Community Healthcare Trust Inc
Form 10-Q
November 10, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)

x	QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 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)
Not Applicable
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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 x 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 x No ¨

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 x (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 x

The Registrant had 12,988,482 shares of Common Stock, $0.01 par value per share, outstanding as of November 7, 2016.

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COMMUNITY HEALTHCARE TRUST INCORPORATED
FORM 10-Q
September 30, 2016
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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
COMMUNITY HEALTHCARE TRUST INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share amounts)

	(Unaudited) September 30, 2016	December 31, 2015
ASSETS		
Real estate properties		
Land and land improvements	$ 24,109	$ 13,216
Buildings, improvements, and lease intangibles	182,474	119,716
Personal property	97	35
Total real estate properties	206,680	132,967
Less accumulated depreciation	(14,846)	(5,203)
Total real estate properties, net	191,834	127,764
Cash and cash equivalents	1,742	2,018
Mortgage note receivable, net	10,875	10,897
Other assets, net	4,153	2,124
Total assets	$ 208,604	$ 142,803
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Revolving credit facility	$ 5,000	$ 17,000
Accounts payable and accrued liabilities	2,755	812
Other liabilities	3,095	2,721
Total liabilities	10,850	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 September 30, 2016 and December 31, 2015, respectively	130	76
Additional paid-in capital	214,102	127,578
Cumulative net income (loss)	232	(1,456)
Cumulative dividends	(16,710)	(3,928)
Total stockholders’ equity	197,754	122,270
Total liabilities and stockholders' equity	$ 208,604	$ 142,803

See accompanying notes to the condensed consolidated financial statements.

COMMUNITY HEALTHCARE TRUST INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
REVENUES				
Rental income	$4,985	$2,585	$13,188	$3,314
Tenant reimbursements	1,188	655	3,250	762
Mortgage interest	270	—	1,367	—
	6,443	3,240	17,805	4,076
EXPENSES				
Property operating	963	751	3,240	889
General and administrative	671	223	2,372	1,826
Depreciation and amortization	3,496	2,211	9,643	2,788
Bad debts	73	—	103	—
	5,203	3,185	15,358	5,503
OTHER INCOME (EXPENSE)				
Interest expense	(185)	(140)	(787)	(181)
Interest and other income, net	9	18	28	32
	(176)	(122)	(759)	(149)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$1,064	$(67)	$1,688	$(1,576)
NET INCOME (LOSS) PER COMMON SHARE:				
Net income (loss) per common share – Basic	$0.08	$(0.01)	$0.16	$(0.42)
Net income (loss) per common share – Diluted	$0.08	$(0.01)	$0.16	$(0.42)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING-BASIC	12,686,183	7,511,183	10,752,333	3,788,639
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING-DILUTED	12,750,967	7,511,183	10,802,095	3,788,639
DIVIDENDS DECLARED, PER COMMON SHARE, DURING THE PERIOD	$0.3825	$0.1420	$1.1400	$0.1420

See accompanying notes to the condensed consolidated financial statements.

COMMUNITY HEALTHCARE TRUST INCORPORATED
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS’ EQUITY
(Unaudited)
(dollars in thousands, except per share amounts)

	Preferred Stock	Common Stock	Additional Paid in Capital	Cumulative Net Income (Loss)	Cumulative Dividends	Total Stockholders' Equity
Balance at December 31, 2015	$ —	$ 76	$ 127,578	$ (1,456)	$ (3,928)	$ 122,270
Issuance of common stock, net of issuance costs	—	52	86,073	—	—	86,125
Stock-based compensation	—	2	451	—	—	453
Net income	—	—	—	1,688	—	1,688
Dividends to common stockholders ($1.14 per share)	—	—	—	—	(12,782)	(12,782)
Balance at September 30, 2016	$ —	$ 130	$ 214,102	$ 232	$ (16,710)	$ 197,754

See accompanying notes to the condensed consolidated financial statements.

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

	Nine Months Ended September 30, 2016	2015
OPERATING ACTIVITIES		
Net income (loss)	$1,688	$(1,576)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	9,749	2,874
Stock-based compensation	453	96
Straight-line rent receivable	(405)	(64)
Provision for bad debts, net of recoveries	103	—
Reduction in contingent purchase price	(974)	—
Changes in operating assets and liabilities:		
Other assets	(1,284)	(877)
Accounts payable and accrued liabilities	1,732	561
Other liabilities	(262)	455
Net cash provided by operating activities	10,800	1,469
INVESTING ACTIVITIES		
Acquisitions of real estate	(58,249)	(100,120)
Funding of mortgage notes receivable	(12,406)	(10,862)
Capital expenditures on existing real estate properties	(1,123)	—
Net cash used in investing activities	(71,778)	(110,982)
FINANCING ACTIVITIES		
Net repayments on revolving credit facility	(12,000)	—
Dividends paid	(12,782)	(1,079)
Net proceeds from issuance of common stock	86,805	129,353
Equity issuance costs	(680)	(1,837)
Debt issuance costs	(641)	(873)
Net cash provided by financing activities	60,702	125,564
(Decrease) increase in cash and cash equivalents	$(276)	$16,051
Cash and cash equivalents, beginning of period	2,018	2
Cash and cash equivalents, end of period	$1,742	$16,053
Supplemental Cash Flow Information:		
Interest paid	$504	$—
Invoices accrued for construction, tenant improvement and other capitalized costs	$145	$—
Conversion of mortgage note upon acquisition of real estate property	$12,500	$—

See accompanying notes to the condensed consolidated financial statements.

COMMUNITY HEALTHCARE TRUST INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2016
(Unaudited)

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 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, the Company issued 123,683 shares of common stock for approximately $2.3 million in net proceeds in private placements to certain officers and directors. In April 2016, the Company completed a follow-on 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, after underwriter's discount, of approximately $86.8 million from this follow-on offering.

As of September 30, 2016, the Company had investments of approximately $217.6 million in 52 real estate properties and a mortgage, located in 20 states, totaling approximately 1.1 million square feet in the aggregate.

Basis of Presentation
The Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. They do not include all of the information and footnotes required by GAAP for complete financial statements.

This interim financial information should be read in conjunction with the financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015.

Management believes that all adjustments of a normal, recurring nature considered necessary for a fair presentation have been included. This interim financial information does not necessarily represent or indicate what the operating results will be for the year ending December 31, 2016.

Principles of Consolidation
Our Condensed 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. All material intercompany accounts and transactions 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 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 Condensed Consolidated Financial

Notes to Condensed Consolidated Financial Statements - Continued

Statements. If it is determined that the Company is the primary beneficiary of a VIE, the Company's Condensed 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 Condensed Consolidated Financial Statements and its own internal control over financial reporting.

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

Segment Reporting
The Company acquires and owns 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 accounted for as a business combination under Accounting Standards Codification (“ASC”) Topic 805, Business Combinations ("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.

Depreciation and amortization of real estate assets and liabilities in place as of September 30, 2016, is recognized on a straight-line basis over the estimated useful life of the asset. The estimated useful lives at September 30, 2016 are as follows:

Land improvements	3 years
Buildings	20 - 40 years
Building improvements	3.0 - 39.8 years
Tenant improvements	2.3 - 4.5 years
Lease intangibles	1.2 - 9.3 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 from or an 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.

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

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Notes to Condensed Consolidated Financial Statements - Continued

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 meet the accounting criteria to be accounted for as operating leases. Payments received under operating leases are accounted for in the Condensed Consolidated Statements of Comprehensive Income (Loss) as rental revenue 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 Condensed Consolidated Balance Sheets.

Substantially all 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 that 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 \$172,000 and \$50,000, respectively, for the three months ended September 30, 2016 and 2015 and was approximately \$405,000 and \$64,000, respectively, for the nine months ended September 30, 2016 and 2015.

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.

Income received but not yet earned is deferred until such time it is earned. Deferred revenue, included in other liabilities, was approximately \$0.6 million and \$0.5 million, respectively, at September 30, 2016 and December 31, 2015.

Notes to Condensed Consolidated Financial Statements - Continued

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. At September 30, 2016 and December 31, 2015, the Company had a provision for bad debts of approximately $77,000 and $71,000, respectively.

Mortgage Note Receivable

The Company had one mortgage note receivable outstanding as of September 30, 2016 with a principal balance of $11.0 million, maturing on September 30, 2026. The mortgage note was interest only through September 30, 2016. Thereafter, monthly principal and interest payments are due through the maturity date.

The Company evaluates collectability of its mortgage note and records allowances on the note 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.

The Company may receive loan or commitment fees upon the 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 note, net of the unamortized fees, on its consolidated balance sheet.

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 two distinct programs under the 2014 Incentive Plan are the Alignment of Interest Program and the 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 reserved 7% of the Company’s outstanding common stock, including any over-allotment shares, from the Company's initial public offering for issuance as awards, or 525,782 shares. 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 officers and directors in its Condensed Consolidated Financial

Statements on a straight-line basis over the requisite service period based on the fair value of the award on the measurement date.

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.

Identifiable intangible assets of the Company are generally comprised of in-place lease intangible assets, above- and below-market lease intangibles and deferred financing costs. In-place lease intangible assets are amortized on a straight-line basis over the applicable lives of the assets. 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.

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 Condensed Consolidated Financial Statements.

On occasion, the Company may also have acquisitions which include contingent consideration. Accounting for business combinations requires the Company to estimate the fair value of any contingent purchase consideration at the acquisition date. Management will monitor these contingencies on a quarterly basis. Changes in estimates regarding the fair value contingent purchase consideration will be reflected as adjustments to the related liability and recognized as an adjustment to property operating expense in the periods when they occur. During the three and nine months ended September 30, 2016, the Company had recorded adjustments to reduce the fair value of its contingent consideration liabilities subsequent to acquisition by $0.5 million and $1.0 million, respectively. During the nine months ended September 30, 2016, the Company also recorded a $0.5 million contingent liability related to the acquisition of a medical office building. The Company has total contingent liabilities, included in other liabilities, related to certain acquisitions of $0.7 million and $1.2 million, respectively, at September 30, 2016 and December 31, 2015. The expiration periods for the measurement of those contingent liabilities range from December 2016 through April 2017.

Income Taxes
The Company has elected to be taxed as a real estate investment trust ("REIT"), as defined under the Internal Revenue Code of 1986, as amended (the "Code"). We have also elected for one of our subsidiaries 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 made provisions for 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.

The Company classifies interest and penalties related to uncertain tax positions, if any, in the Condensed Consolidated Statements of Comprehensive Income (Loss) as a component of general and administrative expenses.

Notes to Condensed Consolidated Financial Statements - Continued

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 Condensed Consolidated Statements of Comprehensive Income (Loss).

Concentration of Credit Risks
Our credit risks primarily relate to cash and cash equivalents and our 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 February 2016, the Financial Accounting Standards Board's (“FASB”) issued Accounting Standards Update ("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 does not 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 currently evaluating the impact of our pending adoption of the new standard 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 involve several aspects of accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities and classification on the statements of cash flows. This new standard is effective for fiscal years, and interim periods within, beginning after December 15, 2016. Early adoption is permitted. We are currently evaluating the impact of our pending adoption of the new standard on our Consolidated Financial Statements.

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 existing standards. This new standard, as amended, is effective for the Company for annual and interim periods beginning on January 1, 2018 with early adoption permitted. We are currently evaluating the impact of our pending adoption of the new standard on our Consolidated Financial Statements.

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.

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. We are currently evaluating the impact of our pending adoption of the new standard on our Consolidated Financial Statements.

Note 2. Real Estate Investments

At September 30, 2016, the Company had investments of approximately $217.6 million in 52 real estate properties, a mortgage note and corporate property. The following table summarizes the Company's real estate investments.

(Dollars in thousands)	Number of Facilities	Land and Land Improvements	Buildings, Improvements, and Lease Intangibles	Personal Property	Total	Accumulated Depreciation
Medical office:						
Florida	4	$ 4,138	$ 23,778	$ —	$27,916	$ 886
Texas	3	3,096	12,162	—	15,258	1,611
Kansas	2	1,379	10,497	—	11,876	1,796
Ohio	2	1,657	12,916	—	14,573	1,035
Illinois	1	821	8,672	—	9,493	752
Other states	5	1,968	13,427	—	15,395	879
	17	13,059	81,452	—	94,511	6,959
Physician clinics:						
Kansas	3	1,558	10,899	—	12,457	980
Florida	3	—	5,950	—	5,950	264
Alabama	1	533	2,663	—	3,196	100
Pennsylvania	1	330	2,770	—	3,100	695
Wisconsin	1	412	2,588	—	3,000	325
Other states	3	559	4,631	—	5,190	456
	12	3,392	29,501	—	32,893	2,820
Ambulatory surgery centers:						
Illinois	1	2,100	5,401	—	7,501	210
Arizona	2	576	5,349	—	5,925	368
Michigan	2	628	8,267	—	8,895	705
Texas	1	528	4,072	—	4,600	479
Colorado	1	375	2,325	—	2,700	156
Other states	3	652	4,574	—	5,226	972
	10	4,859	29,988	—	34,847	2,890
Dialysis clinics:						
Kentucky	1	193	3,423	—	3,616	405
Texas	1	181	2,982	—	3,163	224
Colorado	1	259	2,791	—	3,050	283
Ohio	1	66	1,224	—	1,290	172
Oklahoma	1	25	2,499	—	2,524	—
Other states	2	90	1,611	—	1,701	186
	7	814	14,530	—	15,344	1,270
Oncology centers:						
Alabama	3	415	4,417	—	4,832	665
	3	415	4,417	—	4,832	665
Behavioral facilities:						
Illinois	1	1,300	18,803	—	20,103	156
Indiana	1	270	2,651	—	2,921	61
	2	1,570	21,454	—	23,024	217
Corporate property	—	—	1,132	97	1,229	25
Total owned properties	51	$ 24,109	$ 182,474	$ 97	$206,680	$ 14,846
Mortgage note receivable, net	1	—	—	—	10,875	—

Total real estate investments	52	$ 24,109	$ 182,474	$ 97	$217,555	$ 14,846

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Notes to Condensed Consolidated Financial Statements - Continued

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 tax), insurance, maintenance and other operating costs associated with the leased property.

Future minimum lease payments under the non-cancelable operating leases due the Company for the years ending December 31, as of September 30, 2016, are as follows (in thousands):

2016 (three months ending December 31)	$5,059
2017	18,951
2018	15,661
2019	12,663
2020	10,628
2021 and thereafter	55,513
	$118,475

Note 4. Real Estate Acquisitions

Property Acquisitions

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 three months ended September 30, 2016 for these properties was approximately $51,000 and $51,000, respectively. Due to the timing of these acquisitions in late September, no depreciation was recognized on the properties in the third quarter. The Company incurred transaction costs of approximately $137,000 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 Condensed 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 September 30, 2016, the Company adjusted the fair value of this contingency to approximately $493,000. 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 nine months ended September 30, 2016 for these properties was approximately $2.0 million and $1.1 million, respectively, which included approximately $0.6 million of interest income relating to the mortgage note. The Company incurred transaction costs of approximately $204,000 during the second quarter of 2016 which are included in general and administrative expenses in the accompanying Condensed 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 nine months ended September 30, 2016 for these properties was approximately $1.9 million and $0.6 million,

Notes to Condensed Consolidated Financial Statements - Continued

respectively. The Company incurred transaction costs of approximately $288,000 during the first quarter of 2016 which are included in general and administration expenses in the accompanying Condensed 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 three and nine months ended September 30, 2016 are provided below as if the properties had been acquired on January 1, 2015.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(unaudited; in thousands)	2016	2015	2016	2015
Revenues	$6,656	$4,717	$19,633	$8,520
Net income (loss)	$1,176	$309	$2,208	$(479)

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	$ 10,773	
Buildings	52,025	20 - 40
Intangibles:		
At-market lease intangibles	9,792	1.8 - 6.3
Above-market lease intangibles	26	0.7
Below-market lease intangibles	(923)	8.8
Total intangibles	8,895	
Accounts receivable and other assets assumed	49	
Accounts payable, accrued liabilities and other liabilities assumed [1]	(247)	
Contingent liabilities	(487)	
Mortgage note conversion	(12,500)	
Prorated rent, interest and operating expense reimbursement amounts collected	(259)	
Expenses paid, including closing costs	572	
Total cash consideration	$ 58,821	

[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 matures 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 Property Acquisitions. Upon acquisition, the Company recognized into income the unamortized portion of the loan fee totaling approximately $90,000.

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

Notes to Condensed Consolidated Financial Statements - Continued

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 September 30, 2016, the Company had $5.0 million outstanding under swing-line loans under the Credit Facility with a weighted average interest rate of approximately 4.75% and remaining borrowing capacity of $145.0 million.

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 September 30, 2016.

Note 6. Stockholders’ Equity

Common Stock

The following table provides a reconciliation of the beginning and ending common stock balances for the nine months ended September 30, 2016 and for the year ended December 31, 2015:

	Nine Months Ended September 30, 2016	Year Ended December 31, 2015
Balance, beginning of period	7,596,940	200,000
Issuance of common stock	5,175,000	7,311,183
Restricted stock-based awards	216,542	85,757
Balance, end of period	12,988,482	7,596,940

Equity Offering

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, after underwriter's discount, of approximately $86.8 million from the offering.

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. The Company has no current intent to offer any securities under this

S-3 registration statement.

Notes to Condensed Consolidated Financial Statements - Continued

Note 7. Net Income (Loss) Per Common Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in thousands, except per share data)	2016	2015	2016	2015
Net income (loss)	$1,064	$(67)	$1,688	$(1,576)
Weighted average Common Shares outstanding				
Weighted average Common Shares outstanding	12,948,097	7,596,940	10,972,011	3,828,219
Unvested restricted stock	(261,914)	(85,757)	(219,678)	(39,580)
Weighted average Common Shares outstanding–Basic	12,686,183	7,511,183	10,752,333	3,788,639
Weighted average Common Shares outstanding–Basic	12,686,183	7,511,183	10,752,333	3,788,639
Dilutive effect of restricted stock	64,784	—	49,762	—
Weighted average Common Shares outstanding –Diluted	12,750,967	7,511,183	10,802,095	3,788,639
Basic Net Income (Loss) per Common Share	$0.08	$(0.01)	$0.16	$(0.42)
Diluted Net Income (Loss) per Common Share	$0.08	$(0.01)	$0.16	$(0.42)

Note 8. Incentive Plan

Under the Company's 2014 Incentive Plan, awards may be made in the form of restricted stock, cash or a combination of both. Compensation expense recognized from the amortization of the value of the Company's officer, employee and director shares over the applicable vesting periods during the three months ended September 30, 2016 and 2015 was approximately $192,000 and $70,000, respectively, and during the nine months ended September 30, 2016 and 2015 was approximately $453,000 and $96,000, respectively.

A summary of the activity under the 2014 Incentive Plan for the three and nine months ended September 30, 2016 and 2015 is included in the table below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Stock-based awards, beginning of period	224,895	85,757	85,757	—
Stock in lieu of compensation	38,703	—	104,110	41,669
Stock awards	38,701	—	112,432	44,088
Total granted	77,404	—	216,542	85,757
Stock-based awards, end of period	302,299	85,757	302,299	85,757

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Notes to Condensed Consolidated Financial Statements - Continued

Note 9. Subsequent Events

Dividend Declared
On November 1, 2016, the Company’s Board of Directors declared a quarterly common stock dividend in the amount of $0.385 per share. The dividend is payable on December 2, 2016 to stockholders of record on November 18, 2016.

Property Acquisitions
Since September 30, 2016 and through November 10, 2016, the Company has acquired one real estate property totaling approximately 11,000 square feet for a purchase price of approximately $3.3 million, including cash consideration of approximately $3.3 million. Upon acquisition, the property was 100% leased with a lease expiration in 2023.

Amended and Restated Alignment of Interest Program
On November 1, 2016, the Company's Board of Directors (the “Board”), at the recommendation of the compensation committee of the Board (the “Committee”), approved and adopted the Amended and Restated Alignment of Interest Program (the “Restated Alignment Program”). The principal change in the Restated Alignment Program is 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 pool of shares created and reserved for issuance under Section 3.1 of the 2014 Incentive Plan (the “Plan Pool”). The Restated Alignment Program now requires that Acquisition Shares be issued from the Program Pool going forward instead of from the Plan Pool.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Disclosure Regarding Forward-Looking Statements
This report and other materials that Community Healthcare Trust Incorporated (the "Company") has filed or may file with the Securities and Exchange Commission, as well as information included in oral statements or other written statements made, or to be made, by management of the Company, contain, or will contain, contains statements that are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “believes”, “expects”, “may”, “should”, “seeks”, “approximately”, “intends”, “plans”, “es “anticipates” or other similar words or expressions, including the negative thereof. Forward-looking statements are based on certain assumptions and can include future expectations, future plans and strategies, financial and operating projections or other forward-looking information. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management. Because forward-looking statements relate to future events, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of the Company’s control. Thus, the Company’s actual results and financial condition may differ materially from those indicated in such forward-looking statements. Some factors that might cause such a difference include the following: general volatility of the capital markets and the market price of the Company’s common stock, changes in the Company’s business strategy, availability, terms and deployment of capital, the Company’s ability to refinance existing indebtedness at or prior to maturity on favorable terms, or at all, changes in the real estate industry in general, interest rates or the general economy, adverse developments related to the healthcare industry, the degree and nature of the Company’s competition, the ability to consummate acquisitions under contract and the other factors described in the section entitled “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015, and the Company’s other filings with the Securities and Exchange Commission from time to time. Readers are therefore cautioned not to place undue reliance on the forward-looking statements contained herein which speak only as of the date hereof. The Company intends these forward-looking statements to speak only as of the time of this report and the Company undertakes no obligation to update forward-looking statements, whether as a result of new information, future developments, or otherwise, except as may be required by law.

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 Condensed Consolidated Financial Statements and accompanying notes.

Overview
References such as "we," "us," "our," and "the Company" mean Community Healthcare Trust Incorporated, a Maryland corporation, and its consolidated subsidiaries, including Community Healthcare OP, LP, a Delaware limited partnership of which we are the sole general partner (the "OP").

We were organized in the State of Maryland on March 28, 2014. We are a self-administered, self-managed healthcare real estate investment trust, or 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 the OP, either directly or through subsidiaries. The Company is the sole general partner, owning 100% of the OP units.

Equity Offerings
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 of approximately $125.2 million from the offering. Additionally, the Company issued 123,683 shares of common stock to certain directors and officers of the Company in concurrent private placements and received 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, 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, after underwriter's discount, of approximately $86.8 million from the follow-on offering.

Proceeds from these offerings have substantially been used to fund the Company's real estate investments. See Notes 2 and 4 to the Condensed Consolidated Financial Statements for further details on these investments.

Trends and Matters Impacting Operating Results

Management will monitor 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 acquisitions

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.

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 $0.5 million.

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.

See Note 4 to the Condensed Consolidated Financial Statements for more details on these acquisitions.

Mortgage note funding

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 matures 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 it option to acquire the behavioral facility secured by this mortgage and completed the acquisition in May 2016 as discussed in more detail in Note 4 to the Condensed Consolidated Financial Statements. Upon acquisition, the Company recognized into income the unamortized portion of the loan fee totaling approximately $90,000.

Subsequent Acquisitions

Since September 30, 2016 and through November 10, 2016, the Company has acquired one real estate property totaling approximately 11,000 square feet for a purchase price of approximately $3.3 million, including cash consideration of approximately $3.3 million. Upon acquisition, the property was 100% leased with a lease expiration in 2023. The acquisition was funded with proceeds from our Credit Facility.

Acquisition pipeline

The Company has seven properties under definitive purchase agreements for an aggregate expected purchase price of approximately $50.2 million. The Company's expected return on these investments range from approximately 9.0% to 9.7%. 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.

Lease expirations

As of September 30, 2016, our real estate portfolio was approximately 92.4% leased in the aggregate with lease expirations ranging from 2016 through 2031. We expect that up to approximately 10% to 20% of our leases will expire annually, given that our leases are generally five to seven year leases with physicians or other healthcare providers. Management has renewed or re-leased all of the leases expiring during the remainder of 2016. Based on annualized rent, approximately 13.8% will expire in 2017. Management expects that many of its tenants will renew their leases, but in cases where they do not renew, the Company believes that in most cases it will be able to re-lease those spaces to existing or new tenants without incurring significant loss of rental income.

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 the Consumer Price Index 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 Condensed Consolidated Financial Statements accompanying this report for information on new accounting standards not yet adopted.

Results of Operations

The Company's results of operations for the three and nine months ended September 30, 2016 compared to the same periods in 2015 have most significantly been impacted by the consummation of operations for the Company upon the completion of the Company's initial public offering in May 2015. Shortly after completing our initial public offering, we closed on our Credit Facility, which we amended and restated during the third quarter of 2016. Also, through September 30, 2016, we have invested in 52 real estate properties and mortgages, and completed a follow-on public offering in April 2016. These events are discussed in more detail in the Notes to our Condensed Consolidated Financial Statements.

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015

The table below shows our results of operations for the three months ended September 30, 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).

	Three Months Ended September 30,		Increase (Decrease) to Net Income
(dollars in thousands)	2016	2015	$
REVENUES			
Rental income	$4,985	$2,585	$ 2,400
Tenant reimbursements	1,188	655	533
Mortgage interest	270	—	270
	6,443	3,240	3,203
EXPENSES			
Property operating	963	751	(212)
General and administrative	671	223	(448)
Depreciation and amortization	3,496	2,211	(1,285)
Bad debts	73	—	(73)
	5,203	3,185	(2,018)
OTHER INCOME (EXPENSE)			
Interest expense	(185)	(140)	(45)
Interest and other income, net	9	18	(9)
	(176)	(122)	(54)
NET INCOME (LOSS)	$1,064	$(67)	$ 1,131

Revenues

Our revenues for the three months ended September 30, 2016 and 2015 totaling $6.4 million and $3.2 million, respectively, represented income generated from the 52 and 33 real estate properties acquired and mortgage notes funded, respectively, since our initial public offering in May 2015. Revenues generally include contractual rents and late fees due under the leases with our tenants, as well as straight-line rent adjustments and estimated operating expense recoveries under our tenant leases, and mortgage interest related to our mortgage note receivable. Rental income includes straight-line rent which increased approximately $121,000 and amortization of below-market leases, net of above-market leases, which increased approximately $17,000 in the third quarter of 2016 compared to the same period in 2015.

Expenses

Our expenses for the three months ended September 30, 2016 and 2015 totaling $5.2 million and $3.2 million, respectively, generally represented expenses related to our real estate properties, general and administrative expenses, depreciation and amortization expense, and bad debt expense as follows:

- Property operating expenses included expenses incurred related to our 51 and 32 owned real estate properties as of September 30, 2016 and 2015, respectively. Property operating expenses generally include real estate taxes and insurance, utilities, repairs and maintenance and other operating expenses of the properties. Property operating expenses were reduced by approximately $0.5 million for the three months ended September 30, 2016 due to the net adjustments in the fair value of contingent purchase price initially recognized upon the acquisition of three properties.
- General and administrative expenses generally included legal, regulatory, accounting and other closing expenses related to the Company’s acquisitions, as well as certain compensation-related and occupancy costs related to its officers, employees and corporate office. Compensation-related expenses increased approximately $0.2 million and professional fees, including closing expenses related to the Company's acquisitions, increased approximately $0.3 million in the third quarter of 2016 compared to the same period in 2015.
- Depreciation and amortization generally included depreciation on its buildings and improvements, as well as amortization of intangible assets resulting from the acquisition of its real estate properties.
- Bad debt expense increased $73,000 for the three months ended September 30, 2016 compared to the same period in 2015 relating to four tenants.

Interest expense

Interest expense for the three months ended September 30, 2016 and 2015 totaling approximately $185,000 and $140,000, respectively, included accrued interest due on the Credit Facility, as well as amortization of deferred financing costs related to the Credit Facility.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015

The table below shows our results of operations for the nine months ended September 30, 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).

(dollars in thousands)	Nine Months Ended Sept 30, 2016	2015	Increase (Decrease) to Net Income $
REVENUES			
Rental income	$13,188	$3,314	$ 9,874
Tenant reimbursements	3,250	762	2,488
Mortgage interest	1,367	—	1,367
	17,805	4,076	13,729
EXPENSES			
Property operating	3,240	889	(2,351)
General and administrative	2,372	1,826	(546)
Depreciation and amortization	9,643	2,788	(6,855)
Bad debts	103	—	(103)
	15,358	5,503	(9,855)
OTHER INCOME (EXPENSE)			
Interest expense	(787)	(181)	(606)
Interest and other income, net	28	32	(4)
	(759)	(149)	(610)
NET INCOME (LOSS)	$1,688	$(1,576)	$ 3,264

Revenues

Our revenues for the nine months ended September 30, 2016 and 2015 totaling $17.8 million and $4.1 million, respectively, represented income generated from the 52 and 33 real estate properties acquired and mortgage notes funded, respectively, since our initial public offering in May 2015. Revenues generally include contractual rents and late fees due under the leases with our tenants, as well as straight-line rent adjustments and estimated operating expense recoveries under our tenant leases, and mortgage interest related to our mortgage notes receivable. Rental income includes straight-line rent which increased approximately $341,000 and amortization of below-market leases, net of above-market leases, which increased approximately $51,000 in the nine months ended September 30, 2016 compared to the same period in 2015.

Expenses

Our expenses for the nine months ended September 30, 2016 and 2015 totaling $15.4 million and $5.5 million, respectively, generally represented expenses related to our real estate properties, general and administrative expenses, depreciation and amortization, and bad debt expense as follows:

- Property operating expenses included expenses incurred related to our 51 and 32 owned real estate properties as of September 30, 2016 and 2015, respectively. Property operating expenses generally include real estate taxes and insurance, utilities, repairs and maintenance and other operating expenses of the properties. Property operating expenses were reduced by approximately $1.0 million for the nine months

ended September 30, 2016 due to adjustments in the fair value of contingent purchase price initially recognized upon the acquisition of three properties.

- General and administrative expenses generally included legal, regulatory, accounting and other closing expenses related to the Company’s acquisitions, as well as certain compensation-related and occupancy costs related to its officers, employees and corporate office. Transaction costs related to the Company's initial public offering in 2015 and the acquisition of real estate properties during each period were approximately $0.6 million and $1.4 million, respectively, for the nine months ended September 30, 2016 and 2015.
- Depreciation and amortization generally included depreciation on its buildings and improvements, as well as amortization of intangible assets resulting from the acquisition of its real estate properties.
- Bad debt expense increased $103,000 for the nine months ended September 30, 2016 compared to the same period in 2015 relating to eight tenants.

Interest expense

Interest expense for the nine months ended September 30, 2016 and 2015 totaling approximately $0.8 million and $0.2 million, respectively, included accrued interest due on the Credit Facility, as well as amortization of deferred financing costs related to the Credit Facility.

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.

On August 10, 2016, the Company amended its Credit Facility to increase its maximum borrowing capacity from $75.0 million to $150.0 million. The Credit Facility will mature on August 9, 2019 and includes two options to extend the facility, subject to the satisfaction of certain conditions. Interest on the Credit Facility was adjusted downward by 25 basis points and certain financial covenants were adjusted or replaced to reflect the Company's success since its initial public offering when the Company originally entered into its Credit Facility. 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. At September 30, 2016, the Company had $5.0 million outstanding under swing-line loans under the Credit Facility with a remaining borrowing capacity of $145.0 million. Our debt to total book capitalization ratio was approximately 2.5% and our weighted average interest rate was approximately 4.75% at September 30, 2016. See Note 5 to the Condensed Consolidated Financial Statements for more details on the Credit Facility.

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, our present financing policy prohibits incurring debt (secured or unsecured) in excess of 40% of our total book capitalization. At September 30, 2016, the Company was in compliance with its financial covenants under the Credit Facility.

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. The Company has no current intent to offer any securities under our registration statement.

Subsequent Acquisitions

Since September 30, 2016 and through November 10, 2016, the Company has acquired one real estate property totaling approximately 11,000 square feet for a purchase price of approximately $3.3 million, including cash consideration of approximately $3.3 million. Upon acquisition, the property was 100% leased with a lease expiration in 2023. The acquisition was funded with proceeds from our Credit Facility.

Acquisition pipeline

The Company has seven properties under definitive purchase agreements for an aggregate expected purchase price of approximately $50.2 million. The Company's expected return on these investments range from approximately 9.0% to 9.7%. 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 investments with cash from operations and through proceeds from its Credit Facility.

Operating Activities

Cash flows provided by operating activities for the nine months ended September 30, 2016 and 2015 were approximately $10.8 million and $1.5 million, respectively. Cash flows provided by operating activities were generally provided by contractual rents, net of expenses, including costs related to property acquisitions and expenses reflected in 2015 related to its initial public offering in May 2015.

Investing Activities

Cash flows used in investing activities for the nine months ended September 30, 2016 and 2015 were approximately $71.8 million and $111.0 million, respectively. During the nine months ended September 30, 2016, the Company invested in 11 properties for an aggregate purchase price of approximately $71.1 million, including approximately $58.8 million in cash consideration, including transaction costs incurred, and the conversion of a $12.5 million mortgage note that the Company had funded during the first quarter of 2016. During the nine months ended September 30, 2015, the Company invested in 32 properties for an aggregate purchase price of approximately $100.5 million, including approximately $100.0 million in cash consideration and funded an $11.0 million mortgage note secured by a 29,890 square foot long-term acute care facility in Louisiana.

Financing Activities

Cash flows provided by financing activities for the nine months ended September 30, 2016 and 2015 were approximately $60.7 million and $125.6 million, respectively. During the nine months ended September 30, 2016, the Company completed a 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, after underwriter's discount, of approximately $86.8 million from the offering, incurred costs of approximately $0.7 million relating to the public offering, incurred expenses of approximately $0.6 million related to amending its Credit Facility and paid quarterly dividends of approximately $12.8 million. During the nine months ended September 30, 2015, the Company completed its initial public offering and concurrently issued common stock in private placements and received net proceeds, after underwriter's discount, of approximately $129.4 million, incurred costs of approximately $1.8 million relating to the initial public offering, incurred expenses of approximately $0.9 million relating to entering into its original revolving credit facility and paid a dividend of approximately $1.1 million.

Security Deposits

As of September 30, 2016, the Company held approximately $407,000 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.

On November 1, 2016, the Company’s Board of Directors declared a quarterly common stock dividend in the amount of $0.385 per share. The dividend is payable on December 2, 2016 to stockholders of record on November 18, 2016. This rate equates to an annualized dividend of $1.54 per share.

On September 2, 2016, the Company paid a cash dividend in the amount of $0.3825 per share to stockholders of record on August 19, 2016. This rate equates to an annualized dividend of $1.53 per share.

On June 3, 2016, the Company paid a cash dividend in the amount of $0.38 per share to shareholders of record on May 20, 2016. This rate equates to an annualized dividend of $1.52 per share.

On March 4, 2016, the Company paid a cash dividend in the amount of $0.3775 per share to shareholders of record on February 19, 2016. This rate equates to an annual dividend of $1.51 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, 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 and gains or losses from sales 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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in thousands, excepts per share amounts)	2016	2015	2016	2015
Net income	$1,064	$ (67)	1,688	$ (1,576)
Real estate depreciation and amortization	3,493	2,211	9,637	2,788
Total adjustments	3,493	2,211	9,637	2,788
Funds from Operations	$4,557	$ 2,144	$11,325	$ 1,212
Funds from Operations per Common Share-Basic	$0.36	$ 0.29	$1.05	$ 0.32
Funds from Operations per Common Share-Diluted	$0.36	$ 0.29	$1.05	$ 0.32
Weighted Average Common Shares Outstanding-Basic	12,686,183	7,311,183	10,752,333	3,788,639
Weighted Average Common Shares Outstanding-Diluted	12,750,963	7,311,183	10,802,095	3,788,639

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ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevailing market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. We may use certain derivative financial instruments to manage, or hedge, interest rate risks related to our borrowings. We will not use derivatives for trading or speculative purposes and only enter into contracts with major financial institutions based upon their credit rating and other factors. An interest rate swap is a contractual agreement entered into by two counterparties under which each agrees to make periodic payments to the other for an agreed period of time based on a notional amount of principal. Under the most common form of interest rate swap, known from our perspective as a floating-to-fixed interest rate swap, a series of floating, or variable, rate payments on a notional amount of principal is exchanged for a series of fixed interest rate payments on such notional amount. Though the Company had not engaged in hedging activities as of September 30, 2016, no assurance can be given that any future hedging activities by us will have the desired beneficial effect on our results of operations or financial condition.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures
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(b) and 15d-15(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), as of the end of the period covered by this report. Based on this evaluation, Company’s management has concluded that, as of the end of such period, the Company’s disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports it files or submits under the Exchange Act.

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 September 30, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. 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 1A. RISK FACTORS

In addition to the other information set forth in this report, an investor should consider the risk factors included in its Annual Report on Form 10-K for the year ended December 31, 2015, its Registration Statement on Form S-11 (File No. 333-210397), its Registration Statement on Form S-3 (File No. 333-213614), and other previously filed reports pursuant to the Securities Act.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Corporate Charter of Community Healthcare Trust Incorporated, as amended (1)
3.2	Bylaws of Community Healthcare Trust Incorporated, as amended (2)
10.1 *	Amended and Restated Credit Agreement, dated as of August 10, 2016, among Community Healthcare OP, LP, the Company, the Lenders from time to time party hereto, and SunTrust Bank, as Administrative Agent
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

101.PRE	Document XBRL Taxonomy Extension Presentation Linkbase Document

(1) 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.

(2) 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.

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* Filed herewith.
** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 10, 2016

COMMUNITY HEALTHCARE TRUST
INCORPORATED

By: /s/ Timothy G. Wallace
Timothy G. Wallace
Chief Executive Officer and President

By: /s/ W. Page Barnes
W. Page Barnes
Executive Vice President and Chief Financial Officer

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