to ascertain the full extent of environmental contamination or the costs that are likely to flow from such contamination. We cannot assure you that the Phase I environmental site assessment or other environmental studies identified all potential environmental liabilities, or that we will not face significant remediation costs or other environmental contamination that makes it difficult to sell any affected properties. As a result, we could potentially incur material liability for these issues, which could adversely impact our financial condition, results of operations, cash flows and ability to pay distributions, and the market price of our common stock.

Certain environmental laws impose compliance obligations on owners and tenants of real property with respect to the management of hazardous substances and other regulated materials. For example, environmental laws govern the management and removal of asbestos-containing materials and lead-based paint. Failure to comply with these laws can result in penalties or other sanctions. If we incur substantial costs to comply with these environmental laws or we are held liable under these laws, our business, financial condition and results of operations, our ability to make distributions to our stockholders and the market price of our common stock may be adversely affected.

Some of the properties we acquire in the future may be subject to ground lease or other restrictions on the use of the space. If we are required to undertake significant capital expenditures to procure new tenants, then our business and results of operations may suffer.

Properties we acquire in the future may be subject to ground leases that contain certain restrictions. These restrictions could include limits on our ability to re-let these properties to tenants not affiliated with the healthcare provider or other owner that owns the underlying property, rights of purchase and rights of first offer and refusal

with respect to sales of the property and limits on the types of medical procedures that may be performed. If we are unable to promptly re-let our properties, if the rates upon such re-letting are significantly lower than expected or if we are required to undertake significant capital expenditures in connection with re-letting, our business, financial condition and results of operations, our ability to make distributions to our stockholders and the market price of our common stock may be adversely affected.

Our assets may be subject to impairment charges.

We will periodically evaluate our real estate investments and other assets for impairment indicators. The judgment regarding the existence of impairment indicators is based upon factors such as market conditions, tenant performance and legal structure. For example, the termination of a lease by a major tenant may lead to an impairment charge. If we determine that an impairment has occurred, we would be required to make an adjustment to the net carrying value of the asset which could have an adverse effect on our results of operations in the period in which the impairment charge is recorded.

Risks Related to our Corporate Structure and the Acquisition of Properties

Conflicts of interest could arise in the future between the interests of our stockholders and the interests of holders of OP units, which may impede business decisions that could benefit our stockholders.

Conflicts of interest could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and our operating partnership or any limited partner thereof, on the other. Our directors and officers have duties to our company under Maryland law in connection with the management of our company. At the same time, we, as the general partner of our operating partnership, have fiduciary duties and obligations to our operating partnership and its limited partners, if any, under Delaware law and our partnership agreement in connection with the management of our operating partnership. Our fiduciary duties and obligations as the general partner of our operating partnership may come into conflict with the duties of our directors and officers to our company. There are currently no limited partners of our operating partnership other than a wholly-owned subsidiary of the Company.

Under Delaware law, a general partner of a Delaware limited partnership has fiduciary duties of loyalty and care to the partnership and its limited partners and must discharge its duties and exercise its rights as general partner consistent with the obligation of good faith and fair dealing. Our partnership agreement provides that, in the event of a conflict between the interests of our operating partnership or any limited partner, on the one hand, and the company or our stockholders, on the other hand, we, as the general partner of our operating partnership, may give priority to the separate interests of the company or our stockholders (including with respect to tax consequences). Further, any action or failure to act on our part or on the part of our directors that gives priority to the interests of the company or our stockholders and does not result in a violation of our partnership agreement does not violate the duty of loyalty or any other duty that we, in our capacity as the general partner of our operating partnership, owe to our operating partnership and its limited partners or violate the obligation of good faith and fair dealing.

Additionally, our partnership agreement provides that we generally will not be liable to our operating partnership or any limited partner for any action or omission taken in our capacity as general partner, for the debts or liabilities of our operating partnership or for the obligations of our operating partnership under the partnership agreement, except for liability for our fraud, willful misconduct or gross negligence, pursuant to any express indemnity we may give to our operating partnership or in connection with a redemption. Our operating partnership must indemnify us, our directors and officers, officers of our operating partnership and our designees from and against any and all claims that relate to the operations of our operating partnership, unless (1) an act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (2) the person actually received an improper personal benefit in violation or breach of the partnership agreement or (3) in the case of a criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful. Our operating partnership must also pay or reimburse the reasonable expenses of any such person in advance of a final disposition of the proceeding upon its receipt of a written affirmation of the person's good faith belief that the standard of conduct necessary for indemnification has been met and a written

undertaking to repay any amounts paid or advanced if it is ultimately determined that the person did not meet the standard of conduct for indemnification.

We qualify as an emerging growth company under the JOBS Act and the reduced disclosure requirements applicable to emerging growth companies could make shares of our common stock less attractive to investors.

We qualify as an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. The JOBS Act contains provisions that, among other things, relax certain reporting requirements for emerging growth companies, including certain requirements relating to accounting standards and compensation disclosure. For as long as we are an emerging growth company, which may be up to five full fiscal years, we may take advantage of exemptions from various reporting and other requirements that are applicable to other public companies that are not emerging growth companies, including the requirements to:

- provide an auditor's attestation report on management's assessment of the effectiveness of our system of internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act;

- comply with any new or revised financial accounting standards applicable to public companies until such standards are also applicable to private companies (we have irrevocably elected not to avail ourselves of this exemption);

- comply with any new audit rules or requirements adopted by the Public Company Accounting Oversight Board, or the PCAOB, after April 5, 2012 unless the SEC determines otherwise, including requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and our financial statements;

- provide certain disclosure regarding executive compensation required of larger public companies; or

- hold stockholder advisory votes on executive compensation.

We cannot predict if investors will find our common stock less attractive because we will not be subject to the same reporting and other requirements as other public companies. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and the per share market price of our common stock could decline and may be more volatile.

As a result of becoming a public company, after we are no longer an emerging growth company, we will be subject to the requirements of the Sarbanes-Oxley Act and will be obligated to obtain an audit opinion on the effectiveness of internal controls over financial reporting. These internal controls may not be determined to be effective, which may harm investor confidence and, as a result, the trading price of our common stock.

The Sarbanes-Oxley Act will require our auditors to deliver an attestation report on the effectiveness of our internal controls over financial reporting in conjunction with their opinion on our audited financial statements after we are no longer an emerging growth company. Substantial work on our part is required to implement appropriate processes, document the system of internal control over key processes, assess their design, remediate any deficiencies identified and test their operation. This process is expected to be both costly and challenging. We cannot give any assurances that material weaknesses will not be identified in the future in connection with our compliance with the provisions of the Sarbanes-Oxley Act. The existence of any material weakness would preclude a conclusion by management and our independent auditors that we maintained effective internal control over financial reporting. Our management may be required to devote significant time and expense to remediate any material weaknesses that may be discovered and may not be able to remediate any material weakness in a timely manner. The existence of any material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause investors to lose confidence in our reported financial information, all of which could lead to a decline in the market price of our common stock.

We have incurred additional new costs as a result of recently becoming a public company, and such costs may increase if and when we cease to be an emerging growth company.

As a public company, we now incur significant legal, accounting, insurance and other expenses, including costs associated with public company reporting requirements. The expenses incurred by public companies for reporting and corporate governance purposes have generally been increasing. We expect compliance with these public reporting requirements and associated rules and regulations to increase expenses, particularly after we are no longer an emerging growth company, although we are currently unable to estimate these costs with any degree of certainty. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, which could result in our incurring additional costs applicable to public companies that are not emerging growth companies.

We may have assumed unknown liabilities in connection with our acquisitions which could result in unexpected liabilities and expenses.

As part of our acquisitions, we (through our operating partnership) received certain assets or interests in certain assets subject to existing liabilities, some of which may be unknown to us. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims of tenants, vendors or other persons dealing with the entities prior to this report (including those that had not been asserted or threatened prior to this report), tax liabilities, and accrued but unpaid liabilities incurred in the ordinary course of business. Our recourse with respect to such liabilities may be limited. Depending upon the amount or nature of such liabilities, our business, financial condition and results of operations, our ability to make distributions to our shareholders and the market price of our shares may be adversely affected.

Required payments of principal and interest on our credit facility may leave us with insufficient cash to operate our properties or to pay the distributions currently contemplated or necessary to qualify as a REIT and may expose us to the risk of default under our debt obligations.

As of December 31, 2016, we had $51.0 million in debt outstanding under our credit facility. We do not anticipate that our internally generated cash flow will be adequate to repay our anticipated indebtedness upon maturity and, therefore, we expect to repay indebtedness through refinancings and future offerings of equity and debt securities, either of which we may be unable to secure on favorable terms or at all. Our level of debt and any limitations imposed upon us by our debt agreements could have adverse consequences, including the following:

- our cash flow may be insufficient to meet required principal and interest payments;
- we may be unable to borrow additional funds as needed or on favorable terms, including to make acquisitions;
- we may be unable to refinance indebtedness at maturity or the refinancing terms may be less favorable than the terms of the original indebtedness;
- because a portion of our debt bears interest at variable rates, an increase in interest rates could materially increase our interest expense;
- we may fail to effectively hedge against interest rate volatility;
- we may be forced to dispose of properties, possibly on disadvantageous terms if we are able to do so at all, in order to repay indebtedness;
- after debt service, the amount available for distributions to our stockholders may be reduced;

- we may default on our debt obligations, which could restrict our ability to make any distributions to our stockholders;
- our ability to make distributions to our stockholders could be restricted by our debt agreements;
- our leverage could place us at a competitive disadvantage compared to our competitors who have less debt;
- we may experience increased vulnerability to economic and industry downturns, reducing our ability to respond to changing business and economic conditions;
- we may default on our obligations and the lenders may foreclose on properties that secure their loans and receive an assignment of rents and leases;
- we may violate financial covenants, which would cause a default on our obligations and result in the acceleration of our payment obligations;
- we may inadvertently violate non-financial restrictive covenants in our loan documents, such as covenants that require us to maintain the existence of entities, maintain insurance policies and provide financial statements, which would entitle the lenders to accelerate our debt obligations; and
- our default under any loan with cross-default or cross-collateralization provisions could result in default on other indebtedness or result in the foreclosures of other properties.

The realization of any or all of these risks may have an adverse effect on our business, financial condition and results of operations, our ability to make distributions to our stockholders and the market price of our common stock.

We could become highly leveraged in the future because our organizational documents contain no limitations on the amount of debt that we may incur.

As of December 31, 2016, our indebtedness represented approximately 20.3% of our total assets. Our current financing policy prohibits incurring debt (secured or unsecured) in excess of 40% of our total book capitalization. However, this debt limitation policy can be changed by our board of directors without stockholder approval and there are no provisions in our bylaws that limit our ability to incur indebtedness. We could alter the balance between our total outstanding indebtedness and the value of our properties at any time. If we become more highly leveraged, the resulting increase in outstanding debt could adversely affect our ability to make debt service payments, to pay our anticipated distributions and to make the distributions required to qualify as a REIT. The occurrence of any of the foregoing risks could adversely affect our business, financial condition and results of operations, our ability to make distributions to our stockholders and the market price of our common stock.

Increases in interest rates may increase our interest expense and adversely affect our cash flows and our ability to service our indebtedness and to make distributions to our shareholders.

As of December 31, 2016, we had $51.0 million of variable-rate indebtedness outstanding that has not been swapped for a fixed interest rate and we expect that more of our indebtedness in the future, including borrowings under our credit facility since December 31, 2016 and thereafter, will be subject to variable interest rates. Increases in interest rates on any variable rate indebtedness will increase our interest expense, which could adversely affect our cash flow and our ability to pay distributions.

Failure to hedge effectively against interest rate changes may adversely affect our results of operations.

In certain cases, we may seek to manage our exposure to interest rate volatility by using interest rate hedging arrangements. Hedging involves risks, such as the risk that the counterparty may fail to honor its obligations under

an arrangement, that the arrangements may not be effective in reducing our exposure to interest rate changes and that a court could rule that such an agreement is not legally enforceable. In addition, we may be limited in the type and amount of hedging transactions that we may use in the future by our need to satisfy the REIT income tests under the Code. Failure to hedge effectively against interest rate changes may have an adverse effect on our business, financial condition, results of operations, our ability to make distributions to our shareholders and the market price of our common shares.

Our use of OP units in our operating partnership as currency to acquire properties could result in stockholder dilution and/or limit our ability to sell such properties, which could have a material adverse effect on us.

In the future, we may acquire properties or portfolios of properties through tax deferred contribution transactions in exchange for OP units in our operating partnership, which may result in stockholder dilution. This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation we could deduct over the tax life of the acquired properties, and may require that we agree to protect the contributors' ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties or the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions could limit our ability to sell properties at a time, or on terms, that would be favorable absent such restrictions.

Our charter restricts the ownership and transfer of our outstanding shares which may have the effect of delaying, deferring or preventing a transaction or change of control of our Company.

In order for us to maintain our status as a REIT, no more than 50% of the value of our outstanding shares may be owned, beneficially or constructively, by five or fewer individuals at any time during the last half of each taxable year other than our initial REIT taxable year. Subject to certain exceptions, our charter prohibits any stockholder from beneficially or constructively owning more than 9.8% of the outstanding shares of our capital stock, in value or number of shares, whichever is more restrictive. The constructive ownership rules under the Code are complex and may cause the outstanding shares owned by a group of related individuals or entities to be deemed to be constructively owned by one individual or entity. As a result, the acquisition of less than 9.8% of our outstanding shares or of our common stock by an individual or entity could cause that individual or entity to own constructively more than 9.8% of the outstanding shares of such stock and to be subject to our charter's ownership limit. Our charter also prohibits, among other prohibitions, any person from owning our shares that would result in our being "closely held" under Section 856(h) of the Code or otherwise cause us to fail to qualify as a REIT. Any attempt to own or transfer shares in violation of these restrictions may result in the shares being automatically transferred to a charitable trust or may be void.

Certain provisions of Maryland law could inhibit changes of control, which may discourage third parties from conducting a tender offer or seeking other change of control transactions that could involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests.

Certain provisions of the Maryland General Corporation Law, or MGCL, applicable to Maryland corporations may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide our common stockholders with the opportunity to realize a premium over the then-prevailing market price of our shares, including:

- "business combination" provisions that, subject to limitations, prohibit certain business combinations between us and an "interested stockholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate or associate of ours who was the beneficial owner, directly or indirectly, of 10% or more of the voting power of our shares at any time within the two-year period immediately prior to the date in question) or an affiliate thereof for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes certain minimum price and/or supermajority stockholder voting requirements on these combinations; and

- “control share” provisions that provide that holders of “control shares” of our company (defined as shares that, when aggregated with all other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a “control share acquisition” (defined as the direct or indirect acquisition of ownership or control of issued and outstanding “control shares,” subject to certain exceptions) have no voting rights with respect to their control shares, except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

Our bylaws, however, contain provisions exempting us from the business combination and control share acquisition provisions of the MGCL and we will not be permitted to opt into either of these provisions in the future without the affirmative vote of a majority of the votes cast on the matter by stockholders entitled to vote. Our board of directors may not amend or eliminate either of these provisions at any time in the future without the affirmative vote of a majority of the votes cast on the matter by stockholders entitled to vote.

Certain provisions of the MGCL permit our board of directors, without stockholder approval and regardless of what is currently provided in our charter or bylaws, to implement certain corporate governance provisions, some of which are not currently applicable to us. If implemented, these provisions may have the effect of limiting or precluding a third party from making an unsolicited acquisition proposal for us or of delaying, deferring or preventing a change in control of us under circumstances that otherwise could provide our common stockholders with the opportunity to realize a premium over the then current market price. Our charter contains a provision whereby the Company has elected to not be subject to the provisions of Title 3, Subtitle 8 of the MGCL without the affirmative consent of the shares cast on the matter by stockholders entitled to vote.

We could increase the number of authorized shares, classify and reclassify unissued shares and issue shares without stockholder approval.

Our board of directors, without stockholder approval, has the power under our charter to amend our charter to increase or decrease the aggregate number of shares or the number of shares of any class or series that we are authorized to issue, and to authorize us to issue authorized but unissued common stock or preferred stock. In addition, under our charter, our board of directors has the power to classify or reclassify any unissued common or preferred shares into one or more classes or series of shares and set or change the preference, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications or terms or conditions of redemption for such newly classified or reclassified shares. As a result, we may issue series or classes of common stock or preferred stock with preferences, dividends, powers and rights, voting or otherwise, that are senior to, or otherwise conflict with, the rights of holders of our common stock. Although our board of directors has no such intention at the present time, it could establish a class or series of preferred shares that could, depending on the terms of such class or series, delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests.

Certain provisions in the partnership agreement of our operating partnership may delay or prevent unsolicited acquisitions of us.

Provisions of the partnership agreement of our operating partnership may delay or make more difficult unsolicited acquisitions of us or changes of our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some stockholders or limited partners might consider such proposals, if made, desirable. These provisions include, among others:

- redemption rights of qualifying parties;
- a requirement that we may not be removed as the general partner of our operating partnership without our consent;
- transfer restrictions on OP units; and

- our ability, as general partner, in some cases, to amend the partnership agreement and to cause our operating partnership to issue additional partnership interests with terms that could delay, defer or prevent a merger or other change of control of us or our operating partnership without the consent of our stockholders or the limited partners.

Our charter and bylaws, the partnership agreement of our operating partnership and Maryland law also contain other provisions that may delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest.

We may change our business, investment and financing strategies without stockholder approval.

We may change our business, investment and financing strategies without a vote of, or notice to, our stockholders, which could result in our making investments and engaging in business activities that are different from, and possibly riskier than, the investments and businesses described in this report. In particular, a change in our investment strategy, including the manner in which we allocate our resources across our portfolio or the types of assets in which we seek to invest, may increase our exposure to real estate market fluctuations. In addition, we may in the future increase the use of leverage at times and in amounts that we, in our discretion, deem prudent and such decision would not be subject to stockholder approval. Furthermore, our board of directors may determine that healthcare properties do not offer the potential for attractive risk-adjusted returns for an investment strategy. Changes to our strategies with regards to the foregoing could adversely affect our financial condition, results of operations and our ability to make distributions to our stockholders.

Our rights and the rights of our stockholders to take action against our directors and officers are limited, which could limit your recourse in the event that we take certain actions which are not in your best interests.

Our charter eliminates the liability of our directors and officers to us and our stockholders for money damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or

- active and deliberate dishonesty by the director or officer that was established by a final judgment as being material to the cause of action adjudicated.

Our charter authorizes us to indemnify our present and former directors and officers for actions taken by them in those and other capacities to the maximum extent permitted by Maryland present and former law. Our bylaws obligate us to indemnify each present and former director or officer, to the maximum extent permitted by Maryland law, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service to us. In addition, we may be obligated to advance the defense costs incurred by our director and officers. We have entered into indemnification agreements with our officers and intend to enter into indemnification agreements with our directors, granting them express indemnification rights. As a result, we and our stockholders may have more limited rights against our directors and officers than might otherwise exist absent the current provisions in our charter, bylaws and indemnification agreements or that might exist with other companies.

Our charter contains provisions that make removal of our directors difficult, which could make it difficult for our stockholders to effect changes to our management and may prevent a change in control of our company that is in the best interests of our stockholders. Our charter provides that a director may only be removed for cause upon the affirmative vote of holders of two-thirds of all the votes entitled to be cast generally in the election of directors. Vacancies may be filled only by a majority of the remaining directors in office, even if less than a quorum. These requirements make it more difficult to change our management by removing and replacing directors and may prevent a change in control of our company that is in the best interests of our stockholders.

We are a holding company with no direct operations and, as such, we will rely on funds received from our operating partnership to pay liabilities, and the interests of our stockholders will be structurally subordinated to all liabilities and obligations of our operating partnership and its subsidiaries.

We are a holding company and conduct substantially all of our operations through our operating partnership. We do not have, apart from an interest in our operating partnership, any independent operations. As a result, we will rely on distributions from our operating partnership to pay any dividends we might declare on shares of our common stock. We will also rely on distributions from our operating partnership to meet any of our obligations, including any tax liability on taxable income allocated to us from our operating partnership. In addition, because we are a holding company, your claims as stockholders will be structurally subordinated to all existing and future liabilities and obligations (whether or not for borrowed money) of our operating partnership and its subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of our operating partnership and its subsidiaries will be available to satisfy the claims of our stockholders only after all of our and our operating partnership's and its subsidiaries' liabilities and obligations have been paid in full.

Our operating partnership may issue additional OP units to third parties without the consent of our stockholders, which would reduce our ownership percentage in our operating partnership and would have a dilutive effect on the amount of distributions made to us by our operating partnership and, therefore, the amount of distributions we can make to our stockholders.

We own 100% of the outstanding OP units and we may, in connection with our acquisition of properties or otherwise, cause our operating partnership to issue additional OP units to third parties. Such issuances would reduce our ownership percentage in our operating partnership and affect the amount of distributions made to us by our operating partnership and, therefore, the amount of distributions we can make to our stockholders. Because you will not directly own OP units, you will not have any voting rights with respect to any such issuances or other partnership level activities of our operating partnership.

Risks Related to Our Qualification and Operation as a REIT

Failure to remain qualified as a REIT, would cause us to be taxed as a regular corporation, which would adversely affect the value of our shares and substantially reduce funds available for distributions to our stockholders.

Our organization and proposed method of operation have enabled us to meet the requirements for qualification and taxation as a REIT commencing with our taxable year ended December 31, 2015. However, we cannot assure you that we will remain qualified as a REIT. Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The complexity of these provisions and of the applicable Treasury regulations that have been promulgated under the Code, or the Treasury Regulations, is greater in the case of a REIT that, like us, holds its assets through a partnership. The determination of various factual matters and circumstances not entirely within our control may affect our ability to qualify as a REIT. In order to qualify as a REIT, we must satisfy a number of requirements, including requirements regarding the ownership of our stock, the composition of our assets and the composition of our income. In addition, we must distribute to stockholders annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding net capital gains. Legislation, new Treasury Regulations, administrative interpretations or court decisions may materially and adversely affect our ability to qualify as a REIT for U.S. federal income tax purposes.

If we fail to qualify as a REIT in any taxable year, we will face serious tax consequences that will substantially reduce the funds available for distribution to our stockholders because:

- we would not be allowed a deduction for dividends paid to stockholders in computing our taxable income and would be subject to U.S. federal income tax at regular corporate rates;

- we could be subject to the federal alternative minimum tax and possibly increased state and local taxes; and

- unless we are entitled to relief under certain U.S. federal income tax laws, we could not re-elect REIT status until the fifth calendar year after the year in which we failed to qualify as a REIT.

In addition, if we fail to qualify as a REIT, we will no longer be required to make distributions. As a result of all these factors, our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and it would adversely affect the market price of our common shares.

If our operating partnership failed to qualify as a "partnership" for U.S. federal income tax purposes, we would cease to qualify as a REIT and suffer other adverse consequences.

We believe that our operating partnership should be treated either as an entity disregarded from us or, after the admission of additional partners, if any, as a "partnership" for U.S. federal income tax purposes. As a disregarded entity or a partnership, our operating partnership will not be subject to U.S. federal income tax on its income. Instead, each of its partners will be allocated, and may be required to pay tax with respect to, its share of our operating partnership's income. We cannot assure you that the IRS will not challenge the status of our operating partnership, or that a court would not sustain such a challenge. If the Internal Revenue Service, or IRS, were successful in treating our operating partnership as an entity taxable as a corporation, it would be liable for U.S. federal and state corporate income taxes on its taxable income and we would fail to meet the gross income tests and certain of the asset tests applicable to REITs under the Code and cease to qualify as a REIT.

We may face other tax liabilities that reduce our cash flows.

We may be subject to certain federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, taxes on income from certain "prohibited transactions" and state or local income, property and transfer taxes. In addition, any TRS that we may form or in which we may invest will be subject to regular corporate federal, state and local taxes. Any of these taxes would decrease cash available for distributions to our stockholders.

To maintain our status as a REIT and avoid the payment of U.S. federal income and excise taxes, we may be forced to borrow funds, use proceeds from the issuance of securities, pay taxable dividends of our stock or debt securities or sell assets to make distributions, in each case during unfavorable market conditions and which may result in our distributing amounts that would otherwise be used for our operations.

To maintain our status as a REIT, we generally must distribute to our stockholders at least 90% of our REIT taxable income each year, determined without regard to the dividends paid deduction and excluding net capital gains, and we will be subject to regular corporate income taxes to the extent that we distribute less than 100% of our REIT taxable income (determined without regard to the deduction for dividends paid) each year. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. These requirements could cause us to distribute amounts that otherwise would be spent on operations, the acquisitions of properties and the service of our debt. It is possible that we could be required to borrow funds, use proceeds from the issuance of securities, pay taxable dividends of our stock or debt securities or sell assets in order to distribute enough of our taxable income to qualify or maintain our qualification as a REIT and to avoid the payment of U.S. federal income and excise taxes. We cannot assure you that a sufficient amount of capital will be available to us on favorable terms, or at all, when needed for the foregoing purposes, which would materially and adversely affect our financial condition, results of operations, cash flows and ability to pay distributions, and the market price of our common stock.

Complying with the REIT requirements may cause us to forego otherwise attractive opportunities or liquidate otherwise attractive investments.

To maintain our status as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our shares. In order to meet these tests, we may be required to forego investments we might otherwise make or liquidate otherwise attractive investments. Thus, compliance with the REIT requirements may reduce our income and amounts available for distribution to our stockholders and otherwise hinder our performance.

The "prohibited transactions" tax may limit our ability to dispose of our properties.

A REIT's net gain or income from "prohibited transactions" is subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. Although a safe harbor regarding the characterization of the sale of real property by a REIT as a prohibited transaction is available, we cannot assure you that we will be able to comply with the safe harbor with respect to any sale of our properties or that we will avoid owning property that may be characterized as held primarily for sale to customers in the ordinary course of business. Consequently, we may choose not to engage in an otherwise attractive sale of property or may conduct such a sale through a TRS, which would subject such sale to federal and state income taxation.

Any ownership of a TRS will be subject to limitations, and our transactions with a TRS cause us to be subject to a 100% penalty tax on certain income or deductions if those transactions are not conducted on arm's-length terms.

We have formed one TRS, and in the future, may form other TRSs for various reasons, including for the purpose of leasing "qualified healthcare properties" from us pursuant to the provisions of REIT Investment Diversification and Empowerment Act of 2007, or RIDEA. Overall, no more than 25% of the value of a REIT's assets may consist of stock or securities of one or more TRSs. In addition, the Code limits the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The Code also imposes a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. We will monitor the value of our respective investments in our TRSs for the purpose of ensuring compliance with the TRS ownership limitation and will structure any future transactions with any TRS on terms that we believe are arm's length to avoid incurring the 100% excise tax described above. However, there can be no assurance that we will be able to comply with such TRS ownership limitation or to avoid application of the 100% excise tax.

TRSs will increase our overall tax liability.

Our one TRS, and any TRSs that we may form in the future, including a TRS formed to lease "qualified healthcare properties" from us under the provisions of RIDEA, will be subject to federal and state income tax on its taxable income. Accordingly, although our ownership of a TRS may allow us to participate in income we otherwise could not receive directly as a REIT, such income would be fully subject to federal and state income tax.

If a TRS tenant failed to qualify as a TRS, or the operator of a facility engaged by a TRS tenant did not qualify as an "eligible independent contractor," we could fail to qualify as a REIT and could be subject to higher taxes and have less cash available for distribution to our stockholders.

We may, in the future, lease certain of our properties that qualify as "qualified healthcare properties" to a TRS tenant, although we have no present intention to do so. Rent paid by a tenant that is a "related party tenant" of ours will not be qualifying income for purposes of the two gross income tests applicable to REITs. However, so long as any TRS tenant of ours qualifies as a TRS, it will not be treated as a "related party tenant" with respect to our healthcare properties that are managed by "eligible independent contractors." We would seek to structure any future arrangements with a TRS tenant such that the TRS tenant would qualify to be treated as a TRS for U.S. federal income tax purposes, but there can be no assurance that the IRS would not challenge the status of a TRS or that a

court would not sustain such a challenge. If the IRS were successful in disqualifying a TRS tenant from treatment as a TRS, it is possible that we would fail to meet the asset tests applicable to REITs and a significant portion of our income would fail to qualify for the gross income tests. If we failed to meet either the asset or gross income tests, we would likely lose our REIT qualification for federal income tax purposes.

Additionally, if the operator of a facility engaged by a TRS tenant does not qualify as an "eligible independent contractor," we could fail to qualify as a REIT. Any operator of a healthcare facility leased to a TRS tenant must qualify as an "eligible independent contractor" under the REIT rules in order for the rent paid to us by such TRS tenant to be qualifying income for purposes of the REIT gross income tests. Among other requirements, in order to qualify as an eligible independent contractor a facility operator must not own, directly or indirectly, more than 35% of our outstanding shares and no person or group of persons can own more than 35% of our outstanding shares and the ownership interests of the facility operator, taking into account certain ownership attribution rules. The ownership attribution rules that apply for purposes of these 35% thresholds are complex. Although we would monitor ownership of our shares by any facility operators and their owners, there can be no assurance that these ownership levels will not be exceeded.

If leases of our properties are not respected as true leases for U.S. federal income tax purposes, we would fail to qualify as a REIT and would be subject to higher taxes and have less cash available for distribution to our stockholders.

Rents paid to us by third-party tenants and any TRS tenant that we may form in the future pursuant to the leases of our properties will constitute substantially all of our gross income. In order for such rent to qualify as "rents from real property" for purposes of the gross income tests applicable to REITs, the leases must be respected as true leases for U.S. federal income tax purposes and not be treated as service contracts, joint ventures or some other type of arrangement. If our leases are not respected as true leases for U.S. federal income tax purposes, we would fail to qualify as a REIT.

You may be restricted from acquiring or transferring certain amounts of our common stock.

The share ownership restrictions of the Code for REITs and the 9.8% share ownership limit and other restrictions on ownership and transfer of our shares contained in our charter may inhibit market activity in our shares and restrict our business combination opportunities.

In order to maintain our status as a REIT each taxable year, five or fewer individuals, as defined in the Code, may not own, beneficially or constructively, more than 50% in value of our issued and outstanding shares at any time during the last half of each taxable year. Attribution rules in the Code determine if any individual or entity beneficially or constructively owns our shares under this requirement. Additionally, at least 100 persons must beneficially own our shares during at least 335 days of a taxable year for each taxable year. To help insure that we meet these tests, our charter restricts the acquisition and ownership of shares.

Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT. Unless exempted by our board of directors, our charter prohibits any person from beneficially or constructively owning more than 9.8% in value of the outstanding shares of our capital stock or 9.8%, in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock. Our board of directors may not grant an exemption from these restrictions to any proposed transferee whose ownership in excess of such limits would result in our failing to qualify as a REIT. This, as well as other restrictions on transferability and ownership, will not apply if our board of directors determines that it is no longer in our best interests to continue to qualify as a REIT.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum tax rate applicable to "qualified dividend income" payable to U.S. stockholders that are taxed at individual rates is 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates on qualified dividend income. The more favorable rates applicable to regular corporate qualified dividends could cause

investors who are taxed at individual rates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our common stock.

Distributions to tax-exempt stockholders may be classified as unrelated business tax income.

In general, neither ordinary nor capital gain distributions with respect to our common stock, nor gain from the sale of our common stock, should constitute unrelated business tax income, or UBTI, to a tax-exempt stockholder. However, under certain limited circumstances, income and gain recognized by certain tax-exempt stockholders could be treated, in whole or in part, as UBTI.

Non-U.S. stockholders may be subject to FIRPTA taxation upon the sale of their shares of our common stock.

Subject to the exceptions described herein, a non-U.S. person generally is subject to U.S. federal income tax on gain recognized on a disposition of our stock under the Foreign Investment in Real Property Tax Act, or FIRPTA. However, such FIRPTA tax will not apply if we are "domestically controlled," meaning less than 50% of our stock, by value, has been owned directly or indirectly by non-U.S. persons during a specified look-back period. In addition, even if we were not domestically controlled, such tax would not apply to such non-U.S. stockholder if our common stock was traded on an established securities market and such stockholder did not, at any time during the five-year period prior to a sale of our common stock, directly or indirectly own more than 5% of the value of our outstanding common stock. We cannot assure you that we will qualify as a "domestically controlled" REIT, although we expect our stock will be regularly traded on an established securities market.

Our capital gain distributions to non-U.S. stockholders attributable to our sales of U.S. real property interests may be subject to tax under FIRPTA.

A non-U.S. stockholder generally is subject to U.S. income tax on our capital gain distributions attributable to our sales of U.S. real property interests under FIRPTA. However, if our common stock is regularly traded on an established securities market, such distributions will not be subject to such tax if such stockholder did not, at any time during the one-year period preceding the distribution, directly or indirectly own more than 5% of the value of our outstanding common stock. While we expect our stock will be regularly traded on an established securities market, if it is not so traded, or if we are unable to determine the level of ownership of a particular non-U.S. stockholder, we may be required to withhold 35% of any distribution to such stockholder that we designate as a capital gain dividend.

We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our common stock.

At any time, the U.S. federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. We cannot predict when or if any new U.S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation, or interpretation may take effect retroactively. We and our stockholders could be adversely affected by any such change in the U.S. federal income tax laws, regulations or administrative interpretations.

Risks Related to our Common Stock

The market price and trading volume of our common stock may be volatile.

Our common stock is listed on the New York Stock Exchange. As an active trading market continues to develop for our common stock, the market price of our common stock may be volatile. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur, and investors in our common stock may from time to time experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. If the market price of our common stock declines significantly, you may be unable to

resell your shares at or above the price at which you purchased such shares. We cannot assure you that the market price of our common stock will not fluctuate or decline significantly in the future.

Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our common stock include:

- actual or anticipated variations in our quarterly operating results or dividends;
- changes in our FFO or earnings estimates;
- publication of research reports about us or the real estate industry;
- increases in market interest rates that lead purchasers of our shares to demand a higher yield;
- changes in market valuations of similar companies;
- adverse market reaction to any additional debt we incur in the future;
- additions or departures of key management personnel;
- actions by institutional stockholders;
- speculation in the press or investment community;
- the realization of any of the other risk factors presented in this report;
- the extent of investor interest in our securities;
- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- our underlying asset value;
- investor confidence in the stock and bond markets generally;
- changes in tax laws;
- future equity issuances;
- failure to meet earnings estimates;
- failure to meet and maintain REIT qualification;
- changes in our credit ratings; and
- general market and economic conditions.

In the past, securities class-action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have a material adverse effect on us, including our financial condition, results of operations, cash flow and the market price of our common stock.

Increases in market interest rates may have an adverse effect on the market price of our common stock as prospective purchasers of our common stock may expect a higher dividend yield and as an increased cost of borrowing may decrease our funds available for distribution.

One of the factors that will influence the market price of our common stock will be the dividend yield on the common stock (as a percentage of the price of our common stock) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of our common stock to expect a higher dividend yield (with a resulting decline in the trading prices of our common stock) and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common stock to decrease.

Our issuance of equity securities or the perception that such issuances might occur could materially adversely affect us, including the per share trading price of our common stock.

The vesting of any restricted shares granted to certain directors, executive officers and other employees under our 2014 Incentive Plan, the issuance of our common stock or OP Units in connection with future property, portfolio or business acquisitions and other issuances of our common stock could have an adverse effect on the market price of our common stock, and the existence of our common stock issuable under our 2014 Incentive Plan may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. In addition, future issuances of our common stock may be dilutive to existing stockholders.

If securities analysts do not publish research or reports about our industry or if they downgrade our common stock or the healthcare-related real estate sector, the price of our common stock could decline.

The trading market for our common stock relies in part upon the research and reports that industry or financial analysts publish about us or our industry. We have no control over these analysts. Furthermore, if one or more of the analysts who do cover us downgrades our shares or our industry, or the stock of any of our competitors, the market price of our common stock could decline. If one or more of these analysts ceases coverage of our company, we could lose attention in the market which in turn could cause the market price of our common stock to decline.

Future sales of shares of our common stock, particularly by our executive officers or directors, may cause the per share trading price of our common stock to decline.

Any sales of a substantial number of shares of our common stock, or the perception that those sales might occur, may cause the market price of the common stock to decline. After the expiration of any applicable transfer restrictions imposed by our 2014 Incentive Plan, stock purchase agreements or lockup agreements with us, our executive officers and directors will have the ability to sell all of any portion of the applicable common stock which could cause the market price of our common stock to decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

See Note 2 to the Consolidated Financial Statements in Item 8 "Financial Statements and Supplementary Data" for a table that summarizes our portfolio as of December 31, 2016.

Scheduled Lease Expirations

As of December 31, 2016, the weighted average remaining years to maturity pursuant to the leases with our tenants was approximately 7.2 years, with expirations through 2031. The table below details scheduled lease expirations, as of December 31, 2016, for our properties for the periods indicated.

Lease Expiration Schedule

		Total Leased Square Footage		Annualized Lease Revenue	
Year	Number of Leases Expiring	Amount	Percent (%)	Amount *(in thousands)*	Percent (%)
2017	27	132,432	11.0 %	$ 3,447	13.7 %
2018	30	158,770	13.2 %	3,308	13.2 %
2019	29	131,802	11.0 %	3,120	12.4 %
2020	20	157,488	13.1 %	2,679	10.7 %
2021	9	75,973	6.3 %	1,706	6.8 %
2022	13	88,439	7.4 %	1,650	6.6 %
2023	12	68,055	5.7 %	1,393	5.6 %
2024	2	12,513	1.1 %	370	1.5 %
2025	6	29,234	2.4 %	689	2.7 %
2026	2	33,966	2.8 %	579	2.3 %
Thereafter	16	301,186	25.1 %	5,911	23.6 %
Month-to-Month	4	10,175	0.9 %	229	0.9 %
Totals	**170**	**1,200,033**	**100.0%**	**$ 25,081**	**100.0%**

ITEM 3. LEGAL PROCEEDINGS

The Company may, from time to time, be involved in litigation arising in the ordinary course of business or which may be expected to be covered by insurance. The Company is not aware of any pending or threatened litigation that, if resolved against the Company, would have a material adverse effect on the Company’s consolidated financial position, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Shares of the Company's common stock are traded on the New York Stock Exchange under the symbol "CHCT." At February 17, 2017, there were 18 stockholders of record. The following table sets forth the high and low sales prices per share of common stock and the dividends declared and paid per share of common stock related to the year ended December 31, 2016 and for the period May 21, 2015 (first day of trading) through December 31, 2015.

	High	Low	Dividends Declared and Paid per Share
2016			
First quarter	$ 19.39	$ 15.87	$ 0.3800
Second quarter	$ 21.39	$ 17.70	$ 0.3825
Third quarter	$ 23.71	$ 20.55	$ 0.3850
Fourth quarter (1)	$ 23.69	$ 19.61	$ 0.3875
2015			
Second quarter (2)	$ 20.49	$ 18.31	$ 0.1420
Third quarter	$ 19.30	$ 15.61	$ 0.3750
Fourth quarter	$ 19.30	$ 15.83	$ 0.3775

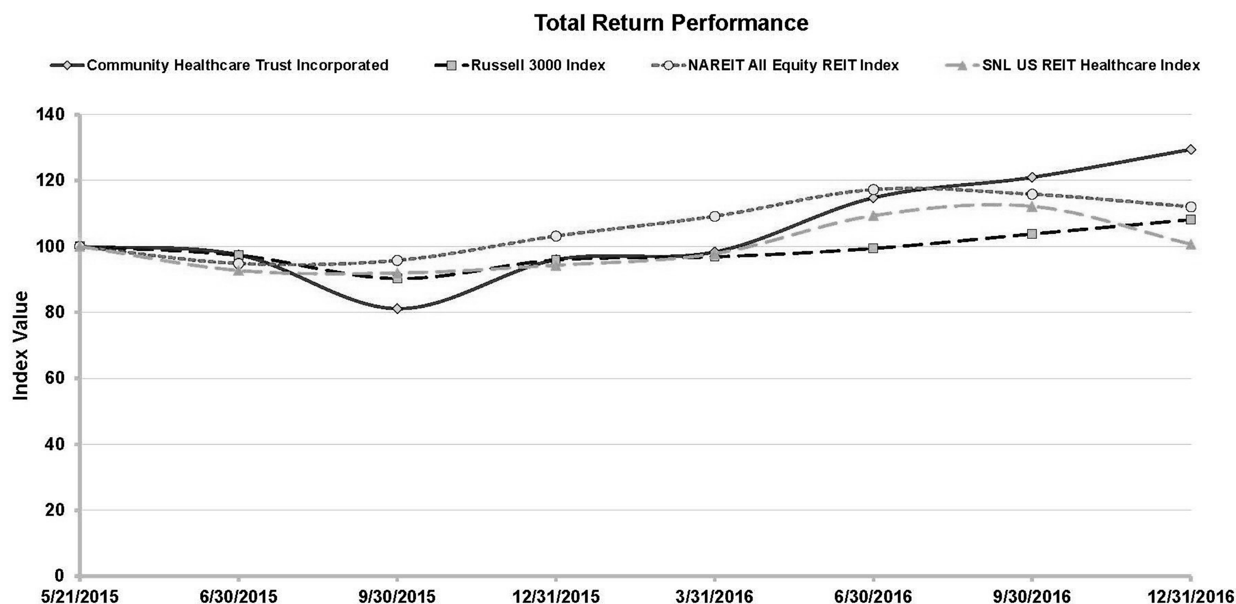
(1) Our fourth quarter dividend is payable on March 3, 2017 to shareholders of record on February 17, 2017.

(2) Our shares began trading on May 21, 2015, and we completed our initial public offering of shares of our common stock on May 27, 2015.

Future dividends will be declared and paid at the discretion of the Board of Directors. The Company's ability to pay dividends is dependent upon its ability to generate funds from operations and cash flows, and to make accretive new investments.

Stock Performance Graph

The following graph compares, over a measurement period beginning May 21, 2015 and ending on December 31, 2016, the cumulative total return on our common stock with (i) the cumulative total return on the stocks included in the Russell 3000 Index, (ii) the cumulative total return on the stocks included in the NAREIT All Equity REIT Index and (iii) the cumulative total return on the stocks included in the SNL US REIT Healthcare Index. The performance graph assumes that the value of the investment in our common stock, the Russell 3000 Index, the NAREIT All Equity REIT Index and the SNL US REIT Healthcare Index was $100 at May 21, 2015, the date our common stock began publicly trading on the New York Stock Exchange, and that all dividends were reinvested.



Index	Period Ending 5/21/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016
Community Healthcare Trust Incorporated	$ 100.00	$ 97.47	$ 81.13	$ 95.98	$ 98.33	$ 114.76	$ 120.97	$ 129.42
Russell 3000 Index	$ 100.00	$ 97.32	$ 90.26	$ 95.92	$ 96.85	$ 99.40	$ 103.77	$ 108.14
NAREIT All Equity REIT Index	$ 100.00	$ 94.85	$ 95.79	$ 103.15	$ 109.17	$ 117.26	$ 115.84	$ 112.05
SNL US REIT Healthcare Index	$ 100.00	$ 92.72	$ 91.95	$ 94.31	$ 97.82	$ 109.35	$ 112.17	$ 100.71

There can be no assurance that our common stock performance will continue in the future with the same or similar trends depicted in the stock performance graph above. We will not make or endorse any predictions as to future stock performance.

The information provided under the heading "Stock Performance Graph" shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to its proxy regulations or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended, other than as provided in Item 201 of Regulation S-K. The information provided in this section shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth financial information for the Company, which is derived from the Consolidated Financial Statements of the Company. The Company was formed on March 28, 2014, therefore, no financial data is available prior to that date.

	Year Ended December 31, 2016	Year Ended December 31, 2015	For the Period from March 28, 2014 (inception) to December 31, 2014
(Dollars in thousands except per share data)			
Statement of Operations Data:			
Total revenues	$ 25,197	$ 8,632	$ —
Total expenses	21,328	9,759	—
Other income (expense), net	(1,148)	(329)	—
Net income (loss)	$ 2,721	$ (1,456)	$ —
Diluted Income (loss) per share:			
Income (loss) per diluted common share	$ 0.24	$ (0.31)	$ —
Weighted average common shares outstanding - Diluted	11,319,505	4,726,925	200,000
Balance Sheet Data (as of the end of the period):			
Real estate properties, gross	$ 252,736	$ 132,967	$ —
Real estate properties, net	$ 234,332	$ 127,764	$ —
Mortgage notes receivable, net	$ 10,786	$ 10,897	$ —
Total assets	$ 251,529	$ 142,803	$ 2
Revolving credit facility	$ 51,000	$ 17,000	$ —
Total stockholders' equity	$ 194,007	$ 122,270	$ 2
Other Data:			
Funds from operations [(1)]	$ 15,912	$ 3,747	$ —
Funds from operations per common share - Diluted [(1)]	$ 1.41	$ 0.79	$ —
Dividends paid	$ 17,783	$ 3,928	$ —
Dividends declared and paid per common share	$ 1.525	$ 0.517	$ —

[(1)] See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of Funds from operations ("FFO"), including why the Company presents FFO and a reconciliation of net income to FFO.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The purpose of this Management's Discussion and Analysis ("MD&A") is to provide an understanding of the Company's consolidated financial condition, results of operations and cash. MD&A is provided as a supplement to, and should be read in conjunction with, the Company's Consolidated Financial Statements and accompanying notes.

Overview

We were organized in the State of Maryland on March 28, 2014. We are a self-administered, self-managed healthcare REIT that acquires and owns properties that are leased to hospitals, doctors, healthcare systems or other healthcare service providers in Non-Urban markets. The Company conducts its business through an UPREIT structure in which its properties are owned by its operating partnership, either directly or through subsidiaries. The Company is the sole general partner, owning 100% of the OP units.

Initial Public Offering and Concurrent Private Placements

On May 27, 2015, the Company completed its initial public offering of 7,187,500 shares of its common stock, par value $0.01 per share, at a public offering price of $19.00 per share, which includes 937,500 shares of common stock issued in connection with the exercise in full of the underwriters’ option to purchase additional shares. The Company received net proceeds of approximately $125.2 million from the offering. In addition, on May 27, 2015, 123,683 shares of common stock, par value $0.01 per share, were issued in concurrent private placements to certain directors and officers of the Company. The Company received approximately $2.3 million in net proceeds from the concurrent private placements.

Emerging Growth Company

We have elected to be an emerging growth company, as defined in the JOBS Act. An emerging growth company may take advantage of specified reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company, among other things:

- we are exempt from the requirement to obtain an attestation and report from our auditors on the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act;
- we are permitted to provide less extensive disclosure about our executive compensation arrangements; and
- we are not required to give our stockholders non-binding advisory votes on executive compensation or golden parachute arrangements.

The JOBS Act also permits us, as an emerging growth company, to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies and thereby allows us to delay the adoption of those standards until those standards would apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards, and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

We may take advantage of these provisions for up to five years or such earlier time that we are no longer an emerging growth company. We will cease to be an emerging growth company upon the earliest to occur of: (i) the last day of the first fiscal year in which we have more than $1 billion in annual revenues; (ii) the date we qualify as a "large accelerated filer," with at least $700 million in market value of our common stock held by non-affiliates; (iii) the issuance, in any three-year period, of more than $1 billion of non-convertible debt securities; and (iv) the last day of the fiscal year ending after the fifth anniversary of our IPO in May 2015.

Trends and Matters Impacting Operating Results

Management monitors factors and trends that it believes are important to the Company and the REIT industry in order to gauge their potential impact on the operations of the Company. Certain of the factors and trends that management believes may impact the operations of the Company are discussed below.

Real estate and mortgage investments

During 2016, the Company invested in 17 real estate properties for cash consideration of approximately $104.0 million and funded 1 mortgage note for approximately $12.4 million. Upon acquisition, the real estate properties were approximately 96.4% leased in the aggregate with lease expirations through 2031.

Subsequent acquisitions

From January 1, 2017 through February 23, 2017, the Company acquired two real estate properties totaling approximately 48,800 square feet for a purchase price of approximately $7.9 million, including cash consideration of approximately $7.8 million. Upon acquisition, the properties were approximately 94% leased with lease expirations through 2022. These acquisitions were funded with proceeds from the Credit Facility.

Acquisition Pipeline

The Company has nine properties under definitive purchase agreements for an aggregate expected purchase price of approximately $25.7 million as of February 23, 2017. The Company's expected return on these investments range from approximately 9.0% to 9.6%. The Company also has a property, adjacent to its corporate office, under a definitive purchase agreement for an expected purchase price of approximately $0.9 million. The Company will initially lease the property to the current tenant but intends to use the property for future expansion of its corporate office. The Company is currently performing due diligence procedures customary for these types of transactions and cannot provide any assurance as to the timing or when or whether these transactions will actually close. The Company anticipates funding these additional investments with cash from operations, through proceeds from its Credit Facility, or from net proceeds from debt or equity offerings.

Lease Expirations

We expect that approximately 10% to 20% of our leases will expire in each year, given that our leases are generally five to seven year leases with physicians or other healthcare providers. Based on annualized rent, approximately 13.7% expire in 2017, 13.2% expire in 2018 and 12.4% expire in 2019. Management expects that many of the tenants will renew their leases, but in cases where they do not renew, the Company believes it will generally be able to re-lease the space to existing or new tenants without significant loss of rental income.

Contractual Obligations

The Company's material contractual obligations at December 31, 2016 are included in the table below. At December 31, 2016, the Company had no long-term capital lease or purchase obligations.

(Dollars in thousands)	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Revolving credit facility [1]	$ 55,622	$ 1,772	$ 53,850	$ —	$ —
Contingent obligations [2]	398	398	—	—	—
Tenant improvements [3]	9	9	—	—	—
Capital improvements	96	96	—	—	—
	$ 56,125	$ 2,275	$ 53,850	$ —	$ —

(1) The amounts shown include interest at the current rates at December 31, 2016 and the unused fee interest assuming the credit facility remains at $51.0 million through its maturity.
(2) See Note 4 to the Consolidated Financial Statements.
(3) The Company assumed tenant improvement obligations totaling approximately $0.3 million relating to two tenants in its 2015 acquisitions whose leases expire in 2018 and 2020. Since the timing of when the Company will be required to fund its obligations is not known at December 31, 2016, the Company has not included those amounts in its contractual obligations table.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that are reasonably like to have a material effect on the Company's consolidated financial condition, results of operations or liquidity.

Inflation

We believe inflation will have a minimal impact on the operating performance of our properties. Many of our lease agreements contain provisions designed to mitigate the adverse impact of inflation. These provisions include clauses that enable us to receive payment of increased rent pursuant to escalation clauses which generally increase rental rates during the terms of the leases. These escalation clauses often provide for fixed rent increases or indexed escalations (based upon CPI or other measures). However, some of these contractual rent increases may be less than the actual rate of inflation. Generally, our lease agreements require the tenant to pay property operating expenses, including maintenance costs, real estate taxes and insurance. This requirement reduces our exposure to increases in these costs and property operating expenses resulting from inflation.

Seasonality

We do not expect our business to be subject to material seasonal fluctuations.

New Accounting Pronouncements

See Note 1 to the Company's Consolidated Financial Statements accompanying this report for information on new accounting standards not yet adopted.

Results of Operations

Our results of operations have been significantly impacted by acquisitions of real estate and investments in mortgage notes since the completion of our initial public offering on May 27, 2015. There were no operations prior to our initial public offering in 2015.

As of December 31, 2016, we had invested approximately $263.5 million in 58 real estate properties, including a mortgage note, which are located in 22 states and total over 1.33 million square feet. Also, since our initial public offering, we completed a follow-on offering and entered into a $150.0 million revolving credit facility.

Year Ended December 31, 2016 Compared to December 31, 2015

The table below shows our results of operations for the year ended December 31, 2016 compared to the same period in 2015 and the effect of changes in those results from period to period on our net income (loss).

	For the Year Ended December 31,		Increase (Decrease) to Net Income
	2016	2015	$
REVENUES			
Rental income	$ 18,999	$ 6,364	$ 12,635
Tenant reimbursements	4,564	1,964	2,600
Mortgage interest	1,634	304	1,330
	25,197	8,632	16,565
EXPENSES			
Property operating	4,744	2,012	2,732
General and administrative	3,228	2,472	756
Depreciation and amortization	13,201	5,204	7,997
Bad debts	155	71	84
	21,328	9,759	11,569
OTHER INCOME (EXPENSE)			
Interest expense	(1,178)	(364)	(814)
Interest and other income, net	30	35	(5)
	(1,148)	(329)	(819)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$ 2,721	$ (1,456)	$ 4,177

Revenues

Revenues for the year ended December 31, 2016 compared to the same period in 2015 increased approximately $16.6 million due to the acquisition during 2016 of 17 real estate properties and 1 mortgage note, which was subsequently converted upon the acquisition of the real estate securing the note, resulting in approximately $6.8 million in revenues in 2016, as well as the increase in revenue from 2015 to 2016 resulting from the acquisition of 40 real estate properties and 1 mortgage note from our initial public offering in late May 2015 through December 31, 2015, resulting in approximately $9.8 million in increased revenues.

Property operating expenses

Property operating expenses for the year ended December 31, 2016 compared to the same period in 2015 increased approximately $2.7 million due to the acquisition during 2016 of 17 real estate properties, resulting in approximately $1.2 million in property operating expenses in 2016, as well as the increase in property operating expenses from 2015 to 2016 resulting from the acquisition of 40 real estate properties from our initial public offering in late May 2015 through December 31, 2015, resulting in approximately $2.8 million in increased property operating expenses. Also, we recorded contingent consideration related to three of our acquisitions. Adjustments to the fair value of the contingent consideration during 2016 resulted in a reduction to property operating expense of approximately $1.3 million.

General and administrative expenses

General and administrative expenses for the year ended December 31, 2016 compared to the same period in 2015 increased approximately $0.8 million. Compensation-related expenses and occupancy costs related to our employees and corporate office increased approximately $1.4 million due mainly to the partial year reflected in the results for 2015 since our initial public offering, as well as the addition of employees during 2016. Transaction costs, related to acquisitions in 2016 and 2015 and our public offering in 2015, decreased by approximately $0.8 million in 2016 compared to 2015.

Depreciation and amortization expense

Depreciation and amortization expense for the year ended December 31, 2016 compared to the same period in 2015 increased approximately $8.0 million. The 17 real estate acquisitions during 2016 resulted in approximately $2.8 million in depreciation and amortization in 2016; the 40 real estate acquisitions during 2015 resulted in an increase of approximately $5.1 million from 2015 to 2016 due mainly to the partial year reflected in the results for 2015 since our initial public offering; and capital improvements resulted in an increase of approximately $0.1 million.

Interest expense

Interest expense for the year ended December 31, 2016 compared to the same period in 2015 increased approximately $0.8 million due mainly to an increase in our weighted average outstanding balance on our revolving credit facility throughout 2016.

Liquidity and Capital Resources

The Company monitors its liquidity and capital resources and relies on several key indicators in its assessment of capital markets for financing acquisitions and other operating activities as needed, including the following:

- Leverage ratios and financial covenants included in our credit facility;
- Dividend payout percentage; and
- Interest rates, underlying treasury rates, debt market spreads and equity markets.

The Company uses these indicators and others to compare its operations to its peers and to help identify areas in which the Company may need to focus its attention.

Sources and Uses of Cash

The Company derives most of its revenues from its real estate property and mortgage notes portfolio, collecting rental income, operating expense reimbursements and mortgage interest based on contractual arrangements with its tenants and borrowers. These sources of revenue represent our primary source of liquidity to fund our dividends, general and administrative expenses, property operating expenses, interest expense on our credit facility and other

expenses incurred related to managing our existing portfolio and investing in additional properties. To the extent additional resources are needed, the Company will fund its investment activity generally through equity or debt issuances either in the public or private markets or through proceeds from our credit facility.

The Company expects to meet its liquidity needs through cash on hand, cash flows from operations and cash flows from sources discussed above. The Company believes that its liquidity and sources of capital are adequate to satisfy its cash requirements. The Company cannot, however, be certain that these sources of funds will be available at a time and upon terms acceptable to the Company in sufficient amounts to meet its liquidity needs.

Operating Activities

Cash flows provided by operating activities for the years ended December 31, 2016 and 2015 and for the period from March 28, 2014 (inception) through December 31, 2014 were approximately $14.9 million, $3.0 million, and $0, respectively. Cash flows provided by operating activities for the years ended December 31, 2016 and 2015 were generally provided by contractual rents and mortgage interest, net of property operating expenses not reimbursed by the tenants and general and administrative expenses. There were no operating activities in 2014.

Investing Activities

Cash flows used in investing activities for the years ended December 31, 2016 and 2015 and for the period from March 28, 2014 (inception) through December 31, 2014 were approximately $117.1 million, $140.6 million, and $0, respectively. During 2016, the Company invested in 17 real estate properties for cash consideration of approximately $103.2 million, excluding closing costs, and funded 1 mortgage note for approximately $12.4 million. During 2015, the Company invested in 40 real estate properties for cash consideration of approximately $129.0 million and funded 1 mortgage note for approximately $10.9 million. There were no investing activities in 2014.

Financing Activities

Cash flows provided by financing activities for the years ended December 31, 2016 and 2015 and for the period from March 28, 2014 (inception) through December 31, 2014 were approximately $101.7 million, $139.7 million, and $2,000, respectively. During 2016 and 2015, the Company paid dividends totaling $17.8 million and $3.9 million, respectively. During 2016, the Company completed a follow-on equity offering, and during 2015, the Company completed its initial public equity offering and concurrent private placements resulting in net proceeds, net of underwriters' discount and offering costs, of approximately $86.1 million and $127.5 million, respectively, and borrowed under its revolving credit facility approximately $34.0 million and $17.0 million, respectively. The net proceeds from these equity offerings and borrowings under its revolving credit facility were used to acquire the Company's real estate and mortgage note portfolio. During the first quarter of 2014, the Company issued 200,000 shares of common stock to its officers in connection with the formation of the Company for net proceeds of $2,000.

On May 27, 2015, the Company completed its initial public offering of 7,187,500 shares of its common stock at a public offering price of $19.00 per share, which includes 937,500 shares of common stock issued in connection with the exercise in full of the underwriters’ option to purchase additional shares. The Company received net proceeds of approximately $125.2 million from the offering. In addition, 123,683 shares of common stock were issued in concurrent private placements to certain directors and officers of the Company. The Company received approximately $2.3 million in net proceeds from the concurrent private placements.

In April 2016, we completed a follow-on offering of 5,175,000 shares of common stock, including 675,000 shares of common stock issued in connection with the exercise in full of the underwriters' option to purchase additional shares, and received net proceeds of approximately $86.1 million from the follow-on offering.

On August 10, 2016, we entered into an amended and restated Credit Facility (as amended, the "Credit Facility"). The Credit Facility is by and among Community Healthcare OP, LP, the Company, the Lenders from time to time party thereto, and SunTrust Bank, as Administrative Agent, matures on August 9, 2019 and includes two options to extend the maturity date of the facility, subject to the satisfaction of certain conditions. The Credit Facility increased

the maximum borrowing capacity from $75.0 million to $150.0 million, lowered our interest rates by 25 basis points and adjusted or replaced certain financial covenants. Amounts outstanding under the Credit Facility bear annual interest at a floating rate that is based, at the Company's option, on either: (i) LIBOR plus 2.25% to 2.75% or (ii) a base rate plus 1.25% to 1.75%, in each case, depending upon the Company's leverage ratio. In addition, the Company is obligated to pay an annual fee equal to 0.25% of the amount of the unused portion of the Credit Facility if amounts borrowed are greater than 33.3% of the borrowing capacity under the Credit Facility and 0.35% of the unused portion of the Credit Facility if amounts borrowed are less than or equal to 33.3% of the borrowing capacity under the Credit Facility. The Credit Facility also includes an accordion feature that provides the Company with additional capacity, subject to the satisfaction of customary terms and conditions, including obtaining additional commitments from lenders, of up to $125 million, for a total facility size of up to $275.0 million. The Company incurred $0.6 million in fees and other costs to amend and extend its Credit Facility which will be amortized to expense over the life of the Credit Facility. The Company's material subsidiaries are guarantors of the obligations under the Credit Facility. At December 31, 2016, the Company had $51.0 million outstanding under the Credit Facility with a weighted average interest rate of approximately 2.99%, a remaining borrowing capacity of $99.0 million, and our debt to total book capitalization ratio was approximately 20.8%.

The Company's ability to borrow under the Credit Facility is subject to its ongoing compliance with a number of customary affirmative and negative covenants, including limitations with respect to liens, indebtedness, distributions, mergers, consolidations, investments, restricted payments and asset sales, as well as financial maintenance covenants. Also, the Company's present financing policy prohibits incurring debt (secured or unsecured) in excess of 40% of its total book capitalization. The Company was in compliance with its financial covenants under its Credit Facility at December 31, 2016.

Universal Shelf S-3 Registration Statement

On September 13, 2016, the Company filed a registration statement on Form S-3 that will allow us to offer debt or equity securities (or a combination thereof) of up to $750.0 million, from time to time. The S-3 registration statement was declared effective as of September 26, 2016.

Subsequent Acquisitions

From January 1, 2017 through February 23, 2017, the Company acquired two real estate properties totaling approximately 48,800 square feet for a purchase price of approximately $7.9 million, including cash consideration of approximately $7.8 million. Upon acquisition, the properties were approximately 94% leased with lease expirations through 2022. These acquisitions were funded with proceeds from the Credit Facility.

Acquisition Pipeline

The Company has nine properties under definitive purchase agreements for an aggregate expected purchase price of approximately $25.7 million as of February 23, 2017. The Company's expected return on these investments range from approximately 9.0% to 9.6%. The Company also has a property, adjacent to its corporate office, under a definitive purchase agreement for an expected purchase price of approximately $0.9 million. The Company will initially lease the property to the current tenant but intends to use the property for future expansion of its corporate office. The Company is currently performing due diligence procedures customary for these types of transactions and cannot provide any assurance as to the timing or when or whether these transactions will actually close. The Company anticipates funding these additional investments with cash from operations, through proceeds from its Credit Facility, or from net proceeds from debt or equity offerings.

Security Deposits

As of December 31, 2016, the Company held approximately $0.4 million in security deposits for the benefit of the Company in the event the obligated tenant fails to perform under the terms of its respective lease. Generally, the

Company may, at its discretion and upon notification to the tenant, draw upon the security deposits if there are any defaults under the leases.

Dividends

The Company is required to pay dividends to its stockholders at least equal to 90% of its taxable income in order to maintain its qualification as a REIT.

During 2016 and 2015, the Company paid cash dividends in the amounts of $1.525 per share and $0.517 per share, respectively.

On February 2, 2017, the Company's Board of Directors declared a quarterly common stock dividend in the amount of $0.3875 per share. The dividend is payable on March 3, 2017 to stockholders of record on February 17, 2017. This quarterly dividend equates to an annualized dividend of $1.55 per share.

The ability of the Company to pay dividends is dependent upon its ability to generate cash flows and to make accretive new investments.

Funds from Operations

Funds from operations ("FFO") and FFO per share are operating performance measures adopted by the National Association of Real Estate Investment Trusts, Inc. ("NAREIT"). NAREIT defines FFO as the most commonly accepted and reported measure of a REIT's operating performance equal to net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property and impairments of real estate, plus depreciation and amortization related to real estate properties, and after adjustments for unconsolidated partnerships and joint ventures.

Management believes that net income (loss), as defined by GAAP, is the most appropriate earnings measurement. However, management believes FFO and FFO per share to be supplemental measures of a REIT's performance because they provide an understanding of the operating performance of the Company's properties without giving effect to certain significant non-cash items, primarily depreciation and amortization expense. Historical cost accounting for real estate assets in accordance with GAAP assumes that the value of real estate assets diminishes predictably over time. However, real estate values instead have historically risen or fallen with market conditions. The Company believes that by excluding the effect of depreciation, amortization, gains or losses from sales of real estate, and impairment of real estate, all of which are based on historical costs and which may be of limited relevance in evaluating current performance, FFO and FFO per share can facilitate comparisons of operating performance between periods. The Company reports FFO and FFO per share because these measures are observed by management to also be the predominant measures used by the REIT industry and by industry analysts to evaluate REITs and because FFO per share is consistently reported, discussed, and compared by research analysts in their notes and publications about REITs. For these reasons, management has deemed it appropriate to disclose and discuss FFO and FFO per share. However, FFO does not represent cash generated from operating activities determined in accordance with GAAP and is not necessarily indicative of cash available to fund cash needs. FFO should not be considered as an alternative to net income attributable to common stockholders as an indicator of the Company's operating performance or as an alternative to cash flow from operating activities as a measure of liquidity.

The table below reconciles FFO to net income (loss). Net income for the twelve months ended December 31, 2016, included approximately $0.8 million, or $0.07 per diluted common share, of transaction costs related to the Company's acquisitions during 2016; and net loss for the twelve months ended December 31, 2015 included approximately $1.6 million, or $0.33 per diluted common share, of transaction costs related to the Company's acquisitions and initial public offering during 2015.

(Dollars in thousands, except per share amounts)	Twelve Months Ended December 31, 2016	Twelve Months Ended December 31, 2015	For the Period March 28, 2014 (inception) through December 31, 2014
Net income (loss)	$ 2,721	$ (1,456)	$ —
Real estate depreciation and amortization	13,191	5,203	—
Total adjustments	13,191	5,203	—
Funds from Operations	$ 15,912	$ 3,747	$ —
Funds from Operations per Common Share-Basic	$ 1.42	$ 0.79	$ —
Funds from Operations per Common Share-Diluted	$ 1.41	$ 0.79	$ —
Weighted Average Common Shares Outstanding-Basic	11,238,437	4,726,925	200,000
Weighted Average Common Shares Outstanding-Diluted	11,319,505	4,736,852	200,000

Critical Accounting Policies

Our Consolidated Financial Statements are prepared in conformity with GAAP, which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Set forth below is a summary of our accounting policies that we believe are critical to the preparation of our Consolidated Financial Statements. Our accounting policies are more fully discussed in Note 1 to the Consolidated Financial Statements.

Principles of Consolidation

Our Consolidated Financial Statements include the accounts of the Company, its wholly owned subsidiaries, joint ventures, partnerships and variable interest entities, or VIEs, where the Company controls the operating activities. All material intercompany accounts, transactions, and balances have been eliminated.

Management must make judgments regarding the Company's level of influence or control over an entity and whether or not the Company is the primary beneficiary of a variable interest entity. Consideration of various factors include, but is not limited to, the Company's ability to direct the activities that most significantly impact the entity's governing body, the size and seniority of the Company's investment, the Company's ability and the rights of other investors to participate in policy making decisions, the Company's ability to replace the manager and/or liquidate the entity. Management's ability to correctly assess its influence or control over an entity when determining the primary beneficiary of a VIE affects the presentation of these entities in the Company's Consolidated Financial Statements. If it is determined that the Company is the primary beneficiary of a VIE, the Company's Consolidated Financial Statements would include the operating results of the VIE rather than the results of the variable interest in the VIE. The Company would depend on the VIE to provide timely financial information and would rely on the interest control of the VIE to provide accurate financial information. Untimely or inaccurate financial information provided to the Company or deficiencies in the VIEs internal controls over financial reporting could impact the Company's Consolidated Financial Statements and its internal control over financial reporting.

Accounting for Acquisitions of Real Estate Properties

Real estate properties are recorded at cost or, if acquired through business combination, at fair value. The allocation of real estate property acquisitions may include land, building and improvements, personal property, and identified intangible assets and liabilities (consisting of above- and below-market leases, in-place leases, and tenant relationships) based on the evaluation of information and estimates available at that date in accordance with the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC")

ASC 805, *Business Combinations* ("ASC 805"*)* and we allocate the purchase price based on these assessments. We make estimates of the fair value of the tangible and intangible assets and acquired liabilities using information obtained from multiple sources as a result of pre-acquisition due diligence, tax records, and other sources. Based on these estimates, we recognize the acquired assets and liabilities at their estimated fair values. Initial valuations are subject to change until the information is finalized, no later than 12 months from the acquisition date. We expense transaction costs associated with business combinations in the period incurred. In accordance with ASC 805, the fair value of tangible property assets acquired considers the value of the property as if vacant determined by comparable sales and other relevant data. The determination of fair value involves the use of significant judgment and estimation. We value land based on various inputs, which may include internal analysis of recently acquired properties, existing comparable properties within our portfolio, or third party appraisals or valuations based on comparable sales.

In recognizing identified intangible assets and liabilities of an acquired property, the value of above-or-below market leases is estimated based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between contractual amounts to be received pursuant to the leases and management's estimate of market lease rates measured over a period equal to the estimated remaining term of the lease. In the case of a below-market lease, the Company would also evaluate any renewal options associated with that lease to determine if the intangible should include those periods. The capitalized above-market or below-market lease intangibles are amortized as a reduction or addition to rental income over the estimated remaining term of the respective leases.

In determining the value of in-place leases and tenant relationships, management considers current market conditions and costs to execute similar leases in arriving at an estimate of the carrying costs during the expected lease-up period from vacant to existing occupancy. In estimating carrying costs, management includes real estate taxes, insurance, other property operating expenses, estimates of lost rental revenue during the expected lease-up periods, and costs to execute similar leases, including leasing commissions. The values assigned to in-place leases and tenant relationships are amortized over the estimated remaining term of the lease. If a lease terminates prior to its scheduled expiration, all unamortized costs related to that lease are written off.

Property acquisitions not meeting the accounting criteria to be accounted for as a business combination are accounted for as an asset acquisition. An asset acquisition is recorded at its purchase price, inclusive of acquisition costs, which is allocated among the acquired assets and assumed liabilities based upon their relative fair values at the date of acquisition.

Asset Impairments

The Company may need to assess the potential for impairment of identifiable, definite-lived, intangible assets and long-lived assets, including real estate properties, whenever events occur or a change in circumstances indicates that the carrying value might not be fully recoverable. Indicators of impairment may include significant under-performance of an asset relative to historical or expected operating results; significant changes in the Company's use of assets or the strategy for its overall business; plans to sell an asset before its depreciable life has ended; the expiration of a significant portion of leases in a property; or significant negative economic trends or negative industry trends for the Company or its operators. In addition, the Company's review for possible impairment may include those assets subject to purchase options and those impacted by casualties, such as tornadoes and hurricanes. If management determines that the carrying value of the Company's assets may not be fully recoverable based on the existence of any of the factors above, or others, management would measure and record an impairment charge based on the estimated fair value of the property or the estimated fair value less costs to sell the property.

Revenue Recognition

The Company derives most of its revenues from its real estate property and mortgage notes portfolio. The Company's rental and mortgage interest income is recognized based on contractual arrangements with its tenants and borrowers.

The Company recognizes rental revenue when it is realized or realizable and earned, in accordance with ASC 840, *Leases,* or ASC 840. There are four criteria that must all be met before a Company may recognize revenue, including persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered (i.e., the tenant has taken possession of and controls the physical use of the leased asset), the price has been fixed or is determinable, and collectability is reasonably assured. ASC 840 also requires that rental revenue, less lease inducements, be recognized on a straight-line basis over the term of the lease. Recognizing rental revenue on a straight-line basis for leases may result in recognizing revenue in amounts more or less than amounts currently due from tenants. If management determines that the collectability of straight-line rents is not reasonably assured, the amount of future revenue recognized may be limited to amounts contractually owed and, where appropriate, establish an allowance for estimated losses.

Mortgage interest income is recognized based on the interest rates, maturity dates and amortization periods in accordance with each note agreement. Fees received related to its mortgage notes are amortized to mortgage interest income on a straight-line basis which approximates amortization under the effective interest method.

The Company also accrues operating expense recoveries based on the contractual terms of its leases and late fees based on the contractual terms of its leases or notes, which are included in rental income or mortgage interest income, as applicable.

Allowance for Doubtful Accounts and Credit Losses

Accounts Receivable

Management monitors the aging and collectability of its accounts receivable balances on an ongoing basis. Whenever deterioration in the timeliness of payment from a tenant is noted, management investigates and determines the reason or reasons for the delay. Considering all information gathered, management's judgment is exercised in determining whether a receivable is potentially uncollectible and, if so, how much or what percentage may be uncollectible. Among the factors management considers in determining collectability are: the type of contractual arrangement under which the receivable was recorded (e.g., triple net lease, gross lease, or other type of agreement); the tenant's reason for slow payment; industry influences under which the tenant operates; evidence of willingness and ability of the tenant to pay the receivable; credit-worthiness of the tenant; collateral, security deposit, letters of credit or other monies held as security; tenant's historical payment pattern; other contractual agreements between the tenant and the Company; relationship between the tenant and the Company; the state in which the tenant operates; and the existence of a guarantor and the willingness and ability of the guarantor to pay the receivable. Considering these factors and others, management concludes whether all or some of the aged receivable balance is likely uncollectible. Upon determining that some portion of the receivable is likely uncollectible, the Company will record a provision for bad debts for the amount it expects will be uncollectible. When efforts to collect a receivable are exhausted, the receivable amount is charged off against the allowance.

Mortgage Note Receivable

The Company evaluates collectability of its mortgage notes and records allowances on the notes as necessary. A loan is impaired when it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan as scheduled, including both contractual interest and principal payments. This assessment also includes an evaluation of the loan collateral. If a mortgage loan becomes past due, the Company will review the specific circumstances and may discontinue the accrual of interest on the loan. The loan is not returned to accrual status until the debtor has demonstrated the ability to continue debt service in accordance with the contractual terms. Loans placed on non-accrual status will be accounted for on a cash basis, in which income is recognized only upon the receipt of cash, or on a cost-recovery basis, in which all cash receipts reduce the carrying value of the loan, based on the Company's expectation of future collectability.

Jumpstart Our Business Startups Act of 2012

The JOBS Act permits the Company, as an "emerging growth company," to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. Management has elected to "opt out" of this provision and, as a result, will be required to comply with new or revised accounting standards as required when they are adopted. The decision to opt out of the extended transition period under the JOBS Act is irrevocable.

Use of Estimates in the Consolidated Financial Statements

Preparation of the Consolidated Financial Statements in accordance with GAAP requires management to make estimates and assumptions that affect amounts reported in the Consolidated Financial Statements and accompanying notes. Actual results may materially differ from those estimates.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk in the form of changing interest rates on its debt and mortgage note receivable. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. Management uses regular monitoring of market conditions and analysis techniques to manage this risk.

As of December 31, 2016, the Company's credit facility was based on variable interest rates while its mortgage note receivable bore interest at a fixed rate.

The following table provides information regarding the sensitivity of certain of the Company's financial instruments, as described above, to market conditions and changes resulting from changes in interest rates. For purposes of this analysis, sensitivity is demonstrated based on hypothetical 10% changes in the underlying market interest rates.

			Impact on Earnings and Cash Flows	
(Dollars in thousands)	Outstanding Principal Balance at December 31, 2016	Calculated Annual Interest Expense	Assuming 10% Increase in Market Interest Rates	Assuming 10% Decrease in Market Interest Rates
Variable Rate Debt:				
Credit Facility	$ 51,000	$ 1,525	$ (153)	$ 153

		Fair Value			
(Dollars in thousands)	Principal Balance at December 31, 2016	December 31, 2016	Assuming 10% Increase in Market Interest Rates	Assuming 10% Decrease in Market Interest Rates	December 31, 2015
Fixed Rate Receivable:					
Mortgage Note Receivable [(1)]	$ 10,908	$ 10,908	$ 9,817	$ 11,999	$ 11,000

(1) Level 2 - Fair value based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which significant inputs and significant value drivers are observable in active markets.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Community Healthcare Trust Incorporated
Franklin, Tennessee

We have audited the accompanying consolidated balance sheets of Community Healthcare Trust Incorporated (the "Company") as of December 31, 2016 and 2015 and the related consolidated statements of comprehensive income (loss), stockholders' equity, and cash flows for the years ended December 31, 2016 and 2015 and for the period from March 28, 2014 (inception) through December 31, 2014. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedules listed in the accompanying index. These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and schedules. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Healthcare Trust Incorporated at December 31, 2016 and 2015, and the results of its operations and its cash flows for the years ended December 31, 2016 and 2015 and for the period from March 28, 2014 (inception) through December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ BDO USA, LLP

Nashville, Tennessee
February 23, 2017

COMMUNITY HEALTHCARE TRUST INCORPORATED
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share amounts)

	December 31,	
	2016	**2015**
ASSETS		
Real estate properties		
Land and land improvements	$ 29,884	$ 13,216
Buildings, improvements, and lease intangibles	222,755	119,716
Personal property	97	35
Total real estate properties	252,736	132,967
Less accumulated depreciation	(18,404)	(5,203)
Total real estate properties, net	234,332	127,764
Cash and cash equivalents	1,568	2,018
Mortgage note receivable, net	10,786	10,897
Other assets, net	4,843	2,124
Total assets	$ 251,529	$ 142,803
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Revolving credit facility	$ 51,000	$ 17,000
Accounts payable and accrued liabilities	3,541	812
Other liabilities	2,981	2,721
Total liabilities	57,522	20,533
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, $0.01 par value; 50,000,000 shares authorized; none issued and outstanding	—	—
Common stock, $0.01 par value; 450,000,000 shares authorized; 12,988,482 and 7,596,940 shares issued and outstanding at December 31, 2016 and 2015, respectively	130	76
Additional paid-in capital	214,323	127,578
Cumulative net income (loss)	1,265	(1,456)
Cumulative dividends	(21,711)	(3,928)
Total stockholders' equity	194,007	122,270
Total liabilities and stockholders' equity	$ 251,529	$ 142,803

See accompanying notes to the consolidated financial statements.

COMMUNITY HEALTHCARE TRUST INCORPORATED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in thousands, except per share amounts)

	Year Ended December 31,		For the Period March 28, 2014 (inception) through December 31,
	2016	2015	2014
REVENUES			
Rental income	$ 18,999	$ 6,364	$ —
Tenant reimbursements	4,564	1,964	—
Mortgage interest	1,634	304	—
	25,197	8,632	—
EXPENSES			
Property operating	4,744	2,012	—
General and administrative	3,228	2,472	—
Depreciation and amortization	13,201	5,204	—
Bad debts	155	71	—
	21,328	9,759	—
OTHER INCOME (EXPENSE)			
Interest expense	(1,178)	(364)	—
Interest and other income, net	30	35	—
	(1,148)	(329)	—
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$ 2,721	$ (1,456)	$ —
INCOME (LOSS) PER COMMON SHARE:			
Net income (loss) per common share – Basic	$ 0.24	$ (0.31)	$ —
Net income (loss) per common share – Diluted	$ 0.24	$ (0.31)	$ —
WEIGHTED AVERAGE COMMON SHARE OUTSTANDING-BASIC	11,238,437	4,726,925	200,000
WEIGHTED AVERAGE COMMON SHARE OUTSTANDING-DILUTED	11,319,505	4,726,925	200,000

See accompanying notes to the consolidated financial statements.

Form 10-K

COMMUNITY HEALTHCARE TRUST INCORPORATED
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in thousands, except per share amounts)

	Preferred Stock		Common Stock					
	Shares	Amount	Shares	Amount	Additional Paid in Capital	Cumulative Net Income (Loss)	Cumulative Dividends	Total Stockholders' Equity
Balance at March 28, 2014 (date of inception)	—	$ —	—	$ —	$ —	$ —	$ —	$ —
Issuance of common stock	—	—	200,000	2	—	—	—	2
Balance at December 31, 2014	—	—	200,000	2	—	—	—	2
Issuance of common stock, net of offering costs	—	—	7,311,183	73	127,413	—	—	127,486
Stock-based compensation	—	—	85,757	1	165	—	—	166
Net loss	—	—	—	—	—	(1,456)	—	(1,456)
Dividends to common stockholders ($0.517 per share)	—	—	—	—	—	—	(3,928)	(3,928)
Balance at December 31, 2015	—	$ —	7,596,940	$ 76	$ 127,578	$ (1,456)	$ (3,928)	$ 122,270
Issuance of common stock, net of offering costs	—	—	5,175,000	52	86,073	—	—	86,125
Stock-based compensation	—	—	216,542	2	672	—	—	674
Net income	—	—	—	—	—	2,721	—	2,721
Dividends to common stockholders ($1.525 per share)	—	—	—	—	—	—	(17,783)	(17,783)
Balance at December 31, 2016	—	$ —	12,988,482	$ 130	$ 214,323	$ 1,265	$ (21,711)	$ 194,007

See accompanying notes to the consolidated financial statements.

COMMUNITY HEALTHCARE TRUST INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Year Ended December 31,		For the Period March 28, 2014 (inception) through December 31,
	2016	2015	2014
OPERATING ACTIVITIES			
Net income (loss)	$ 2,721	$ (1,456)	$ —
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	13,383	5,320	—
Stock-based compensation	674	166	—
Straight-line rent receivable	(611)	(133)	—
Straight-line rent liability	5	—	—
Provision for bad debts, net of recoveries	155	71	—
Reduction in contingent purchase price	(1,279)	—	—
Changes in operating assets and liabilities:			
Other assets	(1,956)	(1,811)	—
Accounts payable and accrued liabilities	2,127	326	—
Other liabilities	(290)	488	—
Net cash provided by operating activities	14,929	2,971	—
INVESTING ACTIVITIES			
Acquisitions of real estate	(103,206)	(128,950)	—
Funding of mortgage note receivable	(12,406)	(10,863)	—
Proceeds from repayments on notes receivable	104	—	—
Capital expenditures on existing real estate properties	(1,579)	(827)	—
Net cash used in investing activities	(117,087)	(140,640)	—
FINANCING ACTIVITIES			
Net borrowings on revolving credit facility	34,000	17,000	—
Dividends paid	(17,783)	(3,928)	—
Net proceeds from issuance of common stock	86,805	129,353	2
Equity issuance costs	(680)	(1,867)	—
Debt issuance costs	(634)	(873)	—
Net cash provided by financing activities	101,708	139,685	2
(Decrease) increase in cash and cash equivalents	$ (450)	$ 2,016	$ 2
Cash and cash equivalents, beginning of period	2,018	2	—
Cash and cash equivalents, end of period	$ 1,568	$ 2,018	$ 2
Supplemental Cash Flow Information:			
Interest paid	$ 564	$ 178	$ —
Invoices accrued for construction, tenant improvement and other capitalized costs	$ 28	$ 52	$ —
Conversion of mortgage note upon acquisition of real estate property	$ 12,500	$ —	$ —

See accompanying notes to the consolidated financial statements.

Note 1—Summary of Significant Accounting Policies

Business Overview

Community Healthcare Trust Incorporated (the ‘‘Company’’, ‘‘we’’, ‘‘our’’) was organized in the State of Maryland on March 28, 2014. The Company is a fully-integrated healthcare real estate company that owns and acquires real estate properties that are leased to hospitals, doctors, healthcare systems or other healthcare service providers in non-urban markets. The Company conducts its business through an UPREIT structure in which its properties are owned by its operating partnership (the "OP"), either directly or through subsidiaries. The Company is the sole general partner of the OP, owning 100% of the OP units. On May 27, 2015, the Company completed its initial public offering, issuing 7,187,500 shares of common stock for approximately $125.2 million in net proceeds and concurrent private placements to certain officers and directors of 123,683 shares of common stock for approximately $2.3 million in net proceeds. In April 2016, the Company completed a follow-on offering of 5,175,000 shares of its common stock for approximately $86.1 million in net proceeds. As of December 31, 2016, the Company had invested approximately $263.5 million in 58 real estate properties, including a mortgage note, which are located in 22 states and total over 1.33 million square feet. Square footage disclosures included in our Notes to Consolidated Financial Statements are Unaudited.

Principles of Consolidation

Our Consolidated Financial Statements include the accounts of the Company, its wholly owned subsidiaries, and may also include joint ventures, partnerships and variable interest entities, or VIEs, where the Company controls the operating activities.

Management must make judgments regarding the Company's level of influence or control over an entity and whether or not the Company is the primary beneficiary of a VIE. Consideration of various factors include, but is not limited to, the Company's ability to direct the activities that most significantly impact the entity's governing body, the size and seniority of the Company's investment, the Company's ability and the rights of other investors to participate in policy making decisions, the Company's ability to replace the manager and/or liquidate the entity. Management's ability to correctly assess its influence or control over an entity when determining the primary beneficiary of a VIE affects the presentation of these entities in the Company's Consolidated Financial Statements. If it is determined that the Company is the primary beneficiary of a VIE, the Company's Consolidated Financial Statements would include the operating results of the VIE rather than the results of the variable interest in the VIE. Untimely or inaccurate financial information provided to the Company or deficiencies in the VIEs internal control over financial reporting could impact the Company's Consolidated Financial Statements and its internal control over financial reporting.

There were no VIEs at December 31, 2016. The Company identified one borrower as a VIE relating to one mortgage note receivable of approximately $11.0 million at December 31, 2015, but management concluded that the Company was not the primary beneficiary as we did not have the ability to make decisions or direct the activities of the VIE that would impact its economic performance. See Note 4 for more details on these mortgage notes.

All material intercompany accounts, transactions, and balances have been eliminated in the presentation of the Company's Consolidated Financial Statements.

Jumpstart Our Business Startups Act of 2012

The Company has elected the "emerging growth company,'' status as permitted under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Management has elected to ''opt out'' of the provision allowed under the JOBS Act to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. As a result, we will be required to comply with new or revised accounting standards as required when they are adopted. The decision to opt out of the extended transition period under the JOBS Act is irrevocable.

Use of Estimates in the Consolidated Financial Statements

Preparation of the Consolidated Financial Statements in accordance with GAAP requires management to make estimates and assumptions that affect amounts reported in the Consolidated Financial Statements and accompanying notes. Actual results may materially differ from those estimates.

Segment Reporting

The Company acquires and owns, or finances, healthcare-related real estate properties that are leased to hospitals, doctors, healthcare systems or other healthcare service providers in non-urban markets. The Company is managed as one reporting unit, rather than multiple reporting units, for internal reporting purposes and for internal decision-making. Therefore, the Company discloses its operating results in a single segment.

Cash and Cash Equivalents

Cash and cash equivalents includes short-term investments with original maturities of three months or less when purchased.

Real Estate Properties

Real estate properties are recorded at cost or at fair value if acquired in a transaction that is a business combination under ASC 805. Cost or fair value at the time of acquisition is allocated between land, buildings, tenant improvements, lease and other intangibles, and personal property, as applicable. The Company's gross real estate assets, on a financial reporting basis, totaled approximately $252.7 million and $133.0 million, respectively, at December 31, 2016 and 2015.

Depreciation and amortization of real estate assets and liabilities in place as of December 31, 2016, is recognized on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives at December 31, 2016 are as follows:

Land improvements	3 - 15 years
Buildings	20 - 40 years
Building improvements	3.0 - 39.8 years
Tenant improvements	2.3 - 6.9 years
Lease intangibles	1.2 - 13.7 years
Personal property	3 -10 years

Accounting for Acquisitions of Real Estate Properties

Real estate properties are recorded at cost or, if acquired through business combination, at fair value. The allocation of real estate property acquisitions may include land, building and improvements, personal property, and identified intangible assets and liabilities (consisting of above- and below-market leases, in-place leases, and tenant relationships) based on the evaluation of information and estimates available at that date in accordance with the provisions of ASC 805, and we allocate the purchase price based on these assessments. We make estimates of the

acquisition date fair value of the tangible and intangible assets and acquired liabilities using information obtained from multiple sources as a result of pre-acquisition due diligence, tax records, and other sources. Based on these estimates, we recognize the acquired assets and liabilities at their estimated fair values. Initial valuations are subject to change until the information is finalized, no later than 12 months from the acquisition date. We expense transaction costs associated with business combinations in the period incurred. In accordance with ASC 805, the fair value of tangible property assets acquired considers the value of the property as if vacant determined by comparable sales and other relevant data. The determination of fair value involves the use of significant judgment and estimation. We value land based on various inputs, which may include internal analysis of recently acquired properties, existing comparable properties within our portfolio, or third party appraisals or valuations based on comparable sales.

In recognizing identified intangible assets and liabilities of an acquired property, the value of above-or-below market leases is estimated based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between contractual amounts to be received pursuant to the leases and management's estimate of market lease rates measured over a period equal to the estimated remaining term of the lease. In the case of a below-market lease, the Company would also evaluate any renewal options associated with that lease to determine if the intangible should include those periods. The capitalized above-market or below-market lease intangibles are amortized as a reduction or addition to rental income over the estimated remaining term of the respective leases.

In determining the value of in-place leases and tenant relationships, management considers current market conditions and costs to execute similar leases in arriving at an estimate of the carrying costs during the expected lease-up period from vacant to existing occupancy. In estimating carrying costs, management includes real estate taxes, insurance, other property operating expenses, estimates of lost rental revenue during the expected lease-up periods, and costs to execute similar leases, including leasing commissions. The values assigned to in-place leases and tenant relationships are amortized over the estimated remaining term of the lease. If a lease terminates prior to its scheduled expiration, all unamortized costs related to that lease are written off.

Property acquisitions not meeting the accounting criteria to be accounted for as a business combination are accounted for as an asset acquisition. An asset acquisition is recorded at its purchase price, inclusive of acquisition costs, which is allocated among the acquired assets and assumed liabilities based upon their relative fair values at the date of acquisition.

Asset Impairments

The Company assesses the potential for impairment of identifiable, definite-lived, intangible assets and long-lived assets, including real estate properties, whenever events occur or a change in circumstances indicates that the carrying value might not be fully recoverable. Indicators of impairment may include significant under-performance of an asset relative to historical or expected operating results; significant changes in the Company's use of assets or the strategy for its overall business; plans to sell an asset before its depreciable life has ended; the expiration of a significant portion of leases in a property; or significant negative economic trends or negative industry trends for the Company or its operators. In addition, the Company's review for possible impairment may include those assets subject to purchase options and those impacted by casualties, such as tornadoes and hurricanes. If management determines that the carrying value of the Company's assets may not be fully recoverable based on the existence of any of the factors above, or others, management would measure and record an impairment charge based on the estimated fair value of the property or the estimated fair value less costs to sell the property. No indicators of impairment occurred during 2016 or 2015 to warrant management to test any of its assets for impairment. Therefore, no impairments were recorded in either of the years ended December 31, 2016 or 2015.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. In calculating fair value, a company must maximize the use of observable

market inputs, minimize the use of unobservable market inputs and disclose in the form of an outlined hierarchy the details of such fair value measurements.

A hierarchy of valuation techniques is defined to determine whether the inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company’s market assumptions. This hierarchy requires the use of observable market data when available. These inputs have created the following fair value hierarchy:

- *Level 1* – quoted prices for identical instruments in active markets.
- *Level 2* – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- *Level 3* – fair value measurements derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Executed purchase and sale agreements, that are binding agreements, are categorized as Level 1 inputs. Brokerage estimates, letters of intent, or unexecuted purchase and sale agreements are considered to be Level 3 as they are non-binding in nature.

Lease Accounting

We, as lessor, make a determination with respect to each of our leases whether they should be accounted for as operating leases or capital leases. The classification criteria is based on estimates regarding the fair value of the leased facilities, minimum lease payments, effective cost of funds, the economic useful life of the facilities, the existence of a bargain purchase option, and certain other terms in the lease agreements. We believe all of our leases should be accounted for as operating leases. Payments received under operating leases are accounted for in the Consolidated Statements of Comprehensive Income (Loss) as rental income for actual cash rent collected plus or minus straight-line adjustments, such as lease escalators. Assets subject to operating leases are reported as real estate investments in the Consolidated Balance Sheets.

Many of our leases contain fixed or formula-based rent escalators. To the extent that the escalator increases are tied to a fixed index or rate, lease payments are accounted for on a straight-line basis over the life of the lease.

Revenue Recognition

The Company recognizes rental revenue when it is realized or realizable and earned. There are four criteria that must all be met before a Company may recognize revenue, including persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered (i.e., the tenant has taken possession of and controls the physical use of the leased asset), the price has been fixed or is determinable, and collectability is reasonably assured.

The Company derives most of its revenues from its real estate property and mortgage note portfolio. The Company's rental and mortgage interest income is recognized based on contractual arrangements with its tenants and borrowers.

Rental income is recognized as earned over the life of the lease agreement on a straight-line basis. Recognizing rental revenue on a straight-line basis for leases may result in recognizing revenue in amounts more or less than amounts currently due from tenants. If management determines that the collectability of straight-line rents is not reasonably assured, the amount of future revenue recognized may be limited to amounts contractually owed and, where appropriate, establish an allowance for estimated losses. Straight-line rent included in rental income was approximately $0.6 million and $0.1 million, respectively, for the years ended December 31, 2016 and 2015. No straight-line rent was recognized in 2014.

Mortgage interest income is recognized based on the interest rates, maturity dates and amortization periods set forth within each note agreement. Fees received related to its mortgage notes are amortized to mortgage interest income on a straight-line basis which approximates amortization under the effective interest method.

The Company also accrues operating expense recoveries based on the contractual terms of its leases and late fees based on the contractual terms of its leases or notes, which are included in rental income or mortgage interest income, as applicable. Operating expense recoveries included in rental income were approximately $4.6 million and $2.0 million, respectively, and late fees were approximately $228,000 and $40,000, respectively, for the years ended December 31, 2016 and 2015. No operating expense recoveries or late fees were recognized in 2014.

Income received but not yet earned is deferred until such time it is earned. Deferred revenue, included in other liabilities on the Consolidated Balance Sheets, was approximately $0.8 million and $0.5 million, respectively, at December 31, 2016 and 2015. No deferred revenue was recognized in 2014.

Allowance for Doubtful Accounts and Credit Losses

Accounts Receivable

Management monitors the aging and collectability of its accounts receivable balances on an ongoing basis. Whenever deterioration in the timeliness of payment from a tenant is noted, management investigates and determines the reason or reasons for the delay. Considering all information gathered, management’s judgment is exercised in determining whether a receivable is potentially uncollectible and, if so, how much or what percentage may be uncollectible. Among the factors management considers in determining collectability are: the type of contractual arrangement under which the receivable was recorded (e.g., triple net lease, gross lease, or other type of agreement); the tenant’s reason for slow payment; industry influences under which the tenant operates; evidence of willingness and ability of the tenant to pay the receivable; credit-worthiness of the tenant; collateral, security deposit, letters of credit or other monies held as security; tenant’s historical payment pattern; other contractual agreements between the tenant and the Company; relationship between the tenant and the Company; the state in which the tenant operates; and the existence of a guarantor and the willingness and ability of the guarantor to pay the receivable. Considering these factors and others, management concludes whether all or some of the aged receivable balance is likely uncollectible. Upon determining that some portion of the receivable is likely uncollectible, the Company will record a provision for bad debts for the amount it expects will be uncollectible. When efforts to collect a receivable are exhausted, the receivable amount is charged off against the allowance. The Company does not hold any accounts receivable for sale.

Mortgage Note Receivable

At December 31, 2016 and 2015, the Company had one mortgage note receivable outstanding with a principal balance of approximately $10.9 million and $11.0 million, respectively, maturing on September 30, 2026, which bears interest at 9.5%. The mortgage note was interest only through September 30, 2016.

The Company evaluates collectability of its mortgage notes and records allowances on the notes as necessary. A loan is impaired when it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan as scheduled, including both contractual interest and principal payments. This assessment also includes an evaluation of the loan collateral. If a mortgage loan becomes past due, the Company will review the specific circumstances and may discontinue the accrual of interest on the loan. The loan is not returned to accrual status until the debtor has demonstrated the ability to continue debt service in accordance with the contractual terms. Loans placed on non-accrual status will be accounted for on a cash basis, in which income is recognized only upon the receipt of cash, or on a cost-recovery basis, in which all cash receipts reduce the carrying value of the loan, based on the Company's expectation of future collectability. There were no mortgage notes that were either on non-accrual status or were past due more than ninety days and continued to accrue interest at December 31, 2016 and 2015. Also, as of December 31, 2016 and 2015, the Company did not hold any of its mortgage notes available for sale and had not recorded any allowances on its mortgage note receivable.

Also, the Company may receive loan or commitment fees upon funding of a mortgage note. The Company will amortize those fees into income over the life of the mortgage note on a straight-line basis and will reflect the mortgage notes, net of the unamortized, on the consolidated balance sheets.

Stock-Based Compensation

The Company's 2014 Incentive Plan is intended to attract and retain qualified persons upon whom, in large measure, our sustained progress, growth and profitability depend, to motivate the participants to achieve long-term company goals and to more closely align the participants’ interests with those of our other stockholders by providing them with a proprietary interest in our growth and performance. The three distinct programs under the 2014 Incentive Plan are the Amended and Restated Alignment of Interest Program, the Amended and Restated Executive Officer Incentive Program and the Non-Executive Officer Incentive Program. Our executive officers, officers, employees, consultants and non-employee directors are eligible to participate in the 2014 Incentive Plan. The 2014 Incentive Plan currently reserves 7% of the Company’s common stock outstanding after the IPO, including any shares of common stock sold by the Company pursuant to the exercise of any over-allotment options, for issuance as awards. The 2014 Incentive Plan is administered by the Company’s compensation committee, which interprets the 2014 Incentive Plan and has broad discretion to select the eligible persons to whom awards will be granted, as well as the type, size and terms and conditions of each award, including the number of shares subject to awards and the expiration date of, and the vesting schedule or other restrictions (including, without limitation, restrictive covenants) applicable to, awards. The Company recognizes share-based payments to its directors and employees in its Consolidated Statements of Comprehensive Income (Loss) on a straight-line basis over the requisite service period based on the fair value of the award on the measurement date.

Organization and Offering Costs

Some of the costs related to the Company’s organization, its initial public offering and due diligence related to the initial properties acquired by the Company in 2015 were incurred by Athena Funding Partners (“AFP”), which is substantially owned and controlled by Timothy G. Wallace, the Company’s Chairman, Chief Executive Officer and President. The Company entered into a formation services agreement with AFP on April 1, 2014, pursuant to which the Company agreed to reimburse the actual costs incurred by AFP only upon the successful completion of the initial public offering. The costs related to the activities prior to the offering were undertaken by AFP on the Company’s behalf, including the Company’s organization, negotiating the property acquisitions, performing due diligence related to the initial properties, performing corporate work in contemplation of the offering and preparing the Prospectus. Costs incurred include expenses such as legal and accounting fees, certain costs related to performing property due diligence, certain property related costs, travel, overhead, office supplies and office rent. The Company reimbursed AFP approximately $0.4 million during 2015. AFP has received no further compensation.

Organization costs incurred by the Company in 2015 were expensed. Offering costs incurred are recorded in stockholders’ equity as a reduction to additional paid-in capital.

Intangible Assets

Intangible assets with indefinite lives are not amortized, but are tested at least annually for impairment. Intangible assets with finite lives are amortized over their respective lives to their estimated residual values and are reviewed for impairment only when impairment indicators are present. The Company did not have any indefinite lived intangible assets as of December 31, 2016 and 2015.

Identifiable intangible assets of the Company are generally comprised of in-place and above-market lease intangible assets and below-market lease intangible liabilities, as well as deferred financing costs. In-place lease intangible assets are amortized to depreciation expense on a straight-line basis over the applicable lives of the leases. Above- and below-market lease intangibles are amortized to rental income on a straight-line basis over the applicable lives of the leases. Deferred financing costs are amortized to interest expense over the term of the related credit facility or other debt instrument using the straight-line method, which approximates amortization under the effective interest method.

Contingent Liabilities

From time to time, the Company may be subject to loss contingencies arising from legal proceedings and similar matters. Additionally, while the Company maintains comprehensive liability and property insurance with respect to each of its properties, the Company may be exposed to unforeseen losses related to uninsured or under-insured damages.

Management will monitor any matter that may present a contingent liability, and, on a quarterly basis, will review any reserves and accruals relating to the liabilities, adjusting provisions as necessary in view of changes in available information. Liabilities for contingencies are first recorded when a loss is determined to be both probable and can be reasonably estimated. Changes in estimates regarding the exposure to a contingent loss will be reflected as adjustments to the related liability in the periods when they occur and will be disclosed in the notes to the Consolidated Financial Statements.

On occasion, the Company may also have acquisitions which include contingent consideration. Accounting for business combinations require the Company to estimate the fair value of any contingent purchase consideration at acquisition. Management will monitor these contingencies on a quarterly basis. Changes in estimates regarding contingent purchase consideration will be reflected as adjustments to the related liability in the periods when they occur and will be disclosed in the notes to the Consolidated Financial Statements. See Note 4 for more details.

Income Taxes

The Company has elected to be taxed as a REIT, as defined under the Internal Revenue Code of 1986, as amended (the "Code"). We have also elected for one subsidiary to be treated as a taxable REIT subsidiary ("TRS"), which is subject to federal and state income taxes. No provision has been made for federal income taxes for the REIT; however, the Company has provided federal and state income taxes for the TRS. The Company intends at all times to qualify as a REIT under Sections 856 and 860 of the Code. The Company must distribute at least 90% per annum of its REIT taxable income to its stockholders (which is computed without regard to the dividends paid deduction or net capital gain and which does not necessarily equal net income as calculated in accordance with generally accepted accounting principles) and meet other requirements to continue to qualify as a real estate investment trust. See further discussion in Note 13.

The Company classifies interest and penalties related to uncertain tax positions, if any, in the Consolidated Statements of Comprehensive Income (Loss) as a component of general and administrative expenses. No such amounts were recognized during 2016, 2015 or 2014.

The Company is subject to audit by the Internal Revenue Service and by state taxing authorities for the year ended December 31, 2015 and for the period from March 28, 2014 (date of inception) through December 31, 2014.

Sales and Use Taxes

The Company must pay sales and use taxes to certain state tax authorities based on rent collected from tenants in properties located in those states. The Company is generally reimbursed for those taxes by those tenants. The Company accounts for the payments to the taxing authority and subsequent reimbursement from the tenant on a net basis, included in tenant reimbursement revenue on the Company’s Consolidated Statements of Comprehensive Income (Loss).

Concentration of Credit Risks

Our credit risks primarily relate to cash and cash equivalents and our one mortgage note receivable. Cash and cash equivalents are primarily held in bank accounts and overnight investments. We maintain our bank deposit accounts with large financial institutions in amounts that often exceed federally-insured limits. We have not experienced any losses in such accounts.

Earnings per Share

Basic earnings per common share is calculated using weighted average shares outstanding less issued and outstanding non-vested shares of common stock. Diluted earnings per common share is calculated using weighted average shares outstanding plus the dilutive effect of the non-vested shares of common stock using the treasury stock method and the average stock price during the period.

New Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-01*, Business Combinations (Topic 805): Clarifying the Definition of a Business.* The new guidance requires an entity to first evaluate whether substantially all of the fair value of the assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, and if that threshold is met, then it is not a business. Secondly, the new guidance requires a business to include at least one substantive process and narrows the definition of outputs by more closely aligning it with how outputs are described in the new revenue recognition guidance. Under this new guidance, acquiring tangible assets (land, building) with in-place leases may be considered a single identifiable asset. This change in the definition of a business should result in more real estate acquisitions being accounted for as asset acquisitions, rather than business combinations, which would allow companies to capitalize more acquisition costs into the real estate assets acquired. We adopted this new standard on January 1, 2017 and expect that most of our real estate property acquisitions will be accounted for as asset acquisitions.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This standard requires a lessor to classify leases as either sales-type, finance or operating. A lease will be treated as a sale if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as a financing. If the lessor doesn't convey risks and rewards or control, an operating lease results. The standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessors for sales-type, direct financing, and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. We are not currently a lessee in any material lease arrangements and the amendments in ASU 2016-02 do not significantly change the current lessor accounting model; therefore, we do not currently believe that the adoption of this standard will have a material impact on our Consolidated Financial Statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation - Stock Compensation; Improvements to Employee Share-Based Payment Accounting.* This standard is intended to simplify accounting for share-based payment transactions. The areas for simplification in this update that could be relevant to the Company in the future are: (i) forfeitures-an entity can make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur; (ii) minimum statutory tax withholding requirements-the threshold to qualify for equity classification permits withholding up to the maximum statutory tax rates in the applicable jurisdiction; and (iii) classification of employee taxes paid on the statement of cash flows when an employer withholds shares for tax-withholding purposes-cash paid by an employer when directly withholding shares for tax-withholding purposes should be classified as a financing activity. The Company adopted this standard effective January 1, 2017. There was no impact to the Company's Condensed Consolidated Financial Statements resulting from the adoption of this standard.

In May 2014, the FASB issued ASU No. 2014-09, as amended by ASU No. 2015-14, *Revenue from Contracts with Customers*, a comprehensive new revenue recognition standard that supersedes most existing revenue recognition guidance, including sales of real estate. This standard's core principle is that a company will recognize revenue when it transfers goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods and services. However, leasing contracts, representing the major source of the Company's revenues, are not within the scope of the new standard and will continue to be accounted for under other standards. This new standard is effective for the Company for annual and interim periods beginning on January 1, 2018 with early adoption permitted in 2017. The Company is currently evaluating the impact that ASU 2014-09 will have on revenues generated from activities other than leasing.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses*, which changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, companies will be required to use a new forward-looking “expected loss” model that generally will result in the earlier recognition of allowances for losses. For available-for-sale debt securities with unrealized losses, companies will measure credit losses in a manner similar to what they do today, except that the losses will be recognized as allowances rather than as reductions in the amortized cost of the securities. Companies will have to disclose significantly more information, including information they use to track credit quality by year of origination for most financing receivables. Companies will apply the standard’s provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is adopted. This standard is effective for the Company on January 1, 2020 with early adoption permitted. The Company is in the initial stage of evaluating the impact of this new standard on its notes and trade receivables.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230) Classification of Certain Cash Receipts and Cash Payments,* which clarifies or provides guidance relating to eight specific cash flow classification issues. The standard should be applied retrospectively for each period presented, as appropriate. This new standard is effective for the Company on January 1, 2018 with early adoption permitted. Of the eight areas addressed, the Company expects that its presentation on its statements of cash flows could be impacted relating to cash payments of contingent consideration or settlement of insurance claims, based on historical transactions. In the future, however, the impact of this new guidance will depend on future transactions, though the impact will only be related to the classification of those items on the statement of cash flows and will not impact the Company's cash flows or its results of operations.

Note 2—Real Estate Investments

As of December 31, 2016, the Company had investments of approximately $263.5 million in 58 real estate properties, including one mortgage note receivable. The following table summarizes the Company's investments.

(Dollars in thousands)	Number of Facilities	Land and Land Improvements	Buildings, Improvements, and Lease Intangibles	Personal Property	Total	Accumulated Depreciation
Medical office buildings:						
Florida	4	$ 4,138	$ 23,777	$ —	$ 27,915	$ 1,206
Ohio	3	1,999	15,972	—	17,971	1,435
Texas	3	3,096	12,172	—	15,268	1,948
Iowa	1	2,241	8,989	—	11,230	87
Illinois	1	821	8,760	—	9,581	904
Kentucky	1	669	4,212	—	4,881	392
New York	1	645	3,954	—	4,599	61
Georgia	1	366	3,084	—	3,450	578
Other states	4	1,739	12,673	—	14,412	2,074
	19	15,714	93,593	—	109,307	8,685
Physician clinics:						
Kansas	3	1,558	10,899	—	12,457	1,179
Florida	3	—	5,950	—	5,950	314
Ohio	1	677	2,590	—	3,267	33
Alabama	1	533	2,663	—	3,196	133
Pennsylvania	1	330	2,770	—	3,100	639
Wisconsin	1	412	2,588	—	3,000	386
Other states	4	638	6,416	—	7,054	575
	14	4,148	33,876	—	38,024	3,259
Surgical centers and hospitals						
Louisiana	1	1,683	21,353	—	23,036	44
Michigan	2	628	8,266	—	8,894	956
Illinois	1	2,100	5,402	—	7,502	316
Arizona	2	576	5,389	—	5,965	494
Other states	5	1,555	10,993	—	12,548	1,922
	11	6,542	51,403	—	57,945	3,732
Specialty centers						
Alabama	3	415	4,417	—	4,832	790
Kentucky	1	193	3,423	—	3,616	486
Texas	1	181	2,992	—	3,173	266
Colorado	1	259	2,791	—	3,050	336
North Carolina	1	681	2,340	—	3,021	22
Other states	4	181	5,334	—	5,515	441
	11	1,910	21,297	—	23,207	2,341
Behavioral facilities:						
Illinois	1	1,300	18,803	—	20,103	274
Indiana	1	270	2,651	—	2,921	78
	2	1,570	21,454	—	23,024	352
Corporate property	—	—	1,132	97	1,229	35
Total owned properties	57	$ 29,884	$ 222,755	$ 97	$ 252,736	$ 18,404
Mortgage note receivable, net	1	—	—	—	10,786	—
Total real estate investments	58	$ 29,884	$ 222,755	$ 97	$ 263,522	$ 18,404

Note 3—Real Estate Leases

The Company’s properties are generally leased pursuant to non-cancelable, fixed-term operating leases with expiration dates through 2031. The Company’s leases generally require the lessee to pay minimum rent, with fixed rent renewal terms or increases based on a Consumer Price Index and additional rent, which may include taxes (including property taxes), insurance, maintenance and other operating costs associated with the leased property. Certain of the Company's leases provide the lessee with a purchase option or a right of first refusal to purchase the leased property. The purchase option provisions generally allow the lessee to purchase the leased property at fair market value or at an amount greater than the Company's gross investment in the leased property at the time of the purchase. No purchase options were exercised during December 31, 2016.

Future Minimum Lease Payments

Future minimum lease payments under the non-cancelable operating leases due the Company for the years ending December 31, as of December 31, 2016, are as follows (in thousands):

2017	$	23,779
2018		20,155
2019		17,073
2020		14,740
2021		12,754
2022 and thereafter		75,458
	$	163,959

Revenue Concentrations

The Company's real estate portfolio is leased to a diverse tenant base. At December 31, 2016 and 2015, the Company had no customers that accounted for more than 10% of its consolidated revenues.

The Company's portfolio is currently located in 22 states with approximately 55.2% of our consolidated revenues for the year ended December 31, 2016 derived from properties located in Florida (15.5%), Illinois (15.3%), Kansas (13.5%) and Texas (10.9%).

Note 4—Real Estate Acquisitions

2016 Real Estate Acquisitions

During the fourth quarter of 2016, the Company acquired six real estate properties totaling approximately 187,098 square feet for an aggregate purchase price of approximately $45.6 million, including cash consideration of approximately $45.2 million. Upon acquisition, the properties were 98.1% leased with lease expirations ranging from 2017 through 2031. Amounts reflected in revenues and net income for the year ended December 31, 2016 for these properties was approximately $0.5 million and $0.2 million, respectively. The Company incurred transaction costs of approximately $0.2 million during the fourth quarter of 2016 related to its acquisitions accounted for as business combinations which are included in general and administrative expenses in the accompanying Consolidated Statements of Comprehensive Income (Loss). Transaction costs related to its acquisition accounted for as an asset purchase were capitalized in the period as part of the real estate asset.

During the third quarter of 2016, the Company acquired four real estate properties totaling approximately 57,983 square feet for an aggregate purchase price of approximately $12.1 million, including cash consideration of approximately $12.1 million. Upon acquisition, the properties were 100.0% leased with lease expirations ranging from 2018 through 2031. Amounts reflected in revenues and net income for the year ended December 31, 2016 for these properties was approximately $0.4 million and $0.2 million, respectively. The Company incurred transaction costs of approximately $0.1 million during the third quarter of 2016 related to its acquisitions accounted for as

business combinations which are included in general and administrative expenses in the accompanying Consolidated Statements of Comprehensive Income (Loss). Transaction costs related to its acquisition accounted for as an asset purchase were capitalized in the period as part of the real estate asset.

During the second quarter of 2016, the Company acquired three real estate properties totaling approximately 153,446 square feet for an aggregate purchase price of approximately $33.5 million, including cash consideration of approximately $21.1 million and the conversion of a $12.5 million mortgage note receivable. Upon acquisition, the properties were approximately 93.7% leased in the aggregate with lease expirations ranging from 2016 through 2031. In addition, one of the properties includes contingent consideration which could result in additional purchase price of up to $500,000. At December 31, 2016, the Company had adjusted the fair value of this contingency to approximately $398,000. The Company will monitor this contingency throughout the contingency period that ends in April 2017 and will record any adjustments as needed on a quarterly basis until the contingency is resolved. Amounts reflected in revenues and net income for the year ended December 31, 2016 for these properties was approximately $3.1 million and $1.6 million, respectively, which included approximately $0.6 million of interest income relating to the mortgage note. The Company incurred transaction costs of approximately $0.2 million during the second quarter of 2016 which are included in general and administrative expenses in the accompanying Consolidated Statements of Comprehensive Income (Loss).

During the first quarter of 2016, the Company acquired four real estate properties totaling approximately 146,443 square feet for an aggregate purchase price of approximately $25.4 million, including cash consideration of approximately $25.6 million. Upon acquisition, the properties were approximately 95.6% leased in the aggregate with lease expirations ranging from 2017 through 2026. Amounts reflected in revenues and net income for the year ended December 31, 2016 for these properties was approximately $2.8 million and $0.8 million, respectively. The Company incurred transaction costs of approximately $0.3 million during the first quarter of 2016 which are included in general and administration expenses in the accompanying Consolidated Statements of Comprehensive Income (Loss).

For the properties acquired during 2016 that we accounted for as business combinations, the unaudited pro forma revenue and net income for the years ended December 31, 2016 and 2015 are provided below as if the properties had been acquired on January 1, 2015.

	Year Ended December 31,	
(unaudited; in thousands)	**2016**	**2015**
Revenues	$ 29,503	$ 17,625
Net income	$ 3,975	$ 802

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed in the property acquisitions during 2016.

	Estimated Fair Value	Estimated Useful Life
	(In thousands)	*(In years)*
Land	$ 16,476	
Buildings	87,753	20 - 40
Intangibles:		
At-market lease intangibles	13,961	2.3 - 13.7
Above-market lease intangibles	26	0.7
Below-market lease intangibles	(923)	8.8
Total intangibles	13,064	
Accounts receivable and other assets assumed	51	
Accounts payable, accrued liabilities and other liabilities assumed [1]	(661)	
Contingent liabilities	(487)	
Mortgage note conversion	(12,500)	
Prorated rent, interest and operating expense reimbursement amounts collected	(490)	
Expenses paid, including closing costs	773	
Total cash consideration	$ 103,979	

[1] Includes security deposits received and property taxes payable prior to the acquisition.

Mortgage Notes Receivable

During the first quarter of 2016, the Company funded a $12.5 million mortgage note secured by an 85,000 square foot behavioral facility in Illinois which was scheduled to mature on January 31, 2027. The Company received a loan fee from the transaction totaling $93,750 which was deferred and was being recognized into income on a straight-line basis, which approximated the effective interest method, through the maturity of the mortgage note. The mortgage loan required interest only payments to us through January 2017 and had a stated fixed interest rate of 11%. In April 2016, the Company exercised its option to acquire the behavioral facility secured by this mortgage and completed the acquisition in May 2016 as discussed in more detail above in "2016 Real Estate Acquisitions." Upon acquisition, the Company recognized into income the unamortized portion of the loan fee totaling approximately $90,000.

2015 Real Estate Acquisitions

During the fourth quarter of 2015, the Company acquired eight real estate properties totaling approximately 214,192 square feet and acquired its new corporate office for an aggregate purchase price of approximately $29.9 million, including cash consideration of approximately $29.6 million. Upon acquisition, the eight properties were approximately 97.7% leased in the aggregate with lease expirations ranging from 2017 through 2030.

During the third quarter of 2015, the Company acquired three real estate properties totaling approximately 71,153 square feet for an aggregate purchase price of approximately $13.1 million, including cash consideration of approximately $13.0 million. Upon acquisition, the properties were approximately 93.6% leased in the aggregate with lease expirations ranging from 2016 through 2024.

During the second quarter of 2015, the Company acquired 29 real estate properties totaling approximately 474,303 square feet for an aggregate purchase price of approximately $87.4 million, including cash consideration of approximately $87.2 million. Upon acquisition, the properties were approximately 92.9% leased in the aggregate with lease expirations ranging from 2015 through 2030. In addition, two of the properties include contingent consideration which could result in additional purchase price of up to $1.5 million. At December 31, 2015, the Company had estimated the fair value of these contingencies and had recorded an aggregate liability of

approximately $1.2 million. As of December 31, 2016, the end of the measurement period for both of these contingencies, the liabilities for these contingencies had been reduced to $0 as no contingent amounts were due.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed in the property acquisitions during 2015.

	Estimated Fair Value	Estimated Useful Life
	(In thousands)	*(In years)*
Land	$ 13,216	
Buildings	97,518	20 - 40
Intangibles:		
At-market lease intangibles	21,406	1.2 - 9.3
Above-market lease intangibles	65	2.6
Below-market lease intangibles	(357)	6.1 - 7.8
Total intangibles	21,114	
Accounts receivable and other assets assumed	18	
Accounts payable, accrued liabilities and other liabilities assumed [1]	(1,040)	
Contingent liabilities	(1,190)	
Prorated rent and operating expense reimbursement amounts collected	(686)	
Expenses paid, including closing costs	832	
Total cash consideration	$ 129,782	

[1] Includes security deposits received, property taxes payable prior to the acquisition, and a tenant improvement allowance.

Mortgage Notes Receivable

During the third quarter of 2015, the Company funded an $11.0 million mortgage secured by a 29,890 square foot long-term acute care facility in Louisiana which matures on September 30, 2026. The Company received loan and commitment fees from the transaction totaling $137,500 which were deferred and are being recognized into income on a straight-line basis. The mortgage loan required interest only payments to us through September 2016 with a stated fixed interest rate of 9.5%. Thereafter, monthly principal and interest payments are due through maturity. The Company had a purchase option to purchase the property secured by the mortgage note for a fixed amount but let the purchase option expire without exercising it on September 30, 2016. The mortgage note receivable is classified as held-for-investment based on management's intent and ability to hold the loans until maturity.

Note 5— Revolving Credit Facility

On August 10, 2016, we entered into an amended and restated Credit Facility (as amended, the "Credit Facility"). The Credit Facility is by and among Community Healthcare OP, LP, the Company, the Lenders from time to time party thereto, and SunTrust Bank, as Administrative Agent, matures on August 9, 2019 and includes two options to extend the maturity date of the facility, subject to the satisfaction of certain conditions. The Credit Facility increased the maximum borrowing capacity from $75.0 million to $150.0 million, lowered our interest rates by 25 basis points and adjusted or replaced certain financial covenants. Amounts outstanding under the Credit Facility bear annual interest at a floating rate that is based, at the Company’s option, on either: (i) LIBOR plus 2.25% to 2.75% or (ii) a base rate plus 1.25% to 1.75%, in each case, depending upon the Company’s leverage ratio. In addition, the Company is obligated to pay an annual fee equal to 0.25% of the amount of the unused portion of the Credit Facility if amounts borrowed are greater than 33.3% of the borrowing capacity under the Credit Facility and 0.35% of the unused portion of the Credit Facility if amounts borrowed are less than or equal to 33.3% of the borrowing capacity under the Credit Facility. The Credit Facility also includes an accordion feature that provides the Company with additional capacity, subject to the satisfaction of customary terms and conditions, including obtaining additional commitments from lenders, of up to $125.0 million, for a total facility size of up to $275.0 million. The Company incurred $0.6 million in fees and other costs to amend and extend its Credit Facility which will be amortized to

expense over the life of the Credit Facility. The Company's material subsidiaries are guarantors of the obligations under the Credit Facility. At December 31, 2016, the Company had $51.0 million outstanding under the Credit Facility with a weighted average interest rate of approximately 2.99% and remaining borrowing capacity of $99.0 million. The Company was in compliance with its financial covenants under its Credit Facility at December 31, 2016.

Note 6—Stockholders' Equity

Common Stock

The following table provides a reconciliation of the beginning and ending common stock balances for the years ended December 31, 2016 and 2015 and for the period March 28, 2014 (inception) through December 31, 2014:

	For the Year Ended December 31,		For the Period March 28, 2014 (inception) through December 31,
	2016	2015	2014
Balance, beginning of period	7,596,940	200,000	—
Issuance of common stock	5,175,000	7,311,183	200,000
Restricted stock issued	216,542	85,757	—
Balance, end of period	12,988,482	7,596,940	200,000

Equity Offerings

In April 2016, the Company completed a follow-on public offering of 5,175,000 shares of its common stock, including 675,000 shares of common stock issued in connection with the exercise in full of the underwriters' option to purchase additional shares, and received net proceeds of approximately $86.1 million.

On May 27, 2015, the Company completed its initial public offering of 7,187,500 shares of its common stock, including 937,500 shares of common stock issued in connection with the exercise in full of the underwriters' option to purchase additional shares, and received net proceeds, after underwriters' discount and other expenses of approximately $125.2 million. Concurrently, the Company issued 123,683 shares of common stock in concurrent private placements to certain directors and officers of the Company and received approximately $2.3 million in net proceeds.

On March 31, 2014, the Company issued 200,000 shares of common stock to its officers as founder's shares in connection with the formation of the Company.

Universal Shelf S-3 Registration Statement

On September 13, 2016, the Company filed a registration statement on Form S-3 that will allow us to offer debt or equity securities (or a combination thereof) of up to $750.0 million from time to time. The S-3 registration statement was declared effective as of September 26, 2016.

Dividends Declared

During 2016, the Company declared and paid dividends totaling $1.525 per common share as shown in the table below.

Declaration Date	Record Date	Date Paid	Amount Per Share
February 8, 2016	February 19, 2016	March 4, 2016	$0.3775
May 2, 2016	May 20, 2016	June 3, 2016	$0.3800
August 4, 2016	August 19, 2016	September 2, 2016	$0.3825
November 1, 2016	November 18, 2016	December 2, 2016	$0.3850

During 2015, the Company declared and paid dividends totaling $0.517 per common share.

Note 7—Income (Loss) Per Common Share

The following table sets forth the computation of basic and diluted income (loss) per common share.

	Year Ended December 31,		For the Period March 28, 2014 (inception) through December 31,
	2016	**2015**	**2014**
(Dollars in thousands, except per share data)			
Net income (loss)	$ 2,721	$ (1,456)	$ —
Weighted Average Common Shares Outstanding			
Weighted average Common Shares outstanding	11,478,883	4,778,144	200,000
Unvested restricted stock	(240,446)	(51,219)	—
Weighted average Common Shares outstanding–Basic	11,238,437	4,726,925	200,000
Weighted average Common Shares–Basic	11,238,437	4,726,925	200,000
Dilutive effect of restricted stock	81,068	—	—
Weighted average Common Shares outstanding –Diluted	11,319,505	4,726,925	200,000
Basic Income (Loss) per Common Share	$ 0.24	$ (0.31)	$ —
Diluted Income (Loss) per Common Share	$ 0.24	$ (0.31)	$ —

The dilutive effect of 9,927 shares of restricted common stock were excluded from the calculation of diluted loss per common share for the year ended December 31, 2015, because the effect was anti-dilutive due to the net loss incurred during the period.

Note 8—Incentive Plan

2014 Incentive Plan

The 2014 Incentive Plan (the "Incentive Plan") authorizes the Company to issue 525,782 shares of common stock (the "Plan Pool") to its employees and directors, as well as grant awards in the form of cash. The Incentive Plan will continue until terminated by the Company's Board of Directors. As of December 31, 2016 and 2015, the Company had issued a total of 302,299 and 85,757 restricted shares, respectively, under the Incentive Plan for compensation-related awards to its employees and directors, with 223,483 and 440,025 authorized shares, respectively, remaining which had not been issued. Shares issued under the Incentive Plan are generally subject to long-term, fixed vesting periods of three to eight years. If an employee or director voluntarily terminates his or her relationship with the Company or is terminated for cause before the end of the vesting period, the shares are forfeited, at no cost to the Company. Once the shares have been granted, the recipient of the shares has the right to receive dividends and the right to vote the shares.

Restated Alignment Program

On November 1, 2016, the Company's Board of Directors approved and adopted the Amended and Restated Alignment of Interest Program (the “Restated Alignment Program”). The principal change in the Restated Alignment Program was to reserve 500,000 shares of the Company’s common stock to be issued under this program (the “Program Pool”) as Acquisition Shares (as defined below). Previously, shares of restricted common stock of the Company issued to employees under the Restated Alignment Program in exchange for such employee’s cash compensation (“Acquisition Shares”) were issued from the Plan Pool created and reserved for issuance under the 2014 Incentive Plan. The Restated Alignment Program now requires that Acquisition Shares be issued from the Program Pool rather than from the Plan Pool. As of December 31, 2016, no Program Pool shares had been issued.

The Company's Restated Alignment Program is designed to provide the Company's employees and directors with an incentive to remain with the Company and to incentivize long-term growth and profitability. Under the Restated Alignment Program, employees may elect to defer up to 100% of their base salary and directors may elect to defer up to 100% of their director fees, subject to the Incentive Plan's long-term, fixed vesting periods. The number of shares granted will be increased through a Company match depending on the length of the vesting period selected by the employee or director. Employees may select vesting periods of 3 years, 5 years, or 8 years, with a 30%, 50%, and 100% Company match, respectively. Directors may select vesting periods of 1 year, 2 years, or 3 years, with a 20%, 40%, or 60% Company match, respectively.

During 2016 and 2015, the Company granted a total of 117,714 shares and 69,125 shares of restricted common stock, respectively, to its employees, in lieu of salary and including the Company match, that will cliff vest in eight years. During 2016, the Company granted a total of 77,404 shares of restricted stock to its employees, in lieu of a cash bonus and including the Company match, that will cliff vest in eight years. During 2016 and 2015, the Company also granted its directors 10,940 shares and 5,264 shares of restricted common stock, respectively, following its annual shareholder meeting in 2016 and upon completion of the initial public offering in 2015 and granted a total of 10,484 shares and 11,368 shares of restricted common stock, respectively, to its directors, in lieu of director fees and including the Company match which will cliff vest in three years. Compensation expense recognized during the years ended December 31, 2016 and 2015 from the amortization of the value of shares over the vesting period was approximately $0.7 million and $0.2 million, respectively.

Officer Incentive Programs

The Company has an Amended and Restated Executive Officer Incentive Program and a Non-Executive Officer Incentive Program (the "Officer Incentive Programs") under the Incentive Plan which are designed to provide incentives to the Company's officers that are designed to reward its officers for individual, as well as Company performance in the form of cash or restricted stock. Company performance will be based on performance targets, which may include targets such as funds from operations ("FFO"), dividend payout percentages, as well as the Company's relative total stockholder return performance over one-year and three-year periods, measured against the

Company's peer group, as determined by the Company's Board of Directors each year. The officers may elect, in the year prior to an award, to receive awards under the Officer Incentive Programs in cash or restricted stock, as allowed within the applicable Officer Incentive Programs, as well as a vesting period as discussed under the Restated Alignment Program. As of December 31, 2016, no awards had been issued under the Officer Incentive Programs.

Summary

A summary of the activity under the Incentive Plan and related information for the year ended December 31, 2016 and 2015 is included in the table below. No shares were issued under the Incentive Plan during 2014.

	Year Ended December 31,	
	2016	**2015**
Stock-based awards, beginning of year	85,757	—
Stock in lieu of compensation	104,112	41,669
Stock awards	112,430	44,088
Total Granted	216,542	85,757
Stock-based awards, end of year	302,299	85,757
Weighted average grant date fair value of:		
Stock-based awards, beginning of year	$ 19.65	$ —
Stock-based awards granted during the year	$ 19.25	$ 19.65
Stock-based awards, end of year	$ 19.36	$ 19.65
Grant date fair value of shares granted during the year	$ 4,167,631	$ 1,685,125

The vesting periods for the non-vested shares granted during 2016 ranged from three to eight years with a weighted-average amortization period remaining as of December 31, 2016 of approximately 6.8 years.

Note 9—Other Assets

Other assets consists primarily of accounts receivable, straight-line rent receivables, prepaid assets, deferred financing costs, and above-market intangible assets. Items included in "Other assets, net" on the Company's Consolidated Balance Sheets as of December 31, 2016 and 2015 are detailed in the table below.

	December 31,	
(Dollars in thousands)	**2016**	**2015**
Accounts receivable	$ 2,472	$ 995
Straight-line rent receivables	744	133
Allowance for doubtful accounts	(154)	(71)
Prepaid assets	260	227
Deferred financing costs, net	1,010	706
Above-market intangible assets, net	25	50
Other	486	84
	$ 4,843	$ 2,124

Note 10—Intangible Assets and Liabilities

The Company has deferred financings costs and various real estate acquisition lease intangibles included in its Consolidated Balance Sheets as of December 31, 2016 and 2015 as detailed in the table below.

	Gross Balance at December 31,		Accumulated Amortization at December 31,		Weighted Average	
(Dollars in thousands)	**2016**	**2015**	**2016**	**2015**	**Remaining Life (Years)**	**Balance Sheet Classification**
Deferred financing costs	$ 1,508	$ 873	$ 498	$ 167	2.6	Other assets
Above-market lease intangibles	91	65	66	15	1.0	Other assets
Below-market lease intangibles	(1,280)	(357)	(167)	(32)	7.2	Other liabilities
At-market lease intangibles	35,368	21,406	12,394	3,724	3.9	Real estate properties
	35,687	21,987	12,791	3,874	4.0	

Expected future amortization, net, for the next five years of the Company's intangible assets and liabilities, in place as of December 31, 2016 are included in the table below.

(in thousands)	**Amortization, net**
2017	$ 8,928
2018	6,198
2019	3,926
2020	2,308
2021	1,458

Note 11—Commitments and Contingencies

Tenant Improvements

The Company may provide tenant improvement allowances in new or renewal leases for the purpose of refurbishing or renovating tenant space. The Company may also assume tenant improvement obligations included in leases acquired in its real estate acquisitions. During 2015, the Company assumed $0.3 million in tenant improvement allowances relating to two tenants whose leases expire in 2018 and 2020. Also, at December 31, 2016, the Company had commitments of approximately $9,000 for other tenant improvements.

Capital Improvements

The Company has entered into contracts with various vendors for various capital improvement projects related to its portfolio. Some of these expenditures will be subsequently billed and reimbursed by tenants as provided for in their leases with the Company. As of December 31, 2016, the Company had commitments of approximately $96,000 that are expected to be spent on these capital improvement projects.

Legal Proceedings

The Company is not aware of any pending or threatened litigation that, if resolved against the Company, would have a material adverse effect on the Company's Consolidated Financial Statements.

Note 12—Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables and payables are a reasonable estimate of their fair value as of December 31, 2016 and 2015 due to their short-term nature. The carrying amount of the Company's revolving credit facility estimates its fair value as of December 31, 2016 and 2015 as its interest rate varies with the market.

The Company had one mortgage note receivable outstanding at December 31, 2016 and 2015 with a fixed interest rate of 9.5% per annum. The Company calculated the estimated fair value of its mortgage note based on an assumed market rate of interest or at a rate consistent with the rates on mortgage notes acquired by the Company recently. The principal value of the Company's mortgage note receivable at December 31, 2016 and 2015 was approximately $10.9 million and $11.0 million, respectively, and its estimated fair value was approximately $10.9 million and $11.0 million, respectively, using level 2 inputs.

Note 13—Other Data

Taxable Income (unaudited)

The Company has elected to be taxed as a REIT, as defined under the Code. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement that it currently distribute at least 90% of its taxable income to its stockholders. We have also elected for one subsidiary to be treated as a TRS, which is subject to federal and state income taxes. All entities other than the TRS are collectively referred to as "the REIT" within this Note 13.

The REIT generally will not be subject to federal income tax on taxable income it distributes currently to its stockholders. Accordingly, no provision for federal income taxes for the REIT has been made in the accompanying Consolidated Financial Statements. If the REIT fails to qualify as a REIT for any taxable year, then it will be subject to federal income taxes at regular corporate rates, including any applicable alternative minimum tax, and may not be able to qualify as a REIT for four subsequent taxable years. Even if the REIT continues to qualify as a REIT, it may be subject to certain state and local taxes on its income and property and to federal income and excise tax on its undistributed taxable income.

The Company's provision for income taxes is as follows for the years ended December 31, 2016 and 2015. There were no operations, and therefore, no income taxes prior to 2015:

	Year Ended December 31,	
(Dollars in thousands)	**2016**	**2015**
Current	$ 21	$ —
Deferred	(10)	10
Total	$ 11	$ 10

The provisions for income taxes for the years ended December 31, 2016 and 2015 primarily relate to temporary differences between the bases of assets of the Company's TRS for financial reporting purposes and the bases of those assets for income tax purposes. The expense provided is included in general and administrative expense on the Company's Consolidated Statements of Comprehensive Income (Loss).

On a tax-basis, the Company’s gross real estate assets totaled approximately $252.7 million and $133.0 million, respectively, as of December 31, 2016 and 2015 (unaudited).

The following table reconciles the Company's net income (loss) to taxable income for the years ended December 31, 2016 and 2015. There were no operations in 2014.

	Year Ended December 31,	
(Dollars in thousands)	**2016**	**2015**
Net income (loss)	$ 2,721	$ (1,456)
Reconciling items to taxable income:		
Depreciation and amortization	8,863	3,806
Straight-line rent	(606)	(133)
Receivable allowance	83	71
Stock-based compensation	285	121
Deferred rent	249	529
Contingent liability fair value adjustments	(1,278)	—
Other	94	(86)
	7,690	4,308
Taxable income [1]	$ 10,411	$ 2,852
Dividends paid [2]	$ 17,393	$ 3,883

[1] Before REIT dividends paid deduction.

[2] Net of dividends paid on restricted stock included as a reconciling item.

Characterization of Distributions (unaudited)

Earnings and profits (as defined under the Internal Revenue Code), the current and accumulated amounts of which determine the taxability of distributions to stockholders, vary from net income attributable to common stockholders and taxable income because of different depreciation recovery periods, depreciation methods, and other items. Distributions in excess of earnings and profits generally constitute a return of capital. The following table shows the characterization of the distributions on the Company's common stock for the years ended December 31, 2016 and 2015. The Company did not have any operations prior to its initial public offering completed on May 27, 2015 and did not pay dividends for any period beginning prior to its initial public offering. Also, no preferred shares have been issued by the Company. As such, no dividends have been paid to date relating to preferred shares.

	2016		2015	
	Per Share	**%**	**Per Share**	**%**
Common stock:				
Ordinary income	$ 1.036	68.0%	$ 0.396	76.6%
Return of capital	0.489	32.0%	0.121	23.4%
Common stock distributions	$ 1.525	100.0%	$ 0.517	100.0%

Note 14—Related Party Transactions

2015 Concurrent Private Placements

Concurrently with the completion of the Company's initial public offering in May 2015, Timothy G. Wallace, our Chairman, Chief Executive Officer and President, and certain of our officers and directors acquired common stock through concurrent private placements at a price per share equal to the initial public offering price. See Note 6 for further details.

2015 Reimbursement of Costs to Athena Funding Partners

AFP, which is substantially owned and controlled by Timothy G. Wallace, the Company's Chairman, Chief Executive Officer and President, advanced or incurred on the Company's behalf costs related to the activities prior to the Company's initial public offering in 2015, including the Company's organization, negotiating the property acquisitions, performing due diligence related to the initial properties, performing corporate work in contemplation of the offering and preparing the prospectus. Costs incurred included expenses such as legal and accounting fees, certain costs related to performing property due diligence, certain property related costs, travel, overhead, office supplies and office rent.

On April 1, 2014, the Company entered into a formation services agreement with AFP pursuant to which the Company agreed to reimburse the actual costs incurred by AFP only upon the successful completion of the initial public offering. The Company reimbursed AFP approximately $0.4 million during 2015. AFP will receive no further compensation for providing such services and funding such costs.

Note 15—Subsequent Events

Real Estate Investments

From January 1, 2017 through February 23, 2017, the Company acquired two real estate properties totaling approximately 48,800 square feet for a purchase price of approximately $7.9 million, including cash consideration of approximately $7.8 million. Upon acquisition, the properties were approximately 94% leased with lease expirations through 2022. These acquisitions were funded with proceeds from the Credit Facility.

Dividend Declared

On February 2, 2017, the Company's Board of Directors declared a quarterly common stock dividend in the amount of $0.3875 per share. The dividend is payable on March 3, 2017 to stockholders of record on February 17, 2017.

Restricted Stock Issuances

On January 13, 2017, pursuant to the 2014 Incentive Plan and the Restated Alignment Program, the Company granted 116,771 shares of restricted common stock to its employees, in lieu of salary, that will cliff vest in five to eight years. Of the shares granted, 59,285 shares of restricted stock were granted in lieu of compensation from the Program Pool and 57,486 shares of restricted stock were awards granted from the Plan Pool.

Note 16—Selected Quarterly Financial Data (unaudited)

Quarterly financial information for the years ended December 31, 2016 and 2015 is summarized below. The Company completed its initial public offering on May 27, 2015. There were no operations for the Company prior to its initial public offering.

	Quarter Ended			
(Dollars in thousands, except per share data)	**March 31**	**June 30**	**September 30**	**December 31**
2016				
Revenues	$ 5,166	$ 6,196	$ 6,443	$ 7,392
Expenses [1]	4,670	5,485	5,203	5,970
Other income (expense)	(380)	(203)	(176)	(389)
Net income	$ 116	$ 508	$ 1,064	$ 1,033
Net income per basic common share	$ 0.02	$ 0.04	$ 0.08	$ 0.08
Net income per diluted common share	$ 0.02	$ 0.04	$ 0.08	$ 0.08

[1] Expenses include approximately $0.8 million related to the acquisition of 14 properties accounted for as business combinations.

	Quarter Ended			
(Dollars in thousands, except per share data)	**March 31**	**June 30**	**September 30**	**December 31**
2015				
Revenues	$ —	$ 836	$ 3,240	$ 4,556
Expenses [1]	—	2,318	3,185	4,256
Other income (expense)	—	(27)	(122)	(179)
Net income (loss)	$ —	$ (1,509)	$ (67)	$ 121
Net income (loss) per basic common share	$ —	$ (0.42)	$ (0.01)	$ 0.02
Net income (loss) per diluted common share	$ —	$ (0.42)	$ (0.01)	$ 0.02

[1] Expenses include approximately $1.6 million related to the Company's initial public offering and acquisition of 32 properties accounted for as business combinations.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that the information required to be disclosed is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow for timely decisions regarding required disclosure.

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act) as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act.

Limitations on the Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Changes in Internal Control over Financial Reporting

There have been no changes in our system of internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

The management of Community Healthcare Trust Incorporated is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15 (f) and 15d-15(f) under the Securities Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. The Company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the

financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2016 using the principles and other criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013). Based on that assessment, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2016.

Attestation Report of Independent Registered Public Accounting Firm

Not applicable.

ITEM 9B. OTHER INFORMATION

None.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item will be contained in the Company's Definitive Proxy Statement for its 2017 Annual Stockholders Meeting, to be filed with the SEC within 120 days after December 31, 2016, and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item will be contained in the Company's Definitive Proxy Statement for its 2017 Annual Stockholders Meeting, to be filed with the SEC within 120 days after December 31, 2016, and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item will be contained in the Company's Definitive Proxy Statement for its 2017 Annual Stockholders Meeting, to be filed with the SEC within 120 days after December 31, 2016, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this items will be contained in the Company's Definitive Proxy Statement for its 2017 Annual Stockholders Meeting, to be filed with the SEC within 120 days after December 31, 2016, and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this items will be contained in the Company's Definitive Proxy Statement for its 2017 Annual Stockholders Meeting, to be filed with the SEC within 120 days after December 31, 2016, and is incorporated herein by reference.

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents of Community Healthcare Trust Incorporated are included in this Annual Report on Form 10-K.

(a) Financial Statements:	
Report of Independent Registered Public Accounting Firm	
Consolidated Balance Sheets at December 31, 2016 and 2015	
Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2016 and 2015 and for the period from March 28, 2014 (inception) through December 31, 2014	
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2016 and 2015 and for the period from March 28, 2014 (inception) through December 31, 2014	
Consolidated Statements of Cash Flows for the years ended December 31, 2016 and 2015 and for the period from March 28, 2014 (inception) through December 31, 2014	
Notes to the Consolidated Financial Statements	

(b) Financial Statement Schedules:	
Schedule II - Valuation and Qualifying Accounts for the years ended December 31, 2016 and 2015 and for the period from March 28, 2014 (inception) through December 31, 2014	92
Schedule III - Real Estate and Accumulated Depreciation as of December 31, 2016	93
Schedule IV - Mortgage Loans on Real Estate as of December 31, 2016	95

All other schedules are omitted because they are either not applicable, not required or because the information is included in the Consolidated Financial Statements or notes included in this Annual Report on Form 10-K.

c) Exhibits

Exhibit Number	Description
1.1	Underwriting Agreement, dated as of April 6, 2016, among the Company, Community Healthcare OP, LP, Sandler O'Neill & Partners, L.P., Evercore Group L.L.C., SunTrust Robinson Humphrey, Inc., and each of the Underwriters party thereto. (1)
3.1	Corporate Charter of Community Healthcare Trust Incorporated, as amended (2)
3.2	Bylaws of Community Healthcare Trust Incorporated, as amended (3)
4.1	Form of Certificate of Common Stock of Community Healthcare Trust Incorporated (4)
10.1	Agreement of Limited Partnership of Community Healthcare OP, LP(5)
10.2	Form of Indemnification Agreement(6)
10.3 †	Community Healthcare Trust Incorporated 2014 Incentive Plan, as amended(7)
10.4 †	Amended and Restated Community Healthcare Trust Incorporated Alignment of Interest Program(8)
10.5 †	Amended and Restated Community Healthcare Trust Incorporated Executive Officer Incentive Program(9)
10.6 †	Employment Agreement between Community Healthcare Trust Incorporated and Timothy G. Wallace(10)
10.7 †	First Amendment to Employment Agreement between Community Healthcare Trust Incorporated and Timothy G. Wallace(11)
10.8 †	Employment Agreement between Community Healthcare Trust Incorporated and W. Page Barnes(12)
10.9 †	First Amendment to Employment Agreement between Community Healthcare Trust Incorporated and W. Page Barnes(13)
10.10 †	Employment Agreement between Community Healthcare Trust Incorporated and Leigh Ann Stach(14)
10.11 †	First Amendment to Employment Agreement between Community Healthcare Trust Incorporated and Leigh Ann Stach(15)
10.12	Form of Restricted Stock Agreement(16)
10.13	Form of Officer Compensation Reduction Election Form(17)
10.14	Form of Director Compensation Reduction Election Form(18)
10.15	Amended and Restated Credit agreement dated as of August 10, 2016, by and among Community Healthcare OP, LP, the Company, the Lenders from time to time party hereto, and SunTrust Bank, as Administrative Agent.(19)
21 *	Subsidiaries of the Registrant
23 *	Consent of BDO USA, LLP, independent registered public accounting firm
31.1 *	Certification of the Chief Executive Officer of Community Healthcare Trust Incorporated pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Rule 302 of the Sarbanes-Oxley Act of 2002
31.2 *	Certification of the Chief Financial Officer of Community Healthcare Trust Incorporated pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Rule 302 of the Sarbanes-Oxley Act of 2002
32.1 **	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS *	XBRL Instance Document
101.SCH *	XBRL Taxonomy Extension Schema Document
101.CAL *	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB *	XBRL Taxonomy Extension Labels Linkbase Document
101.DEF *	XBRL Taxonomy Extension Definition Linkbase Document
101.PRE *	XBRL Taxonomy Extension Presentation Linkbase Document

(1) Filed as Exhibit 1.1 to the Form 8-K of the Company filed with the Securities and Exchange Commission on April 12, 2016 (File No. 001-37401) and incorporated herein by reference.

(2) Filed as Exhibit 3.1 to Amendment No. 2 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on May 6, 2015 (Registration No. 333-203210) and incorporated herein by reference.

(3) Filed as Exhibit 3.2 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on April 2, 2015 (Registration No. 333-203210) and incorporated herein by reference.
(4) Filed as Exhibit 4.1 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on April 2, 2015 (Registration No. 333-203210) and incorporated herein by reference.
(5) Filed as Exhibit 10.1 to Amendment No. 1 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on April 28, 2015 (Registration No. 333-203210) and incorporated herein by reference.
(6) Filed as Exhibit 10.2 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on April 2, 2015 (Registration No. 333-203210) and incorporated herein by reference.
(7) Filed as Exhibit 10.3 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on April 2, 2015 (Registration No. 333-203210), and, as to Amendment No. 1 to the plan, as Exhibit 10.12 to Amendment No. 2 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on May 6, 2015 (Registration No. 333-203210), each of which is incorporated herein by reference.
(8) Filed as Exhibit 4.5 to the Registration Statement on Form S-8 of the Company filed with the Securities and Exchange Commission on December 7, 2016 (Registration Statement No. 333-214951) and incorporated herein by reference.
(9) Filed as Exhibit 10.2 to the Form 8-K of the Company filed with the Securities and Exchange Commission on November 4, 2016 (File No. 001-37401) and incorporated herein by reference.
(10) Filed as Exhibit 10.6 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on April 2, 2015 (Registration No. 333-203210) and incorporated herein by reference.
(11) Filed as Exhibit 10.1 to the Form 8-K of the Company filed with the Securities and Exchange Commission on January 18, 2017 (File No. 001-37401) and incorporated herein by reference.
(12) Filed as Exhibit 10.7 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on April 2, 2015 (Registration No. 333-203210) and incorporated herein by reference.
(13) Filed as Exhibit 10.2 to the Form 8-K of the Company filed with the Securities and Exchange Commission on January 18, 2017 (File No. 001-37401) and incorporated herein by reference.
(14) Filed as Exhibit 10.8 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on April 2, 2015 (Registration No. 333-203210) and incorporated herein by reference.
(15) Filed as Exhibit 10.3 to the Form 8-K of the Company filed with the Securities and Exchange Commission on January 18, 2017 (File No. 001-37401) and incorporated herein by reference.
(16) Filed as Exhibit 10.9 to Amendment No. 1 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on April 28, 2015 (Registration No. 333-203210) and incorporated herein by reference.
(17) Filed as Exhibit 10.10 to Amendment No. 1 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on April 28, 2015 (Registration No. 333-203210) and incorporated herein by reference.
(18) Filed as Exhibit 10.11 to Amendment No. 1 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on April 28, 2015 (Registration No. 333-203210) and incorporated herein by reference.
(19) Filed as Exhibit 10.1 to the Form 10-Q of the Company filed with the Securities and Exchange Commission on November 10, 2016 (File No. 001-37401) and incorporated herein by reference.

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* Filed herewith.
** Furnished herewith.
† Denotes executive compensation plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Franklin, State of Tennessee, on February 23, 2017.

Date: February 23, 2017

COMMUNITY HEALTHCARE TRUST INCORPORATED

By: /s/ Timothy G. Wallace

Timothy G. Wallace
Chairman of the Board and Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed by the following persons on behalf of the Company and in the capacities and on the date indicated.

Signature	Title	Date
/s/ Timothy G. Wallace Timothy G. Wallace	Chairman of the Board and Chief Executive Officer and President (Principal Executive Officer)	February 23, 2017
/s/ W. Page Barnes W. Page Barnes	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 23, 2017
/s/ Leigh Ann Stach Leigh Ann Stach	Vice President of Financial Reporting and Chief Accounting Officer (Principal Accounting Officer)	February 23, 2017
/s/ Alan Gardner Alan Gardner	Director	February 23, 2017
/s/ Robert Hensley Robert Hensley	Director	February 23, 2017
/s/ Alfred Lumsdaine Alfred Lumsdaine	Director	February 23, 2017
/s/ R. Lawrence Van Horn Lawrence Van Horn	Director	February 23, 2017

Schedule II - Valuation and Qualifying Accounts for the years ended December 31, 2016 and 2015 and for the period from March 28, 2014 (inception) through December 31, 2014
(Dollars in thousands)

	Description	Balance at Beginning of Period	Additions		Uncollectible Accounts Written-off	Balance at End of Period
			Charged to Costs and Expenses	Charged to Other Accounts		
2016	Accounts receivable allowance	$ 71	$ 155	$ —	$ (72)	$ 154
2015	Accounts receivable allowance	$ —	$ 71	$ —	$ —	$ 71
2014	Accounts receivable allowance	$ —	$ —	$ —	$ —	$ —

Schedule III - Real Estate and Accumulated Depreciation at December 31, 2016

(Dollars in thousands)

			Land and Land Improvements			Buildings, Improvements, and Lease Intangibles								
Property Type	Number of Properties	State	Initial Investment	Costs Capitalized Subsequent to Acquisition	Total	Initial Investment	Costs Capitalized Subsequent to Acquisition	Total	Personal Property	Total Property (1)	Accumulated Depreciation (2)	Encumbrances	Date Acquired	Original Date Constructed
Medical office buildings	19	AL, FL, GA, IL, IA, KS, KY, NY, OH, TX	$ 15,529	$ 185	$ 15,714	$ 92,505	$ 1,088	$ 93,593	$ —	$ 109,307	$ 8,685	$ —	2015, 2016	1975-2009
Physician clinics	14	AL, AZ, FL, KS, OH, PA, TN, TX, VA, WI	4,148	—	4,148	33,546	330	33,876	—	38,024	3,259	—	2015, 2016	1945-2009
Surgical centers and hospitals (3)	11	AZ, CO, IL, LA, MI, OH, PA, SC, TX	6,535	7	6,542	51,272	131	51,403	—	57,945	3,732	—	2015, 2016	1979-2004
Specialty centers (4)	11	AL, CO, GA, KY, NC, OH, OK, TN, TX	1,910	—	1,910	21,164	133	21,297	—	23,207	2,341	—	2015, 2016	1956-2013
Behavioral facilities	2	IL, IN	1,570	—	1,570	21,451	3	21,454	—	23,024	352	—	2015, 2016	1920-2001
Total Real Estate	57		29,692	192	29,884	219,938	1,685	221,623	—	251,507	18,369	—		
Corporate property	—		—	—	—	700	432	1,132	97	1,229	35	—		
Total Properties	57		$ 29,692	$ 192	$ 29,884	$ 220,638	$ 2,117	$ 222,755	$ 97	$ 252,736	$ 18,404	$ —		

(1) Total properties as of December 31, 2016 have an estimated aggregate total cost of $252.7 million (unaudited) for federal income tax purposes.
(2) Depreciation is provided for on a straight-line basis on land improvements over 3 years to 15 years, buildings and improvements over 2.3 years to 40.0 years, lease intangibles over 1.2 years to 13.7 years, and personal property over 3.0 years to 10.0 years.
(3) Previously called "Ambulatory surgery centers." Renamed and now includes surgical hospitals.
(4) Combined Dialysis clinics and Oncology centers and renamed as "Specialty centers." Also, includes plasma collection centers.

5) A reconciliation of Total Property and Accumulated Depreciation for the years ended December 31, 2016 and 2015 and for the period from March 28, 2014 (inception) through December 31, 2014 is provided below.

	Year Ended December 31, 2016		Year Ended December 31, 2015		Period from March 28, 2014 (inception) through December 31, 2014	
(Dollars in thousands)	Total Property	Accumulated Depreciation	Total Property	Accumulated Depreciation	Total Property	Accumulated Depreciation
Beginning Balance	$ 132,967	$ 5,203	$ —	$ —	$ —	$ —
Additions during the period:						
Acquisitions	118,190	13,091	132,140	5,203	—	—
Other improvements	1,579	110	827	—	—	—
Retirements/dispositions:						
Real estate	—	—	—	—	—	—
Ending Balance	$ 252,736	$ 18,404	$ 132,967	$ 5,203	$ —	$ —

Schedule IV - Mortgage Loans on Real Estate as of December 31, 2016

(Dollars in thousands)

Description of Collateral	Interest Rate	Maturity Date	Periodic Payment Terms	Original Face Amount	Carrying Amount (2) (3)	Balloon
Long-term care acute care facility in Louisiana	9.5%	9/30/2026	(1)	$ 11,000	$ 10,786	$ 5,500
Total Mortgage Loans					$ 10,786	

(1) Was interest only until September 30, 2016. Thereafter, principal and interest payments are due monthly through the maturity date with a balloon payment due at maturity.
(2) Includes deferred loan and commitment fees of approximately $0.1 million.
(3) A rollforward of Mortgage loans on real estate for the years ended December 31, 2016 and 2015 and for the period from March 28, 2014 (inception) through December 31, 2014 is provided below.

	Year Ended December 31, 2016	Year Ended December 31, 2015	For the period March 28, 2014 (inception) through December 31, 2014
Balance at beginning of period	$ 10,897	$ —	$ —
Additions during the period:			
New or acquired mortgages, net	12,406	10,863	—
Amortization of loan and commitment fees	75	34	—
	12,481	10,897	—
Deductions during the period:			
Conversion upon acquisition [a]	(12,500)	—	—
Scheduled principal payments	(92)	—	—
	(12,592)	—	—
Balance at end of period [b]	$ 10,786	$ 10,897	$ —

(a) Conversion of a $12.5 million mortgage note upon the acquisition of the property that secured the note on May 23, 2016.
(b) Total mortgage loans as of December 31, 2016 had an aggregate total cost of $10.9 million (unaudited) for federal income tax purposes.

Exhibit 21

Subsidiaries of the Registrant

Subsidiary	State of Incorporation
Community Healthcare Trust Incorporated	Maryland
Community Healthcare Trust, LLC	Delaware
Community Healthcare OP, LP	Delaware
Community Healthcare Trust Services, Inc.	Tennessee
CHCT Alabama, LLC	Delaware
CHCT Arizona, LLC	Delaware
CHCT Colorado, LLC	Delaware
CHCT Florida, LLC	Delaware
CHCT Georgia, LLC	Delaware
CHCT Idaho, LLC	Delaware
CHCT Illinois, LLC	Delaware
CHCT Indiana, LLC	Delaware
CHCT Iowa, LLC	Delaware
CHCT Kansas, LLC	Delaware
CHCT Kentucky, LLC	Delaware
CHCT Lending, LLC	Delaware
CHCT Louisiana, LLC	Delaware
CHCT Maryland, LLC	Delaware
CHCT Michigan, LLC	Delaware
CHCT Mississippi, LLC	Delaware
CHCT New Jersey, LLC	Delaware
CHCT New York, LLC	Delaware
CHCT North Carolina, LLC	Delaware
CHCT Ohio, LLC	Delaware
CHCT Pennsylvania, LLC	Delaware
CHCT South Carolina, LLC	Delaware
CHCT Tennessee, LLC	Delaware
CHCT Texas, LLC	Delaware
CHCT Virginia, LLC	Delaware
CHCT Wisconsin, LLC	Delaware

Exhibit 23

Consent of Independent Registered Public Accounting Firm

Community Healthcare Trust Incorporated
Franklin, Tennessee

We hereby consent to the incorporation by reference in the Registration Statements on Form S--3 (No. 333-213614) and Form S-8 (No. 333-214951 and 333-206286) of Community Healthcare Trust Incorporated of our report dated February 23, 2017, relating to the consolidated financial statements and financial statement schedules, which appears in this Form 10-K.

/s/ BDO USA, LLP

Nashville, Tennessee
February 23, 2017

Exhibit 31.1

Community Healthcare Trust Incorporated
Annual Certification
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Timothy G. Wallace, certify that:

1. I have reviewed this Annual Report on Form 10-K of Community Healthcare Trust Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report, any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2017

/s/ Timothy G. Wallace

Timothy G. Wallace
Chief Executive Officer and President

Community Healthcare Trust Incorporated
Annual Certification
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, W. Page Barnes, certify that:

1. I have reviewed this Annual Report on Form 10-K of Community Healthcare Trust Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report, any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2017

/s/ W. Page Barnes

W. Page Barnes

Executive Vice President and Chief Financial Officer

Exhibit 32.1

Community Healthcare Trust Incorporated
Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of Community Healthcare Trust Incorporated (the "Company") for the period ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Timothy G. Wallace, Chief Executive Officer and President of the Company, and I, W. Page Barnes, Executive Vice President and Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 23, 2017

/s/ Timothy G. Wallace

Timothy G. Wallace
Chief Executive Officer and President

/s/ W. Page Barnes

W. Page Barnes
Executive Vice President and Chief Financial Officer

SHAREHOLDER INFORMATION

CORPORATE ADDRESS
Community Healthcare Trust Incorporated
3326 Aspen Grove Drive, Suite 150
Franklin, Tennessee 37067
(615) 771-3052
Email: Investorrelations@chct.reit
Website: www.chct.reit

STOCK EXCHANGE INFORMATION
The Common Stock of the Company is listed on the New York Stock Exchange under the symbol "CHCT".

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
BDO USA, LLP
414 Union Street, Suite 1800
Nashville, Tennessee 37219

BOARD OF DIRECTORS
Timothy G. Wallace
Chairman of the Board
Chief Executive Officer and
President of Community Healthcare Trust Incorporated

Alan Gardner
Lead Independent Director
Retired
Former Senior Relationship Manager
in healthcare corporate banking
at Wells Fargo

Robert Hensley
Audit Committee Chair
Senior Advisor at Alvarez and Marsal, LLC

Alfred Lumsdaine
Compensation Committee Chair
President of Population Health at Sharecare

R. Lawrence Van Horn
Corporate Governance Committee Chair
Associate Professor of Economics and Management and
Executive Director of Health Affairs
at Vanderbilt University Owen Graduate School
of Management

TRANSFER AGENT
American Stock Transfer & Trust Company, LLC
Operations Center
6201 15th Avenue
Brooklyn, NY 11219
1-800-937-5449

ANNUAL SHAREHOLDERS MEETING
The Annual Meeting of the Shareholders will be held at 8:00 a.m., May 30, 2017, at the Company's corporate offices in Franklin, Tennessee.

MANAGEMENT TEAM
Timothy G. Wallace
Chief Executive Officer and President

W. Page Barnes
Executive Vice President and Chief Financial Officer

Leigh Ann Stach
Vice President, Financial Reporting and Chief Accounting Officer

Steve Harrison
Managing Director, Business Development

Roland H. Hart
Vice President, Asset Management

Michael Willman
Vice President, Real Estate