
COMMUNITY

HEALTHCARE
— TRUST —

Investor Presentation

January 2018



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The forward-looking statements contained in this presentation reflect the Company’s beliefs, assumptions and expectations of its future performance, taking into account all information currently available to the Company. These beliefs, assumptions and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to the Company. If a change occurs, the Company’s business, prospects, financial condition, liquidity and results of operations may vary materially from those expressed in the Company’s forward-looking statements. You should carefully consider all risks before you make an investment decision with respect to the Company’s common stock. Except as required by law, the Company does not undertake any obligation to publicly update or revise any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes. You are encouraged to read the Company’s SEC filings in their entirety, including the sections entitled “Risk Factors” and “Cautionary Statement Regarding Forward Looking Statements.”

This presentation includes information regarding sellers/proposed tenants and we have not independently verified this information. We have no reason, however, to believe this information is inaccurate in any material respect.

Investment Highlights



Company Overview

Vision

- Executive management team with 25-35 years of healthcare, real estate and public REIT management experience
- Outsourcing trend is shifting the delivery of healthcare to patients within their local community
- Fundamental principle in growing a healthcare real estate portfolio is to be diversified across tenant, geography, property type and industry segment

Portfolio

- 80 properties, including a mortgage investment totaling approximately 1.8 million SF across 26 states as of September 30, 2017
- Approximately 92.1% leased as of September 30, 2017
- Over 140 separate tenants including HCA, Fresenius, Envision, Adventist and DaVita as of September 30, 2017
- Diversification of property types include Medical Office, Physician Clinics and Surgery Centers and Hospitals

External Growth Plans

- \$250 million credit facility that provides:
 - \$150 million revolving facility
 - \$100 million term loan (\$60 million drawn)
- Acquisitions:
 - Six properties for an aggregate investment of \$40.2 million during the fourth quarter of 2017.
 - 28 properties for an aggregate purchase price of \$138.6 million during the preceding four quarters. Funded a \$5.0 million mezzanine loan to a tenant. Acquired a property, adjacent to our corporate office, for a cash purchase price of \$0.9 million for future expansion of our corporate office.
- Properties under contract/Signed term sheets:
 - One property under a definitive purchase agreement for an expected purchase price of approximately \$6.6 million
 - Three properties, to be acquired after completion and occupancy, for an aggregate expected purchase price of approximately \$40.4 million. The Company expects to close one of the properties in the first half of 2018 and expects to close the remaining two properties in the second half of 2018
 - Two properties under signed term sheets for an aggregate expected purchase price of approximately \$5.0 million
 - Business model scalable with moderate incremental G&A

Experienced Management Team

Executives have 25 to 35 years of healthcare, real estate and/or public REIT management experience

Timothy G. Wallace

Chairman, CEO and President

- Athena Financial Partners, Owner, Founder and President
- Healthcare Realty (NYSE: HR), Co-Founder and CFO
- Ernst & Young, Senior Manager; Arthur Anderson & Co., Manager
- Bachelor of Science & Masters in Business Administration: Western Kentucky University

W. Page Barnes

Executive Vice President – CFO

- Haven Behavioral Healthcare, Co-Founder, CFO and EVP - Chief Development Officer
- Ardent Health Services, CFO and SVP - Finance
- AmSouth Bank, Head of Healthcare Lending
- Bachelor of Science in Accounting: Auburn University

Leigh Ann Stach

Vice President – Financial Reporting and CAO

- Healthcare Realty (NYSE: HR), VP - Financial Reporting
- Healthcare Realty, VP - Financial Reporting and Controller
- Hospital Corporation of America, Senior Accountant - Financial Reporting
- Bachelor of Science in Accounting: Western Kentucky University

Steve Harrison

Managing Director – Business Development

- DSI Renal, Co-Founder & EVP Business Development
- National Nephrology Associates, Co-Founder & EVP Business Development
- REN Corp., Director of Business Development
- Bachelor of Science: Middle Tennessee State University

Roland H. Hart

Vice President – Asset Management

- Lend Lease Dasco, Consultant
- Montecito Medical Investment Company, LLC, Executive Vice President
- Healthcare Realty Services, (services subsidiary of HR), President
- PM Realty Group, Co-Founder
- Bachelor of Science in Political Science and Economics: University of Wisconsin-Madison

Strong Independent Board and Corporate Governance

Highly experienced independent board with extensive healthcare and public company expertise

Alan
Gardner

- Company's lead independent director
- Former senior relationship manager healthcare group - pharmaceutical, medical device and services sectors for companies with market caps greater than \$5 billion - Wells Fargo
- Former head of healthcare lending - FleetBoston Financial
- Former managing director healthcare group - Banc of America Securities

Robert
Hensley

- Chairman of Company's Audit Committee
- Senior advisor to healthcare and transaction advisory services groups - Alvarez and Marsal
- Former Partner - Ernst & Young
- Former Partner and Office Manager Partner - Arthur Andersen
- Board of Directors - Diversicare (NASDAQ: DVCR)

Alfred
Lumsdaine

- Chairman of Company's Compensation Committee
- President - Population Health for Sharecare (former Healthways, Inc)
- Former COO/CFO - Healthways, Inc (NASDAQ: HWAY)
- Former treasurer and controller - Logisco, Inc.
- Former manager of internal audit group - Willis (NYSE: WSH)
- Former audit manager - Ernst & Young

R. Lawrence
Van Horn

- Chairman of Company's Governance & Nominating Committee
- Executive Director of Health Affairs - Vanderbilt University (VU)
- Associate Professor of Economics & Management - VU
- Co-Director of healthcare fellows program - VU
- Former director of the Institute for Health Care Management and Associate Professor of Economic Management - William E. Simon Graduate School of Business, The University of Rochester

- **Annual election of all board members**
- **No stockholder rights plan and restrictions in place to prevent one in the future**
- **Opted out of Maryland anti-takeover provisions and restrictions in place to prevent future opt-in**
- **Insiders do not control enough votes to veto a merger or business combination**
- **Significant alignment of interest with management**
- **Only one non-independent director**
- **Self-managed and administered**

Significant Alignment of Interest with Stockholders

Alignment of Interest Program

- Designed to incentivize retention and management focus on long-term growth and profitability
- The Company's Named Executive Officers have elected to take 100% of their salary, bonus and long-term incentive compensation in restricted stock since the Company's IPO in 2015
- The Company's Board of Directors and non-executive management team collectively elected to take 100%, 79% and 86%, respectively, of their total compensation in restricted shares for 2015, 2016 and 2017 and have elected to take over half of their base compensation in restricted shares for 2018
- Substantially all employees have elected an eight-year vesting subjecting their restricted shares to forfeiture in the event of a voluntary termination

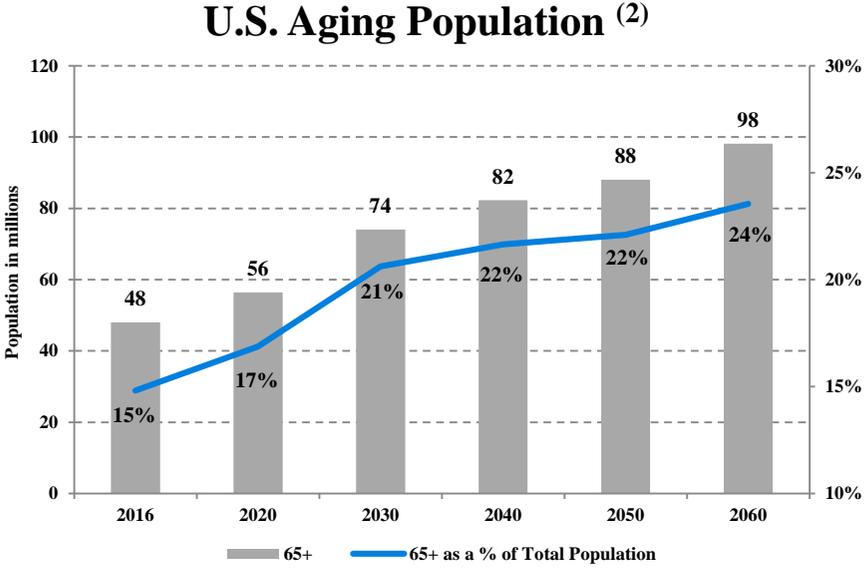
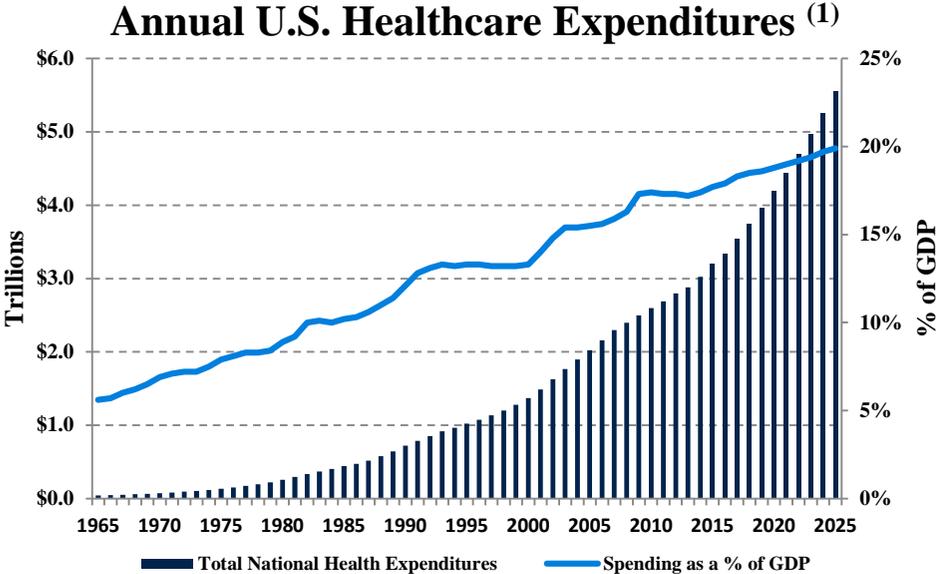
Executive Incentive Program

- Incentive compensation in the form of cash or restricted stock
- Solely determined at the discretion of the Compensation Committee
- Amounts will be dependent on the peer group performance, specifically one-year and three-year stockholder return
- Can elect the appropriate vesting schedule ranging from three, five and eight years

Stock Ownership Guidelines

- Requires our officers and directors to maintain a meaningful equity position in the Company
- Required thresholds have been met by all:
 - CEO: 5x current base salary;
 - EVP: 3x current base salary;
 - VP: 1x current base salary;
 - Directors: 3x annual retainer
- All owned stock, restricted and unrestricted, counts toward the ownership guidelines
- Timothy Wallace has acquired through offerings and 10b5-1 purchasing programs 318,476 shares for approximately \$6.8 million and currently owns a total of 617,175 shares of Company stock.

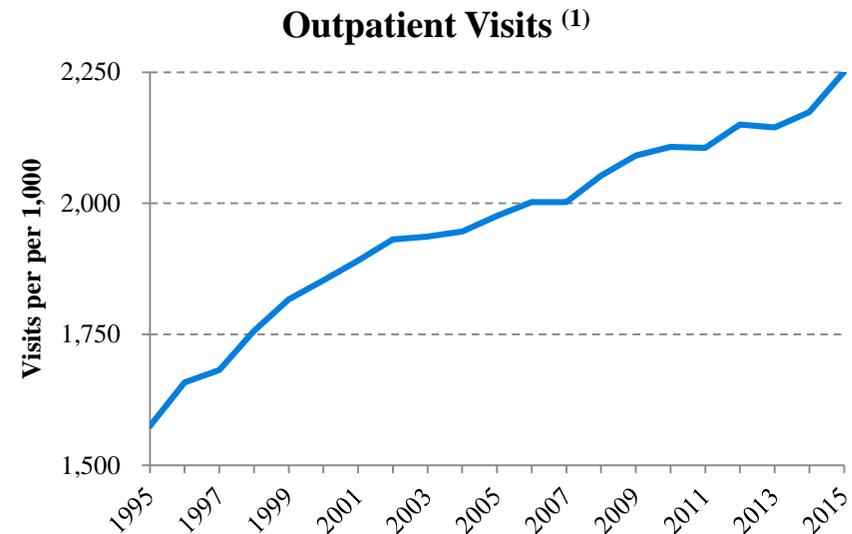
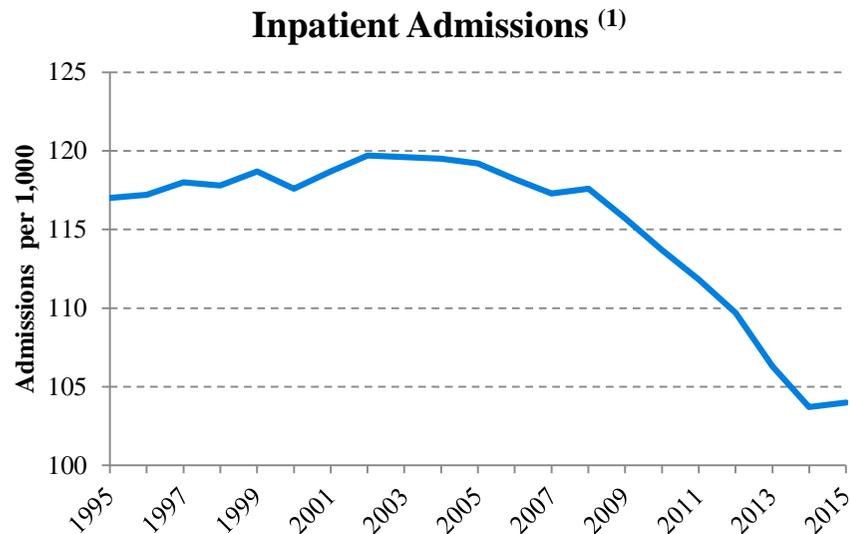
Strong Healthcare Industry Growth Dynamics



- Healthcare spending accounted for 17.9% of U.S. GDP in 2016 ⁽¹⁾
- Projected to grow from \$3.3 trillion in 2016 to \$5.6 trillion by 2025 ⁽¹⁾
- Represents an average 5.6% annual growth rate and a projected 19.9% of GDP by 2025 ⁽¹⁾
- Increased U.S. aging population is a direct driver of the growth in the healthcare real estate market ⁽²⁾
- Over the next 20 years, the U.S. population is expected to grow by 15% ⁽²⁾
- 65+ U.S. population is forecasted to be 21% by 2030, vs. 15% in 2016 ⁽²⁾

(1) Source: Centers for Medicare & Medicaid Services, Office of the Actuary; U.S. Department of Commerce, Bureau of Economic Analysis; and U.S. Bureau of the Census.
 (2) Source: U.S. Census Bureau, Population Division.

Strong Healthcare Industry Growth Dynamics (cont.)



- Procedures traditionally performed in hospitals are increasingly moving to outpatient facilities
- Studies show that outpatient visits per 1,000 have grown 43.0% from 1995-2015, whereas inpatient admissions per 1,000 have declined 11.1% (1)
- Shift can be linked to advances in clinical science, shifting consumer preferences, limited or inefficient space in existing hospitals and lower costs in the outpatient environment
- This continuing shift increases the need for additional outpatient facilities and smaller, more specialized and efficient hospitals

(1) Source: American Hospital Association.

Strategic Investment Model

Undervalued Asset Niche	Portfolio Diversification	Active Asset Management
<ul style="list-style-type: none"> • Acquisition focus on smaller off-market or lightly marketed transactions • Avoid acquiring properties through a competitive bidding process • Focus on attractive properties from third-party owners or directly with healthcare providers 	<ul style="list-style-type: none"> • Properties are diversified across tenant, geography, healthcare facility type and industry segment • Portfolio of 80 properties, including one mortgage investment, includes over 140 separate tenants located in 26 states as of September 30, 2017 • Investment guidelines require continued diversification 	<ul style="list-style-type: none"> • Approximately 91.4% leased as of December 31, 2017, provides a stable base for growth • Staggered lease maturities provide opportunity to continuously mark rental rates to market • During the fourth quarter of 2017, the Company had expiring or terminated leases related to approximately 88,000 square feet and leased or renewed leases related to approximately 78,000 square feet



Medical Office Buildings	Physician Clinics	Surgical Centers and Hospitals	Specialty Centers	Behavioral Facilities	Long-Term Acute Care Centers
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Proven Sourcing and Underwriting Criteria

Company has extensive relationships with healthcare providers, intermediaries and property owners

- Nashville is the birthplace of for-profit healthcare
- Management team has a deep understanding of the real estate needs of healthcare providers
- Ability to source significant acquisition opportunities *off-market*

Company has disciplined underwriting criteria which includes the following:

Market	Property	Tenant
<ul style="list-style-type: none"> • Historical performance • Population density and growth • Current and future supply of competing properties • Demand for healthcare related services and facilities 	<ul style="list-style-type: none"> • Property location, with emphasis on proximity to a population base • Occupancy and rental rates • Anticipated capital expenditures • Existing competition 	<ul style="list-style-type: none"> • Financial condition • Credit rating • Lease coverage analysis • Anticipated future acquisition opportunities

Diversified Property Types and Geographic Presence

Diversified Property Types

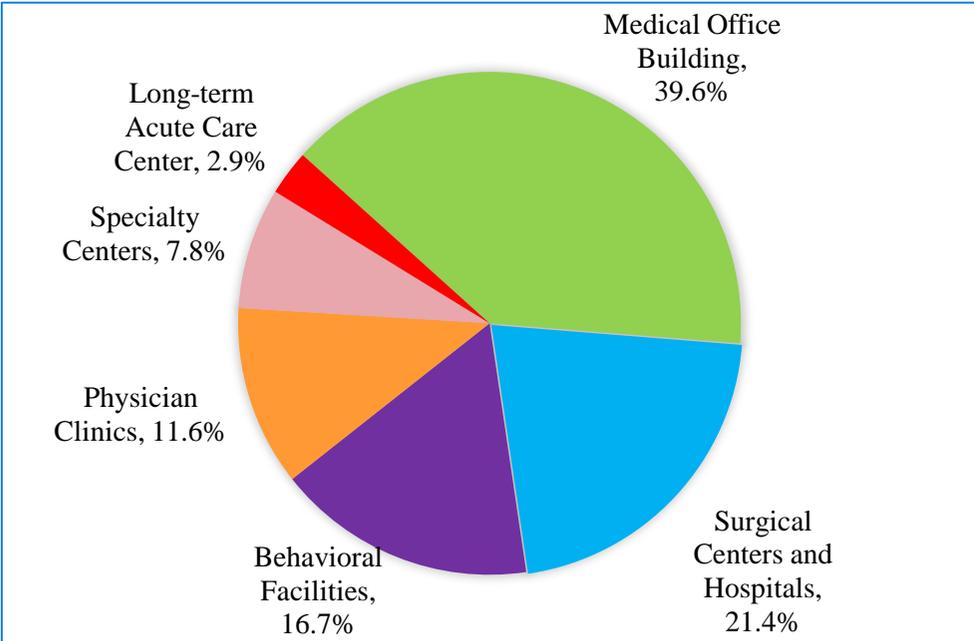
- Diversified by healthcare property types
- Ability to expand/contract in asset classes as opportunities rise or diminish; not tied to one single focus
- Majority of properties focused on medical office buildings (39.6%), surgical centers and hospitals (21.4%), behavioral facilities (16.7%), and physician clinics (11.6%)

Diversified Geographic Presence

- Spread across 26 states throughout the Southeast, Southwest, Mid-Atlantic, Mid-West and South
- No single state makes up more than approximately 12.1% of annualized revenues in the portfolio
- Desire to expand into new markets/states to fuel growth and further diversify the portfolio

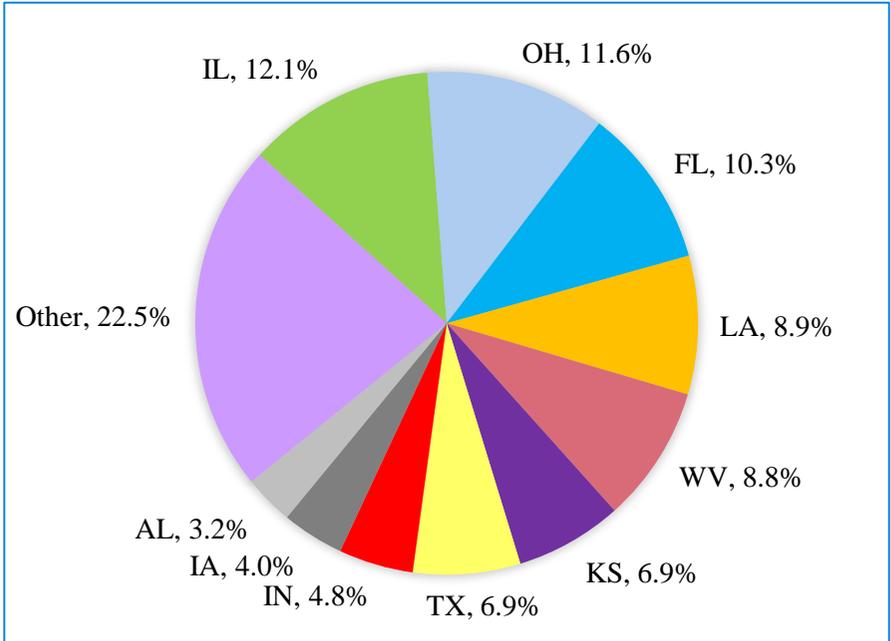
Diversification by Property Type

By Annualized Revenue



Diversification by State

By Annualized Revenue



Diversified Tenant Base

As of September 30, 2017, the portfolio was leased to over 140 tenants

- Fifteen tenants leasing space pursuant to more than one lease and occupying more than one building
- No single tenant accounts for more than 8.8% of total annualized rent as of September 30, 2017

<u>Tenant</u>	<u>Number of Properties</u>	<u>Annualized Revenue (\$000's) ⁽¹⁾</u>	<u>Percentage of Annualized Revenue (%)</u>
Meridian Behavioral Health System	1	\$ 3,038	8.8%
Vantage Health Plan, Inc. (Monroe Surgical)	1	2,070	6.0%
2014 Health, LLC (Chicago Behavioral)	1	1,938	5.6%
KND Development 67, LLC (Kindred)	1	1,352	3.9%
St. Vincent Medical Group	2	1,158	3.3%
HCA	5	1,048	3.0%
All Others		24,032	69.4%
	Totals	\$ 34,636	100.00%

- Staggered lease maturities give the opportunity to mark rental rates to market on a regular basis
- Tenants generally have limited relocation choices – local markets typically don't have new supply
- Typical tenant has established its location at the property while also making substantial TI investment
- The Company maintains ongoing negotiations with current tenants for lease renewal

(1) Annualized revenue for leases was calculated by multiplying base rent for the month of September 2017 by 12 and for the mortgage was calculated based on the principal outstanding at September 30, 2017 in accordance with the mortgage note.

Indicative Portfolio Pictures



Parkway Professional Plaza
Lakeland, FL (Tampa)



Skin MD
Orland Park, IL (Chicago)



Bay Area Physicians Surgery Center
Riverview, FL (Tampa)



Prairie Star I
Shawnee, KS (Kansas City)

Indicative Portfolio Pictures (cont.)



DaVita Dialysis
Pahrump, NV (Las Vegas)



Londonderry Centre
Waco, TX



Monroe Surgical Hospital
Monroe, LA



Berry Surgery Center
Farmington Hills, MI (Detroit)

Financial Policies and Guidelines

Debt limitations

- Overall financing policy prohibits incurring debt in excess of 40% of book capitalization
- Debt anticipated at 30% to 35% of capital structure over the long term

Dividend policy

- Have increased the dividend every quarter since the Company's IPO
- Paid third quarter cash dividend of \$0.395 per share, which equates to an annualized dividend of \$1.58 per share
- Anticipate payout ratio decline over time as revolving credit facility is drawn down

Diversification guidelines

- Stated goal to be diversified by healthcare provider, geography, facility type and industry segment
- Limitation of 20% of annualized revenue by any one tenant
- Currently in six industry segments and would consider expanding for equivalent yields

Financials – Balance Sheet

Simple to understand, conservative Balance Sheet

- Cash on hand
- Low debt to total capitalization
- No mortgage debt, just revolving credit facility and term loans

Sufficient liquidity to fund growth

- Revolving credit facility borrowing capacity of \$150.0 million; LIBOR plus 1.75% to 2.75%
- Term loan borrowing capacity \$100.0 million (\$40.0 million delayed); fixed rate of 4.147% to 4.535%
- Accordion feature to expand borrowing capacity to \$450.0 million, including the ability to fund additional term loans

Flexible capital structure allows opportunistic approach to capital markets

- \$34.0 million drawn on revolving credit facility as of December 31, 2017
- \$60 million drawn on terms loan as of December 31, 2017
- Universal Shelf Registration effective for approximately \$635.4 million of various debt and equity securities

Recent Acquisitions and Future Pipeline

Fourth Quarter Property Acquisitions

- Acquired six properties for an aggregate investment of \$40.2 million
- Expected return on these investments range from approximately 9.0% to 10.5%
- Located in four states with an aggregate of approximately 153,000 rentable square feet
- Were 100% occupied upon acquisition

Properties Under Signed Contracts

- One property under a definitive purchase agreement for an aggregate expected purchase price of approximately \$6.6 million, with an expected return of approximately 9%.
- Three properties under definitive purchase agreements, to be acquired after completion and occupancy, for an aggregate expected purchase price of approximately \$40.4 million. The Company expects to close one of the properties in the first half of 2018 and close the remaining two properties in the second half of 2018. Expected aggregate return on these investments ranges up to approximately 11%.
- Currently negotiating and performing due diligence procedures customary for these types of transactions

Properties Under Signed Term Sheets

- Two properties under signed terms for an aggregate expected purchase price of approximately \$5.0 million, with expected returns of approximately 9.0%.

Investment Highlights

