Community Healthcare Trust Inc
Form 424B4
May 26, 2015

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Filed Pursuant to Rule 424(b)(4)
Registration No. 333-203210

Prospectus

6,250,000 Shares

Community Healthcare Trust

Incorporated

Common Stock

Community Healthcare Trust Incorporated is a fully-integrated healthcare real estate company that was recently organized to acquire and own properties that are leased to hospitals, doctors, healthcare systems or other healthcare service providers located in geographic areas primarily outside of urban centers. As a result of favorable demographic trends affecting the healthcare industry, continuing increases in healthcare spending and the continuing shift in the delivery of healthcare services to community-based outpatient facilities, we believe our target properties are essential for healthcare providers to serve their local markets. Our management team has significant healthcare, real estate and public real estate investment trust, or REIT, experience and has long-established relationships with a wide range of healthcare providers, which we believe will provide us a competitive advantage in sourcing growth opportunities that produce attractive risk-adjusted returns.

This is our initial public offering, and no public market currently exists for our common stock. We are offering 6,250,000 shares of our common stock to be sold in this offering. Our common stock has been approved for listing on the New York Stock Exchange, or the NYSE, under the symbol "CHCT". Timothy G. Wallace, our Chairman, Chief Executive Officer and President, has committed to purchase $2,000,000 in shares of our common stock in a private placement at a price per share equal to the initial public offering price. Additionally, certain of our officers and director nominees have agreed to purchase an aggregate of $350,000 in shares of our common stock in private placements at the same price. We collectively refer to these private placements in this prospectus as the concurrent private placements. These concurrent private placements are expected to close on the same day as this offering and are contingent upon completion of this offering. This offering is not contingent upon the closing of the concurrent private placements.

We intend to elect to be taxed and to operate in a manner that will allow us to qualify as REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2015. To assist us in qualifying and maintaining our qualification as a REIT, among other purposes, our charter generally limits any person from beneficially or constructively owning more than 9.8% in value of the outstanding shares of our capital stock and 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock. See "Description of Capital Stock Restrictions on Ownership and Transfer."

We are an "emerging growth company" under the federal securities laws and will be subject to reduced public company reporting requirements. Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 19 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$19.00	$118,750,000
Underwriting discounts and commissions[1]	$1.33	$8,312,500
Proceeds, before expenses, to us	$17.67	$110,437,500

(1) See "Underwriting" for additional disclosure regarding the underwriting discounts and commissions and other expenses payable to the underwriters by us.

We have granted the underwriters the option to purchase up to an additional 937,500 shares from us at the initial public offering price less the underwriting discount.

Delivery of the shares of common stock in book-entry form will be made on or about May 27, 2015.

Sandler O'Neill + Partners, L.P. **Evercore ISI** **SunTrust Robinson Humphrey**

Janney Montgomery Scott **Oppenheimer & Co.** **BB&T Capital Markets**

Prospectus dated May 20, 2015

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You should rely only upon the information contained in this prospectus and any free writing prospectus provided or approved by us. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely upon it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

Industry and Market Data

We use industry forecasts and projections and market data throughout this prospectus, including data from publicly available sources and industry publications. Our forecasts and projections are based on industry surveys and the preparers' experience in the industry and there can be no assurance that any of our projections will be achieved. We believe that the surveys and market research others have performed are reliable, but we have not independently verified this information and the accuracy and completeness of the information are not guaranteed. Our estimates involve risks and uncertainties and are subject to change based on various factors, including those described under the heading "Risk Factors" in this prospectus.

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PROSPECTUS SUMMARY

This summary highlights key aspects of this offering which are contained elsewhere in this prospectus. This summary is not complete and does not contain all of the information that you should consider before making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus, including the more detailed information set forth under the caption "Risk Factors," the historical and pro forma financial statements, including the related notes thereto, appearing elsewhere in this prospectus, and any free writing prospectus provided or approved by us.

Unless the context otherwise requires or indicates, references in this prospectus to "we," "us," "our," "the Company," "our company," and "Community Healthcare Trust" refer to Community Healthcare Trust Incorporated, a Maryland corporation recently organized to qualify as a REIT for U.S. federal income tax purposes, together with its consolidated subsidiaries, including Community Healthcare OP, LP, a Delaware limited partnership, or our operating partnership of which we are the sole general partner and own 100% of its interests. Additionally, references in this prospectus to the "Initial Properties" refer to the 35 properties in Non-Urban areas identified in this prospectus under the caption "Our Business Initial Properties" that the Company has entered into written agreements to acquire with the net proceeds of this offering. We define "Non-Urban" areas as, collectively, suburban areas, exurban areas (areas adjoining metropolitan statistical areas) and micropolitan areas (areas with populations of 10,000 to 50,000 that do not directly border larger urban areas).

Unless the context otherwise requires or indicates, the information set forth in this prospectus assumes that (i) the acquisitions of the Initial Properties described in detail elsewhere in this prospectus have been completed, (ii) the underwriters' option to acquire additional shares of our common stock is not exercised, and (iii) the concurrent private placements have closed.

Overview

We are a fully-integrated healthcare real estate company that was recently organized as a Maryland corporation to acquire and own properties that are leased to hospitals, doctors, healthcare systems or other healthcare service providers in Non-Urban markets. Our strategic focus is to invest in real estate that is diversified across healthcare provider, geography, facility type and industry segment. We believe that favorable demographic trends, continuing increases in healthcare spending and the continuing shift in the delivery of healthcare services to community-based outpatient facilities create attractive opportunities for us. We intend to focus on Non-Urban healthcare facilities because we believe these properties are essential to healthcare providers in their local markets and can generate more attractive risk-adjusted returns than similar facilities in urban markets. In addition, we believe our management team's extensive relationships with healthcare providers and owners of healthcare facilities will provide us with the opportunity to acquire attractive Non-Urban healthcare facilities outside of a competitive bidding process. Furthermore, we believe there is significantly less competition from existing REITs and institutional buyers for these Non-Urban assets.

Upon completion of this offering and the acquisition of our Initial Properties, we will own 35 properties comprised of an aggregate of approximately 623,000 leasable square feet located in 18 states. Our Initial Properties are leased by healthcare providers across a diverse range of both facility types and healthcare industry segments, including ambulatory surgery centers, behavioral facilities, dialysis clinics, medical office buildings, oncology centers, and physician clinics. As of March 31, 2015, the Initial Properties were approximately 94% leased to 69 separate tenants. We believe our staggered lease maturity schedule and active asset management will optimize the value of our portfolio by consistently achieving market rental rates in new leases when the existing leases expire.

Substantially all of our revenues will be derived from net leases pursuant to which our tenants are generally responsible for substantially all of the operating expenses relating to the property, including real estate taxes, utilities, property insurance, routine maintenance and repairs and property

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management. We believe this net lease structure helps insulate us from increases in certain operating expenses and provides more predictable cash flow. The leases for our Initial Properties typically include rent escalation provisions designed to provide us with annual growth in our rental revenues. Tenants of our Initial Properties include many nationally recognized healthcare providers (or their affiliates), such as Adventist HealthCare, Inc., or Adventist, Hospital Corporation of America, or HCA, Fresenius Medical Care AG & Co., KGaA, or Fresenius, and AmSurg Corp., or AmSurg. Through these property investments and corresponding operating income, we seek to generate attractive risk-adjusted returns for our stockholders through a combination of stable and increasing dividends and potential long-term appreciation in the value of our properties and the value of our shares of common stock.

Our management team has between 22 and 33 years of healthcare, real estate and public REIT management experience and has long-established relationships with a wide range of healthcare providers. We believe these relationships provide us a competitive advantage in sourcing growth opportunities that produce attractive risk-adjusted returns.

During the initial terms of their respective employment agreements, all of our officers have elected to take 100% of their salary, bonus and long-term incentive compensation in the form of restricted stock, subject to an eight-year cliff-vesting period, which we believe creates a significant alignment of interest between management and our stockholders. In addition, Mr. Wallace, our Chairman, Chief Executive Officer and President, has committed to buy $2,000,000 in shares of our common stock and certain of our officers and director nominees have committed to purchase $350,000 in shares of our common stock in concurrent private placements at the same price offered to the public pursuant to this prospectus, which we believe further aligns our management's interests with our stockholders. Finally, we have adopted stock ownership guidelines that require our officers and directors to continuously own an amount of our common stock based upon a multiple of such officer's annual base salary or such director's annual retainer, as applicable.

We intend to elect to be taxed and to operate in a manner to allow us to qualify as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2015.

Competitive Strengths

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

- *Strong, Diversified Initial Portfolio.* Upon completion of this offering and the acquisition of the Initial Properties, we will own 35 properties that are 94% leased, located in 18 states, leased by 69 separate tenants and comprised of six different healthcare facility types. Our focus is on investing in properties where we can develop strategic alliances with financially sound healthcare providers that offer need-based healthcare services in our target markets. Our tenant base includes many nationally recognized healthcare providers (or their affiliates), such as Adventist, HCA, Fresenius and AmSurg. We have structured, and intend to maintain, our property portfolio with significant diversification with respect to healthcare provider, industry segment, facility type and geography.

- *Attractive and Disciplined Investment Focus.* We intend to focus on acquiring Non-Urban healthcare facilities in off-market or lightly marketed transactions at purchase prices of approximately $10 million or less. We believe there is significantly less competition from existing REITs and institutional buyers for these Non-Urban assets than for comparable urban assets, thereby increasing the potential for more attractive risk-adjusted returns. In addition, we believe that healthcare-related real estate rents and valuations are less susceptible to changes in the general economy than many other types of commercial real estate due to favorable demographic trends and the need-based rise in healthcare expenditures, even during economic downturns.

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

Experienced Management Team. Each of the members of our management team has between 22 and 33 years of healthcare, real estate and/or public REIT management experience. Led by Timothy G. Wallace, our Chairman, Chief Executive Officer and President, W. Page Barnes, our Executive Vice President and Chief Financial Officer, and Leigh Ann Stach, our Vice President Financial Reporting and Chief Accounting Officer, our management team has significant experience in acquiring, owning, operating and managing healthcare facilities and providing full service real estate solutions for the healthcare industry. Prior to founding our company, Mr. Wallace was a co-founder and Executive Vice President of Healthcare Realty Trust (NYSE: HR). Between the initial public offering of HR in 1993 and his departure from HR in 2002, Mr. Wallace was integral in helping to grow HR to over $2 billion in assets. Mr. Barnes has held executive positions with acute care and behavioral hospital companies and directed healthcare lending for AmSouth Bank. Ms. Stach has experience in public healthcare REIT accounting and financial reporting.

Growth Oriented Capital Structure. We anticipate that, upon completion of this offering, none of our properties will have mortgages and we will have no corporate debt outstanding. However, in the event that the total net proceeds of this offering (inclusive of additional net proceeds, if any, from the sale of additional shares pursuant to the underwriter's option to purchase additional shares) are insufficient to purchase all of the Initial Properties, we intend to borrow under the revolving credit facility in the amount of any shortfall in the net proceeds. Furthermore, concurrently with or shortly after the completion of this offering, we expect to obtain a credit facility, which we refer to as the anticipated credit facility, with a borrowing capacity of up to approximately $75.0 million. We may also use limited partnership interests, or OP units, in Community Healthcare OP, LP, our operating partnership, as currency to acquire additional properties from owners seeking to defer their potential taxable gain and diversify their holdings. We believe that the expected borrowing capacity under our anticipated credit facility, combined with our ability to use OP units as acquisition currency, will provide us with significant financial flexibility to make opportunistic investments and fund future growth.

Significant Alignment of Interests. We have structured the compensation of our management team to closely align their interests with the interests of our stockholders. During the initial terms of their respective employment agreements, all of our officers have elected to take 100% of their salary, bonus and long-term incentive in the form of restricted stock that is subject to an eight-year cliff-vesting period. We believe that paying our management team solely with restricted stock that is subject to an eight-year cliff-vesting period effectively aligns the interests of our management team with those of our stockholders, creating significant incentives to maximize returns for our stockholders. In addition, concurrently with the completion of this offering, Mr. Wallace has committed to purchase $2,000,000 in shares of our common stock and certain of our officers and director nominees have committed to purchase an aggregate of $350,000 in shares of our common stock in concurrent private placements, in each case at a price per share equal to the initial public offering price, which we believe further aligns our management's interests with our stockholders. Finally, we have adopted stock ownership guidelines that require our officers and directors to continuously own an amount of our common stock based on a multiple of such officer's annual base salary or such director's annual retainer, as applicable.

Our Business Objectives and Strategies

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

Growth Strategy

We anticipate being able to increase our current cash flow on the Initial Properties as leases mature. As of March 31, 2015, the Initial Properties were approximately 94% leased to 69 separate tenants with a weighted average remaining lease term for the portfolio of approximately 4.3 years. We believe our staggered lease maturity schedule and active asset management will optimize the value of our portfolio by consistently achieving market rental rates in new leases when the existing leases expire. Furthermore, in addition to having contractual rent escalation clauses in substantially all of our leases, our staggered lease maturity schedule increases the likelihood that we will consistently achieve market rental rates in new leases when the existing leases expire. In addition, we do not believe there is significant new supply growth or plans for the development of competitive facilities in our target markets. Thus, we believe this limited supply of competitive facilities in our target markets will increase the likelihood of significant tenant renewals.

We intend to grow our portfolio of healthcare properties primarily through acquisitions of Non-Urban healthcare facilities that provide stable revenue growth and predictable long-term cash flows. We generally expect to focus on individual acquisition opportunities of $10 million or less in off-market or lightly marketed transactions and do not intend to participate in competitive bidding or auctions of properties. We believe that there are abundant opportunities to acquire attractive healthcare properties in our target markets either from third-party owners of existing healthcare facilities or directly with healthcare providers through sale-leaseback transactions. We believe there is significantly less competition for these Non-Urban assets from existing REITs and institutional buyers than for comparable assets in urban areas, thereby increasing the potential for attractive risk-adjusted returns. Furthermore, we may acquire healthcare properties on a non-cash basis in a tax efficient manner through the issuance of OP units as consideration for the transaction.

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

Our primary acquisition focus will be on the following types of healthcare facilities:

Ambulatory surgery centers: Ambulatory surgery centers, also known as outpatient surgery centers, are freestanding healthcare facilities where surgical procedures not requiring an

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overnight hospital stay are performed. Procedures commonly performed include those related to dermatology, ear, nose and throat/audiology, pain, ophthalmology, orthopedics and sports health and urology.

Behavioral facilities: Behavioral facilities are healthcare facilities that provide a range of clinical services for mental health and/or substance abuse diagnoses on an inpatient and/or outpatient basis. Behavioral health services provided may include assessment, treatment, individual medical evaluation and management (including medication management), individual and group therapy, behavioral health counseling, family therapy and psychological testing for recipients of all ages.

Dialysis clinics: Dialysis clinics are healthcare facilities that furnish diagnostic, therapeutic and rehabilitative services required for the care of end stage renal disease dialysis patients.

Medical office buildings: Medical office buildings are buildings occupied by healthcare providers and may be located near hospitals or other facilities where healthcare services are rendered or in close proximity to a population base. Medical office buildings can be leased by physicians, physician practice groups, hospitals, healthcare systems or other healthcare providers.

Oncology centers: Oncology centers are healthcare facilities where one or more of the three primary oncology disciplines are provided to ambulatory patients. These three disciplines are medical oncology (the treatment of cancer with medicine, including chemotherapy), surgical oncology (the surgical aspects of cancer treatment, including biopsy, staging and surgical resection of tumors) and radiation oncology (the treatment of cancer with therapeutic radiation).

Physician clinics: Physician clinics are freestanding healthcare facilities that are primarily devoted to the care of ambulatory patients, can be privately operated or publicly managed and funded, and typically provide primary healthcare needs of populations in local communities utilizing physicians and other healthcare providers.

Our secondary acquisition focus will be on the following types of healthcare facilities:

Acute care hospitals: Acute care hospitals are traditional medical and surgical hospitals providing both inpatient and outpatient medical services and are owned and/or operated either by a non-profit or for-profit hospital or hospital system. These facilities may act as feeder facilities to dedicated regional medical centers.

Assisted living facilities: Assisted living facilities provide services that include minimal nursing assistance and minimal assistance for activities of daily living. Assisted living facilities typically are comprised of one and two bedroom suites equipped with private bathrooms and efficiency kitchens. Services bundled within one regular monthly fee usually include three meals per day in a central dining room, daily housekeeping, laundry, medical reminders and 24-hour availability of assistance with the activities of daily living, such as eating, dressing and bathing.

Post-acute care hospitals: Post-acute care hospitals are healthcare facilities that offer restorative, rehabilitative and custodial care for people not requiring the more extensive and complex treatment available at acute care hospitals. Ancillary and sub-acute care services that are provided may include occupational, physical, speech, respiratory and intravenous therapy, wound care, oncology treatment, brain injury care and orthopedic therapy.

Skilled nursing facilities: Skilled nursing facilities are inpatient healthcare facilities with the staff and equipment to provide long-term skilled nursing care, rehabilitation and other related health services to patients, typically elderly, who need nursing care, but do not require hospitalization.

Specialty hospitals: Specialty hospitals are hospitals that focus and specialize in providing care for certain conditions and performing certain procedures, such as cardiovascular and orthopedic surgery.

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

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

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

Financing Strategy

Upon completion of this offering, none of the Initial Properties will be subject to any mortgage financing. Additionally, we expect to have no outstanding corporate-level indebtedness upon completion of this offering. However, in the event that the total net proceeds of this offering (inclusive of additional net proceeds, if any, from the sale of additional shares pursuant to the underwriter's option to purchase additional shares) are insufficient to purchase all of the Initial Properties, we intend to borrow under the revolving credit facility in the amount of any shortfall in the net proceeds. In the future, we may also incur fixed or floating rate indebtedness, including indebtedness secured by our properties. Concurrently with or shortly after the completion of this offering, we intend to obtain the anticipated credit facility in an amount up to approximately $75.0 million. We intend to use proceeds from the anticipated credit facility to finance the acquisition of the Initial Properties in the event that the total net proceeds of this offering (inclusive of additional net proceeds, if any, from the sale of additional shares pursuant to the underwriter's option to purchase additional shares) are insufficient to purchase all of the Initial Properties and to consummate additional property acquisitions, as well as for general corporate purposes. As of the date of this prospectus, we have received a commitment letter from a lender for the anticipated credit facility. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Anticipated Credit Facility" for more detailed information concerning the terms of the commitment letter. However, there can be no assurance that we will enter into definitive documentation with regard to this facility on the terms set forth in the commitment letter or at all. Our present financing policy prohibits incurring debt (secured or unsecured) in excess of 40% of our total book capitalization.

Healthcare and Healthcare Real Estate Overview

We believe the U.S. healthcare industry is poised to continue to grow due to favorable demographic trends, increasing healthcare expenditures, new and proposed government initiatives and changing patient preferences. Furthermore, we believe these factors are contributing to the increased need for healthcare providers to enhance the delivery of healthcare by, among other things, integrating real estate solutions that focus on more efficient, cost-effective and conveniently located patient care.

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Specifically, we believe the factors and trends discussed below are creating an attractive environment in which to invest in healthcare properties.

Increases in U.S. Healthcare Spending

According to the United States Department of Health and Human Services, or HHS, healthcare spending accounted for approximately 17.4% of U.S. gross domestic product, or GDP, in 2013. As illustrated in the graph below, national healthcare expenditures continue to rise, and are projected to grow from an estimated $2.9 trillion in 2013 to an estimated $4.3 trillion by 2020, representing an average annual rate of growth of approximately 5.6%, reaching a projected 18.4% of GDP in 2020. The anticipated continuing increase in demand for healthcare services, together with an increasingly complex and costly regulatory environment, changes in medical technology and reductions in government reimbursements, are expected to put increased pressure on healthcare providers to find cost effective solutions for their real estate needs.

Annual U.S. Healthcare Expenditures

Source: U.S. Census Bureau, Population Projections; CMS, National Health Expenditures 1970-2021

Aging Population

The aging of the U.S. population has a direct effect on the demand for healthcare as older people, on average, utilize healthcare services at a rate well in excess of younger people. Thus, the aging population, driven by the baby boomer generation, and advances in medical technology and services that increase life expectancy are key drivers of the growth in healthcare expenditures.

Over the next 25 years the U.S. population is expected to grow by approximately 18.0%. The rapidly growing senior citizen population in the U.S. is expected to result in substantially increased demand for healthcare services as the baby boomer generation ages and life expectancies lengthen. The U.S. Census Bureau estimates the total number of Americans aged 65 and older is expected to increase from approximately 43 million in 2012 to approximately 74 million by 2030, with the number of citizens aged 65 and older expected to grow at approximately five times the rate of the overall population by 2030. In addition, the 65 and older age group was approximately 14.0% of the U.S. population in 2012 and is projected to grow to nearly 21.0% by 2030 as is shown in the graph below.

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U.S. Aging Population

Source: Center for Medicare & Medicaid Services, U.S. Census Bureau, Population Division

Clinical Care Continues to Shift to Outpatient Facilities

We believe the continued shift in the delivery of healthcare services to outpatient facilities will increase the need for smaller, more specialized and efficient hospitals and outpatient facilities that more effectively accommodate those services. As shown in the graph below, procedures traditionally performed in hospitals, such as certain types of surgery, are increasingly moving to outpatient facilities driven by advances in clinical science, shifting consumer preferences, limited or inefficient space in existing hospitals and lower costs in the outpatient environment. Additionally, studies by the American Hospital Association show that outpatient visits per thousand have grown approximately 58.0% from 1992 to 2012, whereas inpatient admissions per thousand have declined 10.0%. This continuing shift in the delivery of healthcare services to an outpatient environment increases the need for additional outpatient facilities and smaller, more specialized and efficient hospitals.

Inpatient Admissions **Outpatient Visits**

Source: American Hospital Association

We believe that healthcare is delivered more cost effectively and with higher patient satisfaction when it is provided on an outpatient basis. We believe the recently enacted Patient Protection and Affordable Care Act, or the Affordable Care Act, and healthcare market trends toward outpatient care will continue to push healthcare services out of larger, older, inefficient hospitals and into newer, more efficient and conveniently located outpatient facilities and smaller specialized hospitals. Increased specialization within the medical field is also driving demand for medical facilities that are purpose-built for particular specialties.

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Increase in Insured Americans Through the Affordable Care Act

The recently enacted Affordable Care Act represents a significant overhaul of many aspects of healthcare regulations and health insurance and requires every American to have health insurance or be subjected to a tax. HHS predicts the Affordable Care Act will result in an additional 30 million Americans having health insurance by 2020, which we believe will increase the frequency of physician office visits. Accordingly, we believe the increased demand for healthcare services will result in the need for healthcare providers to invest in the expansion of medical, outpatient and smaller specialty hospital facilities.

Favorable Non-Urban Healthcare Outlook

We believe the factors discussed above will affect all markets within the healthcare space, but they will be most notable in Non-Urban areas where the growing aging population resides. Most Non-Urban residents live in counties bordering metropolitan areas, and only a small proportion live in remote communities. Over 61.0% of Non-Urban residents live in counties adjacent to urban areas. Another 29.0% of Non-Urban residents live in counties that contain regional population centers, or micropolitan areas, that do not directly border larger urban areas. Only a small portion of the population lives in geographically remote counties. Within these Non-Urban areas, residents tend to be older and poorer than their urban counterparts. We believe the majority of the newly-insured will enter the health system through Medicaid and state health exchanges. It has been estimated by United Health that, as a result of the implementation of the Affordable Care Act, an additional 8.0 million Non-Urban residents could be enrolled in Medicaid or state health exchanges by 2019. Therefore, we believe healthcare providers will need to make significant investments in these Non-Urban areas to ensure that these newly covered populations are able to get the care they need in manner that is cost-effective and conveniently located.

In conclusion, we believe the current market for quality healthcare facilities that satisfy our investment criteria and are located in Non-Urban markets is substantial. Furthermore, we believe that continued increases in healthcare spending, a growing aging population, the implementation of the Affordable Care Act and a continued shift to outpatient facilities, will result in even greater demand by healthcare providers to invest in new, specialized real estate assets in locations that are conveniently located for patients. Additionally, we believe that there are fewer competitors for this asset class because we believe that very few, if any, public REITs are focused on acquiring Non-Urban healthcare facilities in a price range of less than $10 million.

Our Initial Properties

Upon completion of this offering and the acquisition of the Initial Properties, we will own 35 properties comprised of an aggregate of approximately 623,000 leasable square feet located in 18 states. The Initial Properties are currently leased by 69 separate tenants and are subject to leases with a

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weighted average remaining lease term of approximately 4.3 years as of March 31, 2015. The table below provides certain information regarding each of our Initial Properties as of March 31, 2015.

Property	Location	Facility Type(1)	Total Leasable Sq. Ft.	In-Place Occupancy	Annualized Lease Revenue($)(2)	Percentage of Total Annualized Lease Revenue(3)	Annualized Lease Revenue Per Leased Sq. Ft. ($)(4)	Principal Tenant/Affiliate of
Provena Medical Center	Bourbonnais, IL	MOB	54,000	91.60%	847,010	7.07%	17.12	Presence Health
Bayside Medical Center	Pasadena, TX	MOB	51,316	67.80%	708,612	5.91%	20.37	HCA
Cypress Medical Center	Wichita, KS	MOB	43,945	92.50%	830,974	6.94%	20.43	HCA & Kansas Medical Center
Los Alamos Professional Plaza	Alamo, TX	MOB	41,797	91.60%	534,282	4.46%	13.94	CVS & Hidalgo County
Adventist Behavioral Health	Cambridge, MD	BF	40,180	100.00%	771,283	6.44%	19.20	Adventist Healthcare
Cavalier Medical & Dialysis Center	Florence, KY	MOB	36,362	91.00%	451,281	3.77%	13.63	Paradigm Pain & Spine Consultants
Prairie Star Medical Facility II(5)	Shawnee, KS	MOB	24,840	89.50%	439,933	3.67%	19.78	Adventist Health System Sunbelt Healthcare Corporation
Prairie Star Medical Facility I	Shawnee, KS	PC	24,557	100.00%	460,444	3.84%	18.75	Adventist Health System Sunbelt Healthcare Corporation
Williams Medical Clinic*	Holly Spring, MS	PC	24,024	100.00%	462,000	3.86%	19.23	Williams Medical Clinic
Dahlonega Medical Mall	Dahlonega, GA	MOB	20,621	97.70%	336,749	2.81%	16.33	PCG Molecular
Grandview Plaza	Lancaster, PA	PC	20,000	100.00%	456,646	3.81%	22.83	Wellspan Health & Lancaster General Medical Group
Brook Park Medical Building	Brook Park, OH	MOB	18,444	100.00%	367,490	3.07%	19.92	Southwest Community Health System
Fresenius Florence Dialysis Center	Florence, KY	DC	18,283	100.00%	321,743	2.69%	17.60	Fresenius Medical Care
Fresenius Corsicana Dialysis Center	Corsicana, TX	DC	17,699	82.60%	236,329	1.97%	16.17	Fresenius Medical Care
Columbia Gastroenterology Surgery Center	Columbia, SC	ASC	16,969	94.00%	317,101	2.65%	19.88	Palmetto Health
Family Medicine East	Wichita, KS	PC	16,581	100.00%	410,838	3.43%	24.78	Family Medicine East Chartered
Fresenius Gallipolis Dialysis Center	Gallipolis, OH	DC	15,110	100.00%	137,805	1.15%	9.12	Fresenius Medical Care
UW Health Clinic Portage	Portage, WI	PC	14,000	100.00%	290,151	2.42%	20.73	University of Wisconsin Health Clinics
Desert Endoscopy Center	Tempe, AZ	ASC	13,000	100.00%	270,367	2.26%	20.80	The Mesa AZ Endoscopy ASC
Northwest Surgery Center	Houston, TX	ASC	11,200	100.00%	466,356	3.89%	41.64	Northwest Surgery Associates
Midwest Primary Care Clinic	Cincinnati, OH	PC	11,050	100.00%	285,239	2.38%	25.81	Catholic Health Partners
St. Alphonsus Medical Group Clinic	Nampa, ID	PC	10,751	100.00%	226,196	1.89%	21.04	CHE Trinity Health
UW Health Clinic Fort Atkinson	Fort Atkinson, WI	PC	8,500	100.00%	164,137	1.37%	19.31	University of Wisconsin Health Clinics
Liberty Dialysis	Castle Rock, CO	DC	8,450	100.00%	284,176	2.37%	33.63	Fresenius Medical Care

Virginia Orthopaedic & Spine Specialists	Portsmouth, VA	PC	8,445	100.00%	168,900	1.41%	20.00	Bon Secours Health System
Continuum Wellness Center	Gilbert, AZ	PC	8,200	100.00%	254,831	2.13%	31.08	Agility Health
Court Street Surgery Center	Circleville, OH	ASC	7,787	88.80%	187,733	1.57%	27.16	Surgery Partners
Gulf Coast Cancer Centers	Gulf Shores, AL	OC	6,398	100.00%	190,976	1.59%	29.85	Vantage Oncology
Gulf Coast Cancer Centers	Foley, AL	OC	6,146	100.00%	183,454	1.59%	29.85	Vantage Oncology
Bassin Center For Plastic Surgery*	Melbourne, FL	PC	5,228	100.00%	308,217	2.57%	58.96	Roger E. Bassin, M.D.
Fresenius Fort Valley Dialysis Center	Fort Valley, GA	DC	4,920	100.00%	113,370	0.95%	23.04	Fresenius Medical Care
DaVita Etowah Dialysis Center	Etowah, TN	DC	4,720	100.00%	65,702	0.55%	13.92	DaVita Health Partners
Gulf Coast Cancer Centers	Brewton, AL	OC	3,971	100.00%	118,532	0.99%	29.85	Vantage Oncology
Bassin Center For Plastic Surgery*	Lady Lake, FL	PC	2,894	100.00%	170,616	1.42%	58.96	Roger E. Bassin, M.D.
Bassin Center For Plastic Surgery*	Orlando, FL	PC	2,420	100.00%	142,671	1.19%	58.95	Roger E. Bassin, M.D.
Total/Average(6)			622,808	93.79%	$ 11,982,144	100.00%	$ 20.51	

* Denotes that lease will be executed upon the acquisition of the property.

(1) As used in the table above, "OC" means oncology center, "ASC" means ambulatory surgery center, "PC" means physician clinic, "MOB" means medical office building, "DC" means dialysis clinic and "BF" means behavioral facility.

(2) Our annualized lease revenue was calculated by multiplying (i) rental payments (defined as base rent payable by each tenant on a monthly basis under the terms of a lease that was in place as of March 31, 2015) for the month ended March 31, 2015, by (ii) 12. During 2014 and the first quarter of 2015, there were no material tenant concessions or rent abatement periods on any of the Initial Properties. For a property that will be leased pursuant to a lease executed upon our acquisition of such property, annualized lease revenue is the anticipated annual rental payments set forth in the applicable form of lease to be executed upon the acquisition of the property.

(3) Percentage of total annualized lease revenue was calculated by dividing annualized lease revenue for the relevant Initial Property by total annualized lease revenue for the year ended March 31, 2015, expressed as a percentage.

(4) Annualized lease revenue per leased square foot was calculated by dividing annualized lease revenue for the relevant Initial Property by the product of the total leasable square footage as of March 31, 2015 and the in-place occupancy as of March 31, 2015.

(5) This property is currently leased by the seller from the City of Shawnee, Kansas pursuant to a payment in lieu of tax agreement. Initially, we will take an assignment of and assume the seller's lease on this property, and we will acquire all of the bonds that were issued by the City of Shawnee, Kansas to finance the construction of this property. The lease contains an option to purchase this property for $100 along with the payment of certain expenses and the satisfaction and discharge in full of the bonds. We anticipate exercising this purchase option in early 2016 and obtaining fee simple title to the property at that time. See "Our Business Description of Properties Prairie Star Medical Facility II, Shawnee, Kansas" for more information.

(6) When we provide weighted-average figures, the amount is weighted by annualized lease revenue, except where otherwise noted.

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Properties Under Evaluation

In addition to the Initial Properties, we are currently in discussions regarding a number of acquisition opportunities that we have identified through our management team's network of relationships and that we believe will enhance our growth and operating performance metrics. As of the date of this prospectus, we have identified and are in various stages of evaluating potential acquisitions of properties, all from unrelated third parties, for an aggregate purchase price of approximately $149.1 million, based upon our preliminary discussions with the sellers and our internal assessments of the value of these properties. As of the date of this prospectus, we have identified and performed an initial financial analysis of these properties to determine what we would be willing to pay for each property. However, none of the properties under evaluation by management are subject to binding purchase agreements, rights of first offer or rights of refusal and, as a result, none of the properties are deemed probable of acquisition as of the date of this prospectus. There can be no assurance that we will enter into definitive agreements with regard to any of these properties for the anticipated purchase price or at all.

Implications of Being an Emerging Growth Company

We qualify as an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, because we had less than $1 billion annual revenues for the fiscal year ended December 31, 2014. An emerging growth company may take advantage of specified reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company, among other things:

- we are exempt from the requirement to obtain an attestation and report from our auditors on the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act;
- we are permitted to provide less extensive disclosure about our executive compensation arrangements; and
- we are not required to give our stockholders non-binding advisory votes on executive compensation or golden parachute arrangements.

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

We may take advantage of these provisions for up to five years or such earlier time that we are no longer an emerging growth company. Accordingly, the information contained in this prospectus and in other filings we will make with the Securities and Exchange Commission, or SEC, may be different than the information you receive from other public companies in which you hold stock. We would cease to be an emerging growth company upon the earliest to occur of: the last day of the first fiscal year in which we have more than $1 billion in annual revenues; the date we qualify as a "large accelerated filer," with at least $700 million in market value of our common stock held by non-affiliates; the issuance, in any three-year period, of more than $1 billion of non-convertible debt securities; and the last day of the fiscal year ending after the fifth anniversary of this offering.

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Summary Risk Factors

An investment in our common stock involves a high degree of risk. You should carefully read and consider the risks discussed below and under the caption "Risk Factors" beginning on page 19 of this prospectus before investing in our common stock.

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

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

- We may be unable to complete the acquisitions of our Initial Properties and/or any potential acquisitions, which would adversely affect our results of operations and ability to make distributions to our stockholders.

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

- The value of the consideration for the Initial Properties may exceed the net proceeds from this offering and the concurrent private placements and we may be unable to acquire certain of the Initial Properties immediately following completion of this offering or at all.

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

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

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

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

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

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

- There has been no public market for our common stock prior to this offering and an active trading market for our common stock may not develop following this offering.

Concurrent Private Placements

Concurrently with the completion of this offering, Timothy G. Wallace, our Chairman, Chief Executive Officer and President, and certain of our officers and director nominees will close the concurrent private placements at a price per share equal to the initial public offering price. This concurrent private placements are expected to close on the same day as this offering and are contingent upon completion of the offering. This offering is not contingent upon the closing of the concurrent private placements.

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Structure and Formation of Our Company

Our Company

We are a fully-integrated healthcare real estate company that was recently organized as a Maryland corporation to acquire and own properties that are leased to hospitals, doctors, healthcare systems or other healthcare service providers in Non-Urban markets. We will conduct our business through a traditional umbrella partnership real estate investment trust, or UPREIT, structure in which our properties are owned by our operating partnership, directly or through subsidiaries, as described below under "Description of our Operating Partnership and our Partnership Agreement." We are the sole general partner of our operating partnership and, upon completion of this offering, we will own 100% of the OP units. Our board of directors will oversee our business and affairs.

Upon completion of this offering, we will issue 6,373,684 shares of common stock (7,311,184 shares of common stock if the underwriters exercise their option to purchase additional shares in full), including an aggregate of 123,684 shares to be issued in the concurrent private placements, and, as soon as practicable thereafter and subject to customary closing conditions, we will acquire the Initial Properties. These transactions are described in more detail under the caption "Our Business Initial Properties" in this prospectus.

Athena Funding Partners, LLC, or AFP, in which Timothy G. Wallace, our Chairman, Chief Executive Officer and President owns 99% of the interests, anticipates advancing or incurring an aggregate of approximately $2.8 million in organizational, legal, accounting and other similar expenses in connection with this offering and the acquisition of the Initial Properties. We will reimburse AFP for these expenses upon completion of this offering and the acquisition of the Initial Properties. See "Certain Relationships and Related Transactions" for more detailed information relating to benefits to be received by our affiliates upon completion of the offering.

Our Operating Partnership

Our operating partnership was formed as a Delaware limited partnership on February 12, 2015 and will commence operations upon the completion of this offering and the acquisition of the Initial Properties. Following the completion of this offering, substantially all of our assets will be held by, and our operations will be conducted through, our operating partnership. We will contribute the net proceeds from this offering to our operating partnership in exchange for OP units. Our interest in our operating partnership will generally entitle us to share in cash distributions from, and in the profits and losses of, our operating partnership in proportion to our percentage ownership, which is currently 100%. As the sole general partner of our operating partnership, we generally will have the exclusive power under the partnership agreement to manage and conduct its business and affairs, subject to certain limited approval and voting rights of the limited partners, which are described in "Description of our Operating Partnership and our Partnership Agreement". In the future, we may issue OP units from time to time in connection with property acquisitions, as compensation or otherwise.

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Corporate Structure

The chart below reflects our expected ownership structure immediately following completion of this offering and the acquisition of the Initial Properties. Following the completion of this offering, we will own directly or indirectly 100% of all subsidiaries, including our operating partnership.

Our Tax Status

We intend to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2015. Our qualification as a REIT will depend upon our ability to meet, on a continuing basis, through actual investment and operating results, various complex requirements relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels and the diversity of ownership of our capital stock. We believe that we will be organized in conformity with the requirements for qualification as a REIT under the Code and that our intended manner of operation will enable us to meet the requirements for qualification and taxation as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2015.

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

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Restrictions on Ownership of Our Shares

In order to help us qualify as a REIT, among other purposes, our charter, subject to certain exceptions, restricts the number of shares of our common stock that a person may beneficially or constructively own. Our charter provides that, subject to certain exceptions, no person may beneficially or constructively own more than 9.8% in value of the outstanding shares of our capital stock and 9.8%, in value or in number of shares, whichever is more restrictive, of the outstanding shares of our common stock. A more complete description of our shares of common stock, including restrictions upon the ownership and transfer thereof, is presented under the caption "Description of Capital Stock" in this prospectus.

Distribution Policy

We intend to pay cash dividends to holders of our common stock. We intend to pay a pro rata dividend with respect to the period commencing on the completion of this offering and ending June 30, 2015 based on $0.375 per share for a full quarter. On an annualized basis, this would be $1.50 per share, or an annual dividend rate of approximately 7.9%. We intend to maintain our initial dividend rate for the 12-month period following completion of this offering unless actual results of operations, economic conditions or other factors differ materially from the assumptions used in our estimate. We intend to make dividend distributions that will enable us to meet the distribution requirements applicable to REITs and to eliminate or minimize our obligation to pay income and excise taxes. See "Material U.S. Federal Income Tax Considerations Taxation of Taxable U.S. Stockholders" and "Risk Factors Risks Related to Our Qualification and Operation as a REIT". We do not intend to reduce the expected dividend per share if the underwriters' option to purchase additional shares is exercised.

Any future distributions will be at the sole discretion of our board of directors, and their form, timing and amount, if any, will depend upon a number of factors, including the revenue we receive from our properties, our operating expenses, interest expense, the ability of our tenants to meet their obligations and unanticipated expenditures, our debt service requirements, our capital expenditures, prohibitions and other limitations under our financing arrangements, our REIT taxable income, the annual REIT distribution requirements, applicable law and such other factors as our board of directors deems relevant. To the extent that our cash available for distribution is less than 90% of our REIT taxable income, we may consider various means to cover any such shortfall, including borrowing under our anticipated credit facility or other loans, selling certain of our assets or using a portion of the net proceeds we receive from this offering or future offerings of equity, equity-related or debt securities or declaring taxable share dividends.

Corporate Information

We were formed as a Maryland corporation on March 28, 2014. Our corporate offices are located at 354 Cool Springs Blvd, Suite 106, Franklin, TN 37067. Our telephone number is 615-771-3052. Our internet website is www.communityhealthcaretrust.com. The information contained on, or accessible through, our website, or any other website, is not incorporated by reference into this prospectus and should not be considered a part of this prospectus.

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This Offering

Common stock offered by us	6,250,000 shares
Common stock to be outstanding after this offering and the concurrent private placements	6,573,684 shares[(1)]
Use of proceeds	We estimate that we will receive net proceeds from this offering and the concurrent private placements of approximately $111.0 million (approximately $127.6 million if the underwriters' option to purchase additional shares is exercised in full), after deducting the underwriting discount and estimated offering expenses payable by us. We will contribute the net proceeds from this offering and the concurrent private placements to our operating partnership. Our operating partnership intends to use the net proceeds from this offering and the concurrent private placements as follows:
	approximately $114.5 million to acquire the Initial Properties; and
	the balance, if any, for general corporate and working capital purposes, including payment of expenses associated with this offering and the acquisition of the Initial Properties and possible future acquisitions.
NYSE symbol	"CHCT"
Restrictions on ownership	Our charter provides that, subject to certain exceptions, no person may beneficially own or constructively own more than 9.8% in value of the outstanding shares of our capital stock and 9.8%, in value or in number of shares, whichever is more restrictive, of the outstanding shares of our common stock.
	In addition, our charter limits equity participation by "benefit plan investors" so that such participation in any class of our equity securities by such "benefit plan investors" will not be deemed "significant." For such purposes, the terms "benefit plan investors" and "significant" are determined by reference to certain regulations promulgated under the U.S. Department of Labor. See "ERISA Considerations."

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(1) Includes (a) 200,000 shares of common stock that were previously sold to our stockholders in connection with our initial capitalization and (b) 123,684 shares of common stock to be issued in the concurrent private placements closing concurrently with the completion of this offering. Excludes (a) 937,500 shares of common stock that may be issued by us upon exercise of the underwriters' option to purchase additional shares in full, (b) an aggregate of 85,757 shares of common stock to be issued under our 2014 Incentive Plan to members of our management and directors for payment of salaries in stock in lieu of cash shortly after the completion of this offering, and (c) 440,025 shares of our common stock available for future issuance under our 2014 Incentive Plan.

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Summary Historical and Pro Forma Financial and Other Information

The following table sets forth financial information for the Company which is derived from the audited consolidated financial statements included elsewhere in this prospectus. Except for the historical information as and for the year ended December 31, 2014, the information provided below is unaudited. The pro forma information provided in the table below is presented as of and for the year ended December 31, 2014 and as of and for the three months ended March 31, 2015 after giving effect to (a) the sale of the shares of common stock offered hereby (after deducting underwriting discounts and offering expenses payable by us and assuming the underwriters' option to purchase additional shares of common stock is not exercised), (b) the concurrent private placements, and (c) the acquisition of the Initial Properties and the entry into the related leases as if such transactions had occurred on January 1, 2014.

The pro forma information incorporates certain assumptions that are included in the Notes to the Unaudited Pro Forma Financial Statements included elsewhere in this prospectus. See "Selected Historical and Pro Forma Financial and Other Data." The pro forma information is for informational purposes and does not purport to represent what the actual financial position or results of operations of the Company would have been as of or for the periods indicated had the transactions been completed as of the date indicated, nor does it purport to represent any future financial position or results of operations.

You should read the following summary historical and pro forma financial information together with the discussion under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the consolidated financial statements and related notes thereto included elsewhere in this prospectus.

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	At or for the Three Months Ended March 31, 2015 Historical	At or for the Three Months Ended March 31, 2015 As Adjusted for the Offering and Acquisition of Initial Properties	At or for the Year Ended December 31, 2014 Historical	At or for the Year Ended December 31, 2014 As Adjusted for the Offering and Acquisition of Initial Properties
Pro forma statement of income data:				
Revenues:				
Rental income	$	$ 3,548,808	$	$ 14,050,257
Costs and Expenses:				
Property operating expenses		623,078		2,397,375
Interest expense		102,398		409,590
Depreciation and amortization		1,293,553		5,174,211
General and administrative expenses		95,084		380,334
Total expenses		2,114,113		8,361,510
Net income	$	$ 1,434,695	$	$ 5,688,747
Net income per share	$	$ 0.21	$	$ 0.85
Shares outstanding	200,000	6,706,104(1)	200,000	6,706,104(1)
Pro forma balance sheet data:				
Assets:				
Cash and cash equivalents	$ 2,000	$		
Real estate investments		114,502,028		
Intangible assets				
Total Assets	$ 2,000	$ 114,502,028		
Liabilities and Stockholders' equity Liabilities:				
Credit facility	$	$ 4,536,001		
Total Liabilities	$	$ 4,536,001		
Stockholders' equity:				
Preferred stock, $0.01 par value 50,000,000 shares authorized; none outstanding				
Common stock, $0.01 par value 450,000,000 shares authorized; 200,000 issued and outstanding, historical: 6,573,684 issued and outstanding, as adjusted	2,000	65,737		
Additional paid-in capital		110,959,559		
Accumulated loss		(1,059,269)		

Total stockholders' equity		2,000	109,966,027		
Total liabilities and stockholders' equity		2,000	$ 114,502,028		
Other data:					
Funds from operations[2]	$		$ 2,728,248	$	$ 10,862,958
Funds from operations per share[2]	$		$ 0.41	$	$ 1.62
Net operating income[2]	$		$ 2,858,376	$	$ 11,383,467

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(1) Assumes the shares were issued on January 1, 2015 and, accordingly, includes an aggregate of 132,400 shares of common stock to be issued under our 2014 Equity Incentive Plan, notwithstanding that only 85,757 shares will be issued under the 2014 Equity Incentive Plan, which represents the pro rata amount based on the anticipated closing date of this offering.

(2) Funds from operations, or FFO, and net operating income, or NOI, are not measures calculated under generally accepted accounting principles, or GAAP, in the U.S. The GAAP measure that we believe to be most directly comparable to FFO and NOI is net income (loss). See "Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measures" for the definitions of FFO and NOI and a reconciliation of each measure to net income (loss).

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RISK FACTORS

An investment in our common stock involves a high degree of risk. In addition to all other information contained in this prospectus, you should carefully consider the following risk factors before purchasing our common stock. The occurrence of any of the following risks could materially and adversely affect our business, prospects, financial condition, results of operations and our ability to make cash distributions to our stockholders, which could cause you to lose all or part of your investment. The risks set forth below represent those risks and uncertainties that we believe are material to our business, financial condition and results of operations, our ability to make distributions to our stockholders and the trading price of our common stock. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section captioned "Cautionary Statement Regarding Forward-Looking Statements."

Risks Related to Our Business

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

We are newly formed and have no operating history. In addition, we currently have nominal assets and will commence operations only upon completion of this offering. Further, we will initially only have eight employees, including our executive officers. We are subject to all of the business risks and uncertainties associated with any new business, including the risk that we will not achieve our investment objectives as described in this prospectus and that the value of your investment could decline substantially. Our financial condition and results of operations will depend on many factors, including the availability of acquisition opportunities, readily accessible short and long-term financing, conditions in the financial markets and economic conditions generally. There can be no assurance that we will be able to generate sufficient cash flow over time to pay our operating expenses and make distributions to stockholders. Our limited resources may also materially and adversely impact our ability to successfully operate our Initial Properties or implement our business plan successfully. As a result of our failure to successfully operate our business, implement our investment strategy or generate sufficient revenue to make or sustain distributions to stockholders, the value of your investment could decline significantly or you could lose all or a portion of your investment.

Additionally, we cannot assure you that the past experience of our executive officers will be sufficient to successfully operate our company as a REIT or a listed public company, including the requirements to timely meet disclosure requirements of the SEC. We may be required to revise our control systems and procedures in order to qualify and maintain our qualification as a REIT, to satisfy our periodic and current reporting requirements under applicable regulations of the SEC and to comply with the NYSE listing standards, and this transition could place a significant strain on our management systems, infrastructure and other resources. Failure to operate successfully as a listed public company or maintain our qualification as a REIT would have an adverse effect on our financial condition, results of operations, cash flow and per share trading price of our common stock.

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

A key component of our investment strategy is to acquire additional Non-Urban healthcare properties in off-market or lightly marketed transactions, relying on our officers' relationships with healthcare providers and real estate brokers. All of our Initial Properties were sourced in off-market or lightly marketed transactions based upon the relationship developed by our management team's relationships with healthcare providers. We seek to acquire properties before they are widely marketed by real estate brokers. As we expect to compete with many national, regional and local acquirers of

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

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

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

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

We may not realize the benefits that we anticipate from strategic alignments with particular healthcare providers.

As part of our business strategy, we will rely on our management team's relationships with healthcare providers and attempt to locate potential healthcare properties through strategic alignments with healthcare providers. We may not realize the benefits that we anticipate as a result of these strategic relationships, including the opportunity to purchase any healthcare properties. Moreover, acquiring and managing a portfolio of healthcare properties that are strategically aligned does not assure the success of any given property. In particular, we may not obtain or realize increased rents, long-term tenants, or reduced tenant turnover rates as compared to healthcare properties that are not strategically aligned. The associated healthcare provider may not be financially successful and the strategic alignment that we seek for our healthcare properties may not result in the benefit that we anticipate. Furthermore, tenants that we consider to be strategically aligned with our business objectives could terminate their leases , and we may not succeed in replacing them with tenants that are strategically aligned. If we do not realize the benefits that we anticipate from this focus and those strategic alignments dissolve and we are not successful in replacing them, our reputation, business, financial results and prospects may be adversely affected.

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We may be unable to complete the acquisitions of our Initial Properties and/or any potential acquisitions, which would adversely affect our results of operations and ability to make distributions to our stockholders.

We intend to use the proceeds from this offering to acquire the Initial Properties. We cannot assure you, however, that we will complete any of the acquisitions of our Initial Properties and/or any potential acquisitions on the terms described in this prospectus, or at all, because each of these transactions is subject to a variety of conditions, including, in the case of properties under contract, the execution of a mutually agreed-upon lease between us and the proposed tenant, our satisfactory completion of due diligence and the satisfaction of customary closing conditions. In addition, each definitive agreement for the acquisition of an Initial Property contains a date by which the closing of such property acquisition must occur. If the acquisition of any Initial Property does not occur by the date specified in the applicable definitive agreement, the seller of such property will no longer be contractually bound to sell such property to us. If we are unable to complete the acquisitions of our Initial Properties and/or any potential acquisitions, we would still incur the costs associated with pursuing those investments, but would not generate the revenues and NOI that we currently anticipate which would adversely affect our results of operations and ability to make distributions to our stockholders. Furthermore, you would then not be able to evaluate the other acquisitions and investments we may make with the remaining net proceeds of this offering, and we may not be able to invest the remaining net proceeds on acceptable terms or timeframes, or at all, which may harm our results of operations, cash flow, ability to make distributions to our stockholders and the trading price of our common stock.

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

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

Our healthcare provider tenants and the associated healthcare providers with which our healthcare properties are strategically aligned may be unable to compete successfully.

Our healthcare provider tenants and the associated healthcare providers with which our healthcare properties are strategically aligned often face competition from other nearby healthcare providers that

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provide comparable services. Any of our properties may be materially and adversely affected if the healthcare provider with which it is strategically aligned is unable to compete successfully. There are numerous factors that determine the ability of a healthcare provider to compete successfully, most of which are outside of our control. Managed care organizations may change their lists of preferred hospitals or in-network physicians. Physicians also may change hospital affiliations. If competitors of our tenants or competitors of the associated healthcare provider with which our healthcare properties are strategically aligned have greater geographic coverage, improve access and convenience to physicians and patients, provide or are perceived to provide higher quality services, recruit physicians to provide competing services at their facilities, expand or improve their services or obtain more favorable managed care contracts, our tenants may not be able to compete successfully. Any reduction in rental revenues resulting from the inability of our tenants or the associated healthcare providers with which our healthcare properties are strategically aligned to compete in providing medical services and/or receiving sufficient rates of reimbursement for healthcare services rendered could have a material adverse effect on our business, financial condition and results of operations, our ability to make distributions to our stockholders and the trading price of our common stock.

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

We will receive substantially all of our revenue from rent payments from tenants under leases of space in our healthcare properties, with our largest tenant based on rental revenue representing approximately $847,000, or 7.0%, and our five largest tenants based upon rental revenue representing approximately $3.7 million, or 30.9%, of the annualized lease revenue from our Initial Properties. We have no control over the success or failure of our tenants' businesses and, at any time, any of our tenants may experience a downturn in its business that may weaken its financial condition. Additionally, private or governmental payers may lower the reimbursement rates paid to our tenants for their healthcare services. For example, the Affordable Care Act provides for significant reductions to Medicare and Medicaid payments. As a result, our tenants may delay lease commencement or renewal, fail to make rent payments when due or declare bankruptcy. Any leasing delays, tenant failures to make rent payments when due or tenant bankruptcies could result in the termination of the tenant's lease and, particularly in the case of a large tenant, or a significant number of tenants, may have a material adverse effect on our business, financial condition and results of operations, our ability to make distributions to our stockholders and the trading price of our common stock. In addition, to the extent a tenant vacates specialized space in one of our properties (such as imaging space, ambulatory surgical space, or inpatient hospital space), re-leasing the vacated space could be more difficult than re-leasing less specialized office space, as there are fewer users for such specialized healthcare space in a typical market than for more traditional office space.

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

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A high concentration of our properties in a particular facility type magnifies the effects of events that may adversely impact this particular facility type.

We intend to acquire income-producing healthcare properties diversified by facility type. However, because of the size of this offering, our ability to diversify our portfolio will be limited as to the number of investments we are able to make. Approximately 38% of the total annualized lease revenue from our Initial Properties will be derived from medical office buildings. As such, any adverse situation that disproportionately affects this facility type would have a magnified adverse effect on our portfolio.

We may not be aware of characteristics or deficiencies involving any one or all of the Initial Properties, which could have a material adverse effect on our business.

We intend to use the net proceeds from this offering to acquire the Initial Properties. Some of these Initial Properties may have characteristics or deficiencies unknown to us that could affect their valuation or revenue potential and such properties may not ultimately perform to our expectations. We cannot assure you that the operating performance of the Initial Properties will not decline under our management. Any characteristics or deficiencies in the Initial Properties that adversely affect the value of the properties or their revenue-generation potential could have a material adverse effect on our results of operations and financial condition.

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

We cannot predict whether our tenants will renew existing leases beyond their current terms. We currently have eight leases scheduled to expire in 2015 and 19 leases scheduled to expire in 2016, which represent 2.7% and 26.2% of our total annualized lease revenue, respectively. If any of our leases are not renewed or terminated prior to the contractual expiration date, we would attempt to lease those properties to another tenant at then-current market rates. However, following expiration of a lease term or if we exercise our right to replace a tenant in default, rental payments on the related properties could decline or cease altogether while we reposition the properties with a suitable replacement tenant. Because our properties will be located in Non-Urban areas, the timetable to replace a departing tenant may be longer than replacing a tenant in an urban area. As such, we may be required to fund certain expenses and obligations (e.g., real estate taxes, debt costs and maintenance expenses) to preserve the value of, and avoid the imposition of liens on, our properties while they are being repositioned. Furthermore, our ability to reposition our properties with a suitable tenant could be significantly delayed or limited by state licensing, receivership, certificate of need, or CON, or other laws, as well as by the Medicare and Medicaid change-of-ownership rules. We could also incur substantial additional expenses in connection with any licensing, receivership or change-of-ownership proceedings. In addition, our ability to locate suitable replacement tenants could be impaired by the specialized healthcare uses or contractual restrictions on use of the properties, and we may be required to spend substantial amounts to adapt the properties to other uses. Any such delays, limitations and expenses could adversely impact our ability to collect rent, obtain possession of leased properties or otherwise exercise remedies for tenant default and could have a material adverse effect on our business, financial condition and results of operations, our ability to make distributions to our stockholders and the trading price of our common stock.

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

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

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

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

Of our 35 Initial Properties, the eight properties located in Texas and Kansas will provide approximately $4.1 million, or approximately 34.1%, of the annualized lease revenue from our Initial Properties. As a result of this geographic concentration, we are particularly exposed to downturns in the economies of those states or other changes in such states' respective real estate market conditions. Any material change in the current payment programs or regulatory, economic, environmental or competitive conditions in these states could have a disproportionate effect on our overall business results. In the event of negative economic or other changes in these markets, our business, financial condition and results of operations, our ability to make distributions to our stockholders and the trading price of our common stock may be materially and adversely affected.

Acquiring or attempting to acquire multiple properties in a single transaction may materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

From time to time, we may attempt to acquire multiple properties in a single transaction. For example, the acquisition of our Initial Properties will involve the purchase of one real estate portfolio consisting of three properties. Portfolio acquisitions are more complex and expensive than single property acquisitions, and the risk that a multiple-property acquisition does not close may be greater than in a single-property acquisition. Portfolio acquisitions may also result in our owning investments in geographically dispersed markets, placing additional demands on our ability to manage the properties in our portfolio. In addition, a seller may require that a group of properties be purchased as a package even though one or more properties in the portfolio may not satisfy our investment criteria. In these situations, if we are unable to identify another person or entity to acquire the unwanted properties, we may be required to operate or attempt to dispose of these properties. Moreover, our ability to dispose of properties could be limited by our intention to avoid any "dealer sale" that could be subject to the 100% REIT prohibited transaction tax. In addition, to acquire multiple properties in a single transaction, we may be required to accumulate a large amount of cash or incur a significant amount of debt. We would expect the returns that we earn on such cash to be less than the ultimate returns on real property. Any of the foregoing events may have a material adverse effect on our business, financial condition and results of operations and our ability to make distributions to our stockholders.

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Long-term leases may result in below market lease rates over time, which could adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

All of our Initial Properties will be subject to leases which have multi-year terms. Our long-term leases are expected to provide for rent increases over the terms of the leases. However, if we do not accurately judge the potential for increases in market rental rates, we may set the terms of these long-term leases at levels such that even after contractual rental increases, the rent under our long-term leases could be less than then-current market rental rates. Further, we may have no ability to terminate those leases or to adjust the rent to then-prevailing market rates. As a result, our business, financial condition and results of operations and our ability to make distributions to our stockholders could be materially and adversely affected.

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

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

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

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

We may choose not to distribute the proceeds of any sales of real estate to our stockholders, which may reduce the amount of our cash distributions to stockholders.

We may choose not to distribute any proceeds from the sale of real estate investments to our stockholders. Instead, we may elect to use such proceeds to:

- acquire additional real estate investments;
- repay debt;
- create working capital reserves; or
- make repairs, maintenance, tenant improvements or other capital improvements or expenditures on our properties.

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Any decision to retain or invest the proceeds of any sales, rather than distribute such proceeds to our stockholders may reduce the amount of cash distributions you receive on your common stock.

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

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

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

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

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

Subsequent to the acquisition of our Initial Properties, we will receive a significant portion of our revenues by acquiring and leasing our assets under long-term net leases in which the rental rate is generally fixed with annual rental rate escalations. Our Initial Properties contain 11 leases representing 16.87% of leasable square feet which provide rental rate escalators based upon changes in the Consumer Price Index, or CPI. Properties which we acquire in the future may contain CPI escalators or escalators that are contingent upon our tenant's achievement of specified revenue parameters. If, as a result of weak economic conditions or other factors, the revenues generated by our net leased properties do not meet the specified parameters or CPI does not increase, our growth and profitability will be hindered by these leases.

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We may structure acquisitions of property in exchange for OP units in our operating partnership on terms that could limit our liquidity or our flexibility or require us to maintain certain debt levels that otherwise would not be required to operate our business.

We may acquire certain properties by issuing OP units in our operating partnership in exchange for a property owner contributing property to the partnership. If we enter into such transactions, in order to induce the contributors of such properties to accept OP units rather than cash in exchange for their properties, it may be necessary for us to provide them additional incentives. For instance, our operating partnership's limited partnership agreement provides that any holder of OP units may redeem OP units for cash equal to the value of an equivalent number of shares of our common stock or, at our option, for shares of our common stock on a one-for-one basis. Furthermore, we might agree that if distributions the contributor received as a limited partner in our operating partnership did not provide the contributor with a defined return, then upon redemption of the contributor's OP units we would pay the contributor an additional amount necessary to achieve that return. Such a provision could further negatively impact our liquidity and flexibility. Finally, in order to allow a contributor of a property to defer taxable gain on the contribution of property to our operating partnership, we might agree not to sell a contributed property for a defined period of time or until the contributor exchanged the contributor's OP units for cash or shares of our common stock. Such an agreement would prevent us from selling those properties, even if market conditions made such a sale favorable to us. Additionally, in connection with acquiring properties in exchange for OP units, we may offer the property owners who contribute such property the opportunity to guarantee debt in order to assist those property owners in deferring the recognition of taxable gain as a result of their contributions. These obligations may require us to maintain more or different indebtedness than we would otherwise require for our business.

If we issue OP units in our operating partnership in exchange for property, the value placed on such units may not accurately reflect their market value, which may dilute your interest in us.

If we issue OP units in our operating partnership in exchange for property, the per unit value attributable to such OP units will be determined based on negotiations with the property seller and, therefore, may not reflect the fair market value of such OP units if a public market for such OP units existed. If the value of such OP units is greater than the value of the related property, your interest in us may be diluted.

Risks Related to the Healthcare Industry

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

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

The Affordable Care Act will change how healthcare services are covered, delivered and reimbursed through expanded coverage of uninsured individuals and reduced Medicare program spending. In addition, the law reforms certain aspects of health insurance, expands existing efforts to tie Medicare and Medicaid payments to performance and quality and contains provisions intended to

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strengthen fraud and abuse enforcement. In addition, the Affordable Care Act required skilled nursing facilities and nursing facilities to implement a compliance and ethics program for all employees and agents. The documentation and training associated with defining the policies and procedures is a significant undertaking and will require healthcare providers to continue to expend significant resources towards ensuring documentation is comprehensive and in line with government expectations. The complexities and ramifications of the Affordable Care Act are significant. At this time, it is difficult to predict the full effects of the Affordable Care Act and its impact on our business, our revenues and financial condition and those of our tenants due to the law's complexity, lack of implementing regulations or interpretive guidance, gradual implementation and possible amendment. Further, we are unable to foresee how individuals and businesses will respond to the choices afforded them by the Affordable Care Act. The Affordable Care Act could adversely affect the reimbursement rates received by our tenants, the financial success of our tenants and strategic partners and consequently us.

Many states also regulate the construction of healthcare facilities, the expansion of healthcare facilities, the construction or expansion of certain services, including by way of example specific bed types and medical equipment, as well as certain capital expenditures through CON laws. Under such laws, the applicable state regulatory body must determine a need exists for a project before the project can be undertaken. If one of our tenants seeks to undertake a CON-regulated project, but is not authorized by the applicable regulatory body to proceed with the project, the tenant would be prevented from operating in its intended manner.

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

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

The healthcare industry is currently experiencing, among other things:

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

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

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

Sources of revenue for our tenants typically include Medicare, Medicaid, private insurance payers and health maintenance organizations. Healthcare providers continue to face increased government and private payer pressure to control or reduce healthcare costs and significant reductions in healthcare reimbursement, including reduced reimbursements and changes to payment methodologies under the Affordable Care Act. The Congressional Budget Office, or CBO, estimated the reductions required by the Affordable Care Act over the next ten years will include $415 billion in cuts to Medicare fee-for-service payments, the majority of which will come from hospitals, and that some hospitals will become insolvent as a result of the reductions. In some cases, private insurers rely upon all or portions of the Medicare payment systems to determine payment rates which may result in decreased reimbursement from private insurers. The Affordable Care Act will likely increase enrollment in plans offered by private insurers who choose to participate in state-run exchanges, but the Affordable Care Act also imposes new requirements for the health insurance industry, including prohibitions upon excluding individuals based upon pre-existing conditions which may increase private insurer costs and, thereby, cause private insurers to reduce their payment rates to providers.

The slowdown in the United States economy has negatively affected state budgets, thereby putting pressure on states to decrease spending on state programs including Medicaid. The need to control Medicaid expenditures may be exacerbated by the potential for increased enrollment in state Medicaid programs due to unemployment and declines in family incomes. Historically, states have often attempted to reduce Medicaid spending by limiting benefits and tightening Medicaid eligibility requirements. Many states have adopted, or are considering the adoption of, legislation designed to enroll Medicaid recipients in managed care programs and/or impose additional taxes on hospitals to help finance or expand the states' Medicaid systems. Potential reductions to Medicaid program spending in response to state budgetary pressures could negatively impact the ability of our tenants to successfully operate their businesses.

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

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

There are various federal and state laws prohibiting fraudulent and abusive business practices by healthcare providers who participate in, receive payments from or are in a position to make referrals in connection with government-sponsored healthcare programs, including the Medicare and Medicaid programs. Our lease arrangements with certain tenants may also be subject to these fraud and abuse laws.

These laws include without limitation:

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

- the federal Physician Self-Referral Prohibition, or the Stark Law, which, subject to specific exceptions, restricts physicians who have financial relationships with healthcare providers from making referrals for designated health services for which payment may be made under Medicare

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or Medicaid programs to an entity with which the physician, or an immediate family member, has a financial relationship;

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

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

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

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

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

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

Breaches of personal information can result from deliberate attacks or unintentional events. More recently there has been an increased level of attention focused on cyber-attacks focused on healthcare providers because of the vast amount of personally identifiable information they possess. Most healthcare providers, including all who accept Medicare and Medicaid, must comply with the Health Insurance Portability and Accountability Act, or HIPAA, regulations regarding the privacy and security of protected health information. The HIPAA regulations impose extensive administrative requirements on our tenants with regard to how such protected health information may be used and disclosed. Further, the regulations include extensive and complex regulations which require providers to establish reasonable and appropriate administrative, technical and physical safeguards to ensure the confidentiality, integrity and availability of protected health information maintained in electronic format. The HIPAA regulations were amended in 2009 by the Health Information Technology and Clinical Health Act, or HITECH. HITECH changes included more stringent privacy requirements, increased and direct liability for the vendors of healthcare providers who help the providers operate, breach notification requirements and increased enforcement through the use of state attorneys' general and their offices. Our tenants must safeguard protected health information against reasonably anticipated threats or hazards to the information. HITECH directs the Secretary of HHS to provide for periodic audits to ensure covered entities (and their business associates, as that term is defined under HIPAA) comply with the applicable HIPAA requirements, increasing the likelihood that a HIPAA violation will result in an enforcement action.

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

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

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

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

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Merger and acquisition activity or consolidation in the healthcare industries resulting in a change of control of, or a competitor's investment in, one or more of our tenants, tenants could have a material adverse effect on us.

The healthcare and healthcare real estate industries have recently experienced increased consolidation, including among owners of healthcare real estate and healthcare providers. We compete with other healthcare REITs, healthcare providers, healthcare lenders, real estate partnerships, banks, insurance companies, private equity firms and other investors that pursue a variety of investments, which may include investments in our tenants. A competitor's investment in one of our tenants could enable our competitor to influence that tenant's, business and strategy in a manner that impairs our relationship with the tenant or is otherwise adverse to our interests. Depending on our contractual agreements and the specific facts and circumstances, we may have the right to consent to, or otherwise exercise rights and remedies, including termination rights, on account of, a competitor's investment in, a change of control of, or other transactions impacting a tenant. In deciding whether to exercise our rights and remedies, including termination rights, we assess numerous factors, including legal, contractual, regulatory, business and other relevant considerations. In addition, in connection with any change of control of a tenant, the tenant's management team may change, which could lead to a change in the tenant's strategy or adversely affect the business of the tenant either of which may affect the tenant's ability to meet their obligations to us, which in turn could have a material adverse effect on our business, financial condition and results of operations, our ability to pay distributions to our stockholders and the trading price of our common stock.

Risks Related to the Real Estate Industry

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

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

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

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

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

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

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

We evaluate our insurance coverage annually in light of current industry practice through an analysis prepared by outside consultants and attempt to ensure that all of our properties are adequately insured to cover casualty losses. However, there are certain losses, including losses from floods, earthquakes, wildfires, acts of war, acts of terrorism or riots, that are not generally insured against or that are not generally fully insured against because it is not deemed economically feasible or prudent to do so. In addition, changes in the cost or availability of insurance could expose us to uninsured casualty losses. In the event that any of our properties incurs a casualty loss that is not fully covered by insurance, the value of our assets will be reduced by the amount of any such uninsured loss, and we could experience a significant loss of capital invested and potential revenue in these properties and could potentially remain obligated under any recourse debt associated with the property. In addition, we may have no source of funding to repair or reconstruct the damaged property, and we cannot assure you that any such sources of funding will be available to us for such purposes in the future. Furthermore, we, as the general partner of our operating partnership, generally will be liable for all of our operating partnership's unsatisfied recourse obligations. Any such losses could materially adversely affect our financial condition, results of operations, cash flows and ability to pay distributions on, and the per share trading price of, our common stock.

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

Even if we qualify as a REIT for federal income tax purposes, we will be required to pay some state and local taxes on our properties. The real property taxes on our properties may increase as property tax rates change or as our properties are assessed or reassessed by taxing authorities. The amount of property taxes we pay in the future may increase substantially from what we have paid in the past. If the property taxes we pay increase, our cash flow would be adversely impacted to the extent

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that we are not reimbursed by tenants for those taxes, and our ability to pay any expected dividends to our stockholders could be materially adversely affected.

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

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

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

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

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

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

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

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

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

Our title insurance policies may not cover all title defects.

Each of our Initial Properties will be insured by a title insurance policy. However, it is possible that there may be title defects for which we will have no title insurance coverage. If there were a material title defect related to any of our properties that is not adequately covered by a title insurance policy, we could lose some or all of our capital invested in and our anticipated profits from such property.

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

Properties we acquire in the future may be subject to ground leases that contain certain restrictions. These restrictions could include limits on our ability to re-let these properties to tenants not affiliated with the healthcare provider that owns the underlying property, rights of purchase and rights of first offer and refusal with respect to sales of the property and limits on the types of medical procedures that may be performed. If we are unable to promptly re-let our properties, if the rates upon such re-letting are significantly lower than expected or if we are required to undertake significant capital expenditures in connection with re-letting, our business, financial condition and results of operations, our ability to make distributions to our stockholders and the trading price of our common stock may be adversely affected.

Our assets may be subject to impairment charges.

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

Risks Related to our Corporate Structure and the Acquisition of the Initial Properties

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

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

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

Additionally, our partnership agreement provides that we generally will not be liable to our operating partnership or any limited partner for any action or omission taken in our capacity as general partner, for the debts or liabilities of our operating partnership or for the obligations of our operating partnership under the partnership agreement, except for liability for our fraud, willful misconduct or gross negligence, pursuant to any express indemnity we may give to our operating partnership or in connection with a redemption. Our operating partnership must indemnify us, our directors and officers,

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officers of our operating partnership and our designees from and against any and all claims that relate to the operations of our operating partnership, unless (1) an act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (2) the person actually received an improper personal benefit in violation or breach of the partnership agreement or (3) in the case of a criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful. Our operating partnership must also pay or reimburse the reasonable expenses of any such person in advance of a final disposition of the proceeding upon its receipt of a written affirmation of the person's good faith belief that the standard of conduct necessary for indemnification has been met and a written undertaking to repay any amounts paid or advanced if it is ultimately determined that the person did not meet the standard of conduct for indemnification.

The value of the consideration for the Initial Properties may exceed the net proceeds from this offering and we may be unable to acquire certain of the Initial Properties immediately following completion of this offering or at all.

Prior to entering into purchase agreements for the Initial Properties, we held arm's length third party negotiations with the sellers of the Initial Properties. However, the negotiated value of the Initial Properties may exceed the fair market value of such assets. We intend to use the net proceeds of this offering to acquire the Initial Properties; however the initial public offering price of our common stock will be determined in consultation with the underwriters based upon the history and prospects for the healthcare industry and healthcare-related real estate, our financial information, our management and our business potential and earning prospects, the prevailing securities markets at the time of this offering, and the then-current market prices of, and the demand for, publicly-traded shares of generally comparable companies and will not necessarily reflect the fair market value of the Initial Properties. If the net proceeds of this offering are less than the purchase price of the Initial Properties, we will be unable to acquire certain of the Initial Properties immediately following completion of this offering and we can make no assurance that we will be able to acquire such properties in the future. If we are unable to acquire one or more of the Initial Properties, but would not generate the revenues and NOI that we currently anticipate which would adversely affect our results of operations and ability to make distributions to our stockholders.

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

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

- provide an auditor's attestation report on management's assessment of the effectiveness of our system of internal control over financial reporting pursuant to the Sarbanes-Oxley Act;
- comply with any new or revised financial accounting standards applicable to public companies until such standards are also applicable to private companies;
- comply with any new requirements adopted by the Public Company Accounting Oversight Board, or the PCAOB, requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and our financial statements;

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- comply with any new audit rules adopted by the PCAOB after April 5, 2012 unless the SEC determines otherwise;
- provide certain disclosure regarding executive compensation required of larger public companies; or
- hold stockholder advisory votes on executive compensation.

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

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

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

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

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

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We may not be able to obtain the anticipated credit facility on favorable terms, or at all, which may affect our ability to consummate the acquisition of the Initial Properties, future acquisitions and implement our business plan.

Concurrently with or shortly after the completion of this offering, we expect to obtain the anticipated credit facility in the amount of approximately $75.0 million. As of the date of this prospectus, we have received a commitment letter from a lender for the anticipated credit facility. However, there can be no assurance that we will enter into definitive documentation with regard to the anticipated credit facility on the terms of the commitment letter or at all. We also cannot accurately predict the size of the anticipated credit facility if we are able to obtain it. Our failure to obtain the anticipated credit facility could render us incapable of consummating the acquisition of the Initial Properties in the event that the total net proceeds of this offering (inclusive of additional net proceeds, if any, from the sale of additional shares pursuant to the underwriter's option to purchase additional shares) are insufficient to purchase all of the Initial Properties or consummate future property acquisitions which could materially adversely affect our financial condition and our ability to manage our cash flow, grow our business and implement our business plan.

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

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

- our cash flow may be insufficient to meet required principal and interest payments;
- we may be unable to borrow additional funds as needed or on favorable terms, including to make acquisitions;
- we may be unable to refinance indebtedness at maturity or the refinancing terms may be less favorable than the terms of the original indebtedness;
- because a portion of our debt is expected to bear interest at variable rates, an increase in interest rates could materially increase our interest expense;
- we may fail to effectively hedge against interest rate volatility;
- we may be forced to dispose of properties, possibly on disadvantageous terms if we are able to do so at all, in order to repay indebtedness;
- after debt service, the amount available for distributions to our stockholders may be reduced;
- we may default on our debt obligations, which could restrict our ability to make any distributions to our stockholders;
- our ability to make distributions to our stockholders could be restricted by our debt agreements;
- our leverage could place us at a competitive disadvantage compared to our competitors who have less debt;

we may experience increased vulnerability to economic and industry downturns, reducing our ability to respond to changing business and economic conditions;

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- we may default on our obligations and the lenders may foreclose on properties that secure their loans and receive an assignment of rents and leases;
- we may violate financial covenants, which would cause a default on our obligations and result in the acceleration of our payment obligations;
- we may inadvertently violate non-financial restrictive covenants in our loan documents, such as covenants that require us to maintain the existence of entities, maintain insurance policies and provide financial statements, which would entitle the lenders to accelerate our debt obligations; and
- our default under any loan with cross-default or cross-collateralization provisions could result in default on other indebtedness or result in the foreclosures of other properties.

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

Adverse economic conditions and the dislocation in the credit markets could materially adversely affect our financial condition, results of operations, cash flows and ability to pay distributions on, and the per share trading price of, our common stock

Over the past decade, the capital markets have experienced significant adverse condition, including a substantial reduction in the availability of, and access to, capital. The risk premium demanded by lenders has increased markedly, as they are demanding greater compensation for risk, and underwriting standards have been tightened. In addition, failures and consolidations of certain financial institutions have decreased the number of potential lenders, resulting in reduced lending sources available to the market. A deterioration in economic conditions may limit the amount of indebtedness we are able to obtain and our ability to refinance our indebtedness, and may impede our ability to develop new properties and to replace construction financing with permanent financing, which could result in our having to sell properties at inopportune times and on unfavorable terms. If economic conditions deteriorate, our financial condition, results of operations, cash flows and ability to pay distributions on, and the per share trading price of, our common stock could be materially adversely affected.

The lack of availability of debt financing may require us to rely more heavily on additional equity issuances, which may be dilutive to our current stockholders, or on less efficient forms of debt financing. Additionally, the limited amount of financing currently available may reduce the value of our properties and limit our ability to borrow against such properties, which could materially adversely affect our financial condition, results of operations, cash flows and ability to pay distributions on, and the per share trading price of, our common stock.

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

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

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

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

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

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

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

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

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

- "control share" provisions that provide that holders of "control shares" of our company (defined as shares that, when aggregated with all other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors)

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acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of issued and outstanding "control shares," subject to certain exceptions) have no voting rights with respect to their control shares, except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

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

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

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

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

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

Provisions of the partnership agreement of our operating partnership may delay or make more difficult unsolicited acquisitions of us or changes of our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control,

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although some stockholders or limited partners might consider such proposals, if made, desirable. These provisions include, among others:

- redemption rights of qualifying parties;
- a requirement that we may not be removed as the general partner of our operating partnership without our consent;
- transfer restrictions on OP units; and
- our ability, as general partner, in some cases, to amend the partnership agreement and to cause our operating partnership to issue additional partnership interests with terms that could delay, defer or prevent a merger or other change of control of us or our operating partnership without the consent of our stockholders or the limited partners.

Our charter and bylaws, the partnership agreement of our operating partnership and Maryland law also contain other provisions that may delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest. See "Our Operating Partnership and the Partnership Agreement Transfers", "Material Provisions of Maryland Law and of Our Charter and Bylaws Removal of Directors", " Control Share Acquisitions", and " Advance Notice of Director Nominations and New Business".

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

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

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

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

- actual receipt of an improper benefit or profit in money, property or services; or
- active and deliberate dishonesty by the director or officer that was established by a final judgment as being material to the cause of action adjudicated.

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

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

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

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

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

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

Compensation awards to our officers may not correlate to or correspond with our financial results or share price.

The compensation, nominating and governance committee of our board of directors will be responsible for overseeing our compensation and employee benefit plans and practices, including our incentive compensation and equity-based compensation plans. Our compensation, nominating and governance committee will have significant discretion in structuring compensation packages and may make compensation decisions based upon any number of factors. As a result, compensation awards may not correlate to or correspond with our financial results or the share price of our common stock. We may give bonuses, grant equity awards and otherwise highly compensate our management even if we are performing poorly.

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Risks Related to Our Qualification and Operation as a REIT

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

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

In connection with this offering, we will receive an opinion from Baker, Donelson, Bearman, Caldwell & Berkowitz, PC, or Baker Donelson, that, commencing with our taxable year ending December 31, 2015, we will be organized in conformity with the requirements for qualification and taxation as a REIT under the U.S. federal income tax laws and our proposed method of operations will enable us to satisfy the requirements for qualification and taxation as a REIT under the U.S. federal income tax laws for such year and subsequent taxable years. Investors should be aware that the Baker Donelson opinion will be based upon customary assumptions and representations made by us as to factual matters, including representations regarding the nature of our assets and the conduct of our business, will not be binding upon the Internal Revenue Service, or the IRS, or any court and will speak as of the date issued. In addition, Baker Donelson's opinion will be based on the existing U.S. federal income tax laws governing qualification as a REIT, which are subject to change either prospectively or retroactively. Moreover, our qualification and taxation as a REIT will depend upon our ability to meet, on a continuing basis, through actual annual operating results, certain requirements set forth in the U.S. federal income tax laws. Baker Donelson will not review our compliance with those tests on a continuing basis. Accordingly, no assurance can be given that our actual results of operations for any particular taxable year will satisfy such requirements.

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

- we would not be allowed a deduction for dividends paid to stockholders in computing our taxable income and would be subject to U.S. federal income tax at regular corporate rates;
- we could be subject to the federal alternative minimum tax and possibly increased state and local taxes; and
- unless we are entitled to relief under certain U.S. federal income tax laws, we could not re-elect REIT status until the fifth calendar year after the year in which we failed to qualify as a REIT.

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

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Federal Income Tax Considerations" for a discussion of the material U.S. federal income tax consequences relating to us and an investment in our shares of common stock.

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

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

Even if we qualify as a REIT, we may face other tax liabilities that reduce our cash flows.

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

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

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

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

To qualify as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets,

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the amounts we distribute to our stockholders and the ownership of our shares. In order to meet these tests, we may be required to forego investments we might otherwise make or liquidate otherwise attractive investments. Thus, compliance with the REIT requirements may reduce our income and amounts available for distribution to our stockholders and otherwise hinder our performance.

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

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

The ability of our board of directors to revoke our REIT qualification without stockholder approval may cause adverse consequences to our stockholders.

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our taxable income and would no longer be required to distribute most of our taxable income to our stockholders, which may have adverse consequences on our total return to our stockholders.

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

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

The formation of a TRS would increase our overall tax liability.

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

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

We may, in the future, lease certain of our properties that qualify as "qualified healthcare properties" to a TRS tenant, although we have no present intention to do so. Rent paid by a tenant that is a "related party tenant" of ours will not be qualifying income for purposes of the two gross income tests applicable to REITs. However, so long as any TRS tenant of ours qualifies as a TRS, it will not be treated as a "related party tenant" with respect to our healthcare properties that are managed by "eligible independent contractors." We would seek to structure any future arrangements with a TRS tenant such that the TRS tenant would qualify to be treated as a TRS for U.S. federal income tax purposes, but there can be no assurance that the IRS would not challenge the status of a TRS or that a court would not sustain such a challenge. If the IRS were successful in disqualifying a TRS tenant from treatment as a TRS, it is possible that we would fail to meet the asset tests applicable to REITs and a significant portion of our income would fail to qualify for the gross income tests. If we failed to meet either the asset or gross income tests, we would likely lose our REIT qualification for federal income tax purposes.

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

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

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

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

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

In order to qualify as a REIT for each taxable year after 2015, five or fewer individuals, as defined in the Code, may not own, beneficially or constructively, more than 50% in value of our issued and outstanding shares at any time during the last half of each taxable year after 2015. Attribution rules in the Code determine if any individual or entity beneficially or constructively owns our shares under this requirement. Additionally, at least 100 persons must beneficially own our shares during at least

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335 days of a taxable year for each taxable year after 2015. To help insure that we meet these tests, our charter restricts the acquisition and ownership of shares.

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

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

The maximum tax rate applicable to "qualified dividend income" payable to U.S. stockholders that are taxed at individual rates is 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates on qualified dividend income. The more favorable rates applicable to regular corporate qualified dividends could cause investors who are taxed at individual rates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our common stock.

Distributions to tax-exempt stockholders may be classified as UBTI.

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

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

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

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

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

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unable to determine the level of ownership of a particular non-U.S. stockholder, we may be required to withhold 35% of any distribution to such stockholder that we designate as a capital gain dividend.

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

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

See "Material U.S. Federal Income Tax Considerations" for a more detailed discussion of these and other material U.S. federal income tax considerations applicable to the acquisition, ownership and disposition of our common stock.

Risks Related to This Offering

There has been no public market for our common stock prior to this offering and an active trading market for our common stock may not develop following this offering.

Prior to this offering, there has not been any public market for our common stock, and there can be no assurance that an active trading market will develop or be sustained or that our common stock will be resold at or above the initial public offering price. The initial public offering price of our common stock will be determined by agreement among us and the underwriters, but there can be no assurance that our common stock will not trade below the initial public offering price following the completion of this offering. See "Underwriting" for additional information. The market value of our common stock could be substantially affected by general market conditions, including the extent to which a secondary market develops for our common stock following the completion of this offering, the extent of institutional investor interest in us, the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities (including securities issued by other real estate-based companies), our financial performance and general stock and bond market conditions.

Our unaudited pro forma financial statements may not be representative of our financial statements as an independent public company.

Our unaudited pro forma financial statements that are included in this prospectus do not necessarily reflect what our financial position, results of operations or cash flows would have been had we been an independent entity during the periods presented. Furthermore, this financial information is not necessarily indicative of what our results of operations, financial position or cash flows will be in the future. It is not possible for us to accurately estimate all adjustments that may reflect all the significant changes that will occur in our cost structure, funding and operations as a result of this offering and acquisition of the Initial Properties, including potential increased costs associated with reduced economies of scale and increased costs associated with being an independent publicly traded company. See "Selected Historical and Pro Forma Financial and Other Data" and our unaudited pro forma financial statements, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations," appearing elsewhere in this prospectus.

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

Even if an active trading market develops for our common stock, the trading price of our common stock may be volatile. In addition, the trading volume in our common stock may fluctuate and cause

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significant price variations to occur, and investors in our common stock may from time to time experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. If the per share trading price of our common stock declines significantly, you may be unable to resell your shares at or above the public offering price. We cannot assure you that the trading price of our common stock will not fluctuate or decline significantly in the future.

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

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

- future equity issuances;
- failure to meet earnings estimates;
- failure to meet and maintain REIT qualification;
- changes in our credit ratings; and
- general market and economic conditions.

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

You will experience immediate and material dilution in connection with the purchase of our common stock in this offering.

As of March 31, 2015, our aggregate historical combined net tangible book value was approximately $2,000, or $0.01 per share of common stock. As a result, the pro forma net tangible book value per share of common stock after the completion of this offering will be less than the initial

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public offering price. The purchasers of our common stock offered hereby will experience immediate and substantial dilution of $3.79 per share of common stock in the pro forma net tangible book value per share of our common stock. See "Dilution" for additional information.

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

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

The number of shares of our common stock available for future issuance or sale could materially adversely affect the per share trading price of our common stock.

We are offering 6,250,000 shares of common stock as described in this prospectus. Upon completion of this offering, assuming the underwriters' option to purchase additional shares is not exercised, we will have outstanding approximately 6,573,684 shares of common stock (including an aggregate of 123,684 shares of common stock to be sold to Timothy G. Wallace, our Chairman, Chief Executive Officer and President, and certain of our officers and director nominees in the concurrent private placements, 200,000 shares of common stock that were previously sold in connection with our initial capitalization, and excluding an aggregate of 85,757 shares of common stock to be issued under our 2014 Incentive Plan to members of our management and directors for payment of salaries in stock in lieu of cash shortly after the completion of this offering). Of these shares of common stock, the shares sold in this offering will be freely tradable, except for any shares purchased in this offering by our affiliates, as that term is defined by Rule 144 of the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder, or the Securities Act.

We cannot predict whether future issuances or sales of our common stock or the availability of shares for resale in the open market will decrease the per share trading price of our common stock. The trading price of our common stock may decline significantly when the restrictions on resale by certain of our stockholders lapse.

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

The exercise of the underwriters' option to purchase additional shares, the concurrent private placements of our common stock to Timothy G. Wallace, our Chairman, Chief Executive Officer and President, and certain other officers and director nominees of the Company, the vesting of any restricted shares granted to certain directors, executive officers and other employees under our 2014 Incentive Plan, the issuance of our common stock or OP Units in connection with future property, portfolio or business acquisitions and other issuances of our common stock could have an adverse effect on the per share trading price of our common stock, and the existence of our common stock issuable under our 2014 Incentive Plan may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. In addition, future issuances of our common stock may be dilutive to existing stockholders. For more information concerning the 2014 Incentive Plan, see "Management Executive Officer, Director and Other Officer Compensation".

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Future offerings of debt securities, which would be senior to our common stock upon liquidation, or preferred equity securities, which may be senior to our common stock for purposes of dividend distributions or upon liquidation, may materially adversely affect us, including the per share trading price of our common stock.

In the future, we may attempt to increase our capital resources by making additional offerings of debt or equity securities, including medium-term notes, senior or subordinated notes and classes or series of preferred shares. Upon liquidation, holders of our debt securities and preferred shares and lenders with respect to other borrowings will be entitled to receive our available assets prior to distribution to the holders of our common stock. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. Holders of our common stock are not entitled to preemptive rights or other protections against dilution. Our preferred shares, if issued, could have a preference on liquidating distributions or a preference on dividend payments that could limit our ability pay dividends or other distributions to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk that our future offerings could reduce the trading price of our common stock and dilute their interest in us.

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

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

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

Any sales of a substantial number of shares of our common stock, or the perception that those sales might occur, may cause the per share trading price of the common stock to decline. After this offering and the expiration of any applicable transfer restrictions imposed by the 2014 Incentive Plan, or by our officers, stock purchase agreements or lockup agreements with us, our executive officers will have the ability to sell approximately 6.80% of our outstanding common stock (5.97% if the underwriters exercise their option to purchase additional shares in full). Although our directors and executive officers have agreed not to sell the common stock they hold immediately upon completion of this offering for at least three years after this offering, they may sell a significant number of shares after that time, which could cause the per share trading price of our common stock to decline.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

We make statements in this prospectus that are forward-looking statements within the meaning of the federal securities laws. In particular, statements pertaining to our capital resources, property performance and results of operations contain forward-looking statements. Likewise, our pro forma financial statements and all of our statements regarding anticipated growth in our FFO and anticipated market conditions, demographics and results of operations are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "pro forma," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

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

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

changes in our business or strategy;

changes in governmental regulations, tax rates and similar matters;

new laws or regulations or changes in existing laws and regulations that may adversely affect the healthcare industry;

trends or developments in the healthcare industry that may adversely affect our tenants;

competition for acquisition opportunities;

our failure to successfully develop, integrate and operate acquired properties and operations;

our ability to operate as a public company;

changes in GAAP;

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- lack of or insufficient amounts of insurance;
- other factors affecting the real estate industry generally;
- our failure to qualify and maintain our qualification as a REIT for U.S. federal income tax purposes;
- limitations imposed on our business and our ability to satisfy complex rules in order for us to qualify as a REIT for U.S. federal income tax purposes; and
- changes in governmental regulations or interpretations thereof, such as real estate and zoning laws and increases in real property tax rates and taxation of REITs.

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

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USE OF PROCEEDS

After deducting the underwriting discount and commissions and estimated expenses of this offering payable by us, we expect to receive net proceeds from this offering and the concurrent private placements of approximately $111,023,296 (or approximately $127,588,921 if the underwriters' option to purchase additional shares is exercised in full).

We will contribute the net proceeds from this offering and the concurrent private placements to our operating partnership. Our operating partnership intends to use the net proceeds from this offering and the concurrent private placements as follows:

- approximately $114.5 million to acquire the Initial Properties;

- the balance, if any, for general corporate and working capital purposes, including payment of expenses associated with this offering, the acquisition of the Initial Properties and possible future acquisitions and development activities.

Pending application of net proceeds of this offering and the concurrent private placements, we intend to invest the net proceeds in interest-bearing accounts, money market accounts and interest-bearing securities in a manner that is consistent with our intention to qualify for taxation as a REIT. Such investments may include, for example, government and government agency certificates, government bonds, certificates of deposit, interest-bearing bank deposits, money market accounts and mortgage loan participations.

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DISTRIBUTION POLICY

To satisfy the requirements to qualify as a REIT, and to avoid paying tax on our income, we intend to pay regular quarterly cash dividends of all or substantially all of our REIT taxable income (excluding net capital gains) to holders of our common stock. We intend to pay a pro rata dividend with respect to the period commencing on the completion of this offering and ending on June 30, 2015, based on $0.375 per share for a full quarter. On an annualized basis, this would be $1.50 per share, or an annual dividend rate of approximately 7.9%. We estimate that this initial annual dividend rate would have represented approximately 97.6% of estimated cash available for distribution, as adjusted, to holders of our common stock for the trailing 12-month period ended March 31, 2015. We do not intend to reduce the expected dividend per share if the underwriters' option to purchase additional shares is exercised, however, this could require us to borrow funds to pay dividends or to use the net proceeds from this offering to pay dividends. Our intended initial annual distribution rate has been established based on our estimate of cash available for distribution, as adjusted, for the trailing 12-month period ended March 31, 2015, which we have calculated based on adjustments to our pro forma net income for the trailing 12-month period ended March 31, 2015 (after giving effect to this offering and our acquisition of the Initial Properties). This estimate was based on our pro forma operating results and does not take into account our business and growth strategies, nor does it take into account any unanticipated expenditures we may have to make or any financings for such expenditures. In estimating our cash available for distribution, as adjusted, for the trailing 12-month period ended March 31, 2015, we have made certain assumptions as reflected in the pro forma financial statements, footnotes and the table below.

Our estimate of cash available for distribution, as adjusted, does not include the effect of any changes in our working capital or the amount of cash to be used for investing activities for acquisition and other activities. Any such investing and/or financing activities may have a material effect on our available cash balances. Because we have made the assumptions set forth herein in estimating cash available for distribution, as adjusted, we do not intend this estimate to be a projection or forecast of our actual results of operations, EBITDA, FFO, liquidity or financial condition and have estimated cash available for distribution, as adjusted, for the sole purpose of determining our estimated initial annual distribution. Our estimate of cash available for distribution, as adjusted, should not be considered as an alternative to cash flow from operating activities (computed in accordance with GAAP) or as an indicator of our liquidity or our ability to make distributions. In addition, the methodology upon which we made the adjustments described below is not necessarily intended to be a basis for determining future distributions.

We believe that our estimate of cash available for distribution, as adjusted, constitutes a reasonable basis for setting the initial distribution rate, as the Initial Properties have been in operation for more than a year. However, we cannot assure you that our estimate will prove accurate, and actual distributions may therefore be significantly different than the initial distribution rate. Our actual results of operations will be affected by a number of factors, including the revenue received from our properties, our property operating expenses, interest expense (to the extent we incur indebtedness), and unanticipated capital expenditures.

We cannot assure you that our estimated distributions will be made or sustained or that our board of directors will not change our distribution policy in the future. Any future distributions will be at the sole discretion of our board of directors, and their form, timing and amount, if any, will depend upon a number of factors, including the revenue we receive from our properties, our operating expenses, interest expense, the ability of our tenants to meet their obligations and unanticipated expenditures, our debt service requirements, our capital expenditures, prohibitions and other limitations under our financing arrangements, our REIT taxable income, the annual REIT distribution requirements, applicable law and such other factors as our board of directors deems relevant. To the extent that our cash available for distribution is less than 90% of our REIT taxable income, we may consider various

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means to cover any such shortfall, including borrowing under our anticipated credit facility or other loans, selling certain of our assets or using a portion of the net proceeds we receive from this offering or future offerings of equity, equity-related or debt securities or declaring taxable share dividends.

These calculations do not assume any changes to our operations or any acquisitions or dispositions (or any transaction and pursuit costs related thereto) other than estimated recurring capital expenditures and estimated increases in general and administrative expenses, which would affect our cash flows, or changes in our outstanding common stock. We do not anticipate having any indebtedness and therefore have not considered principal payments. We cannot assure you that our actual results will be as indicated in the calculations below.

Estimated Cash Available for Distributions, as Adjusted

	For the Trailing Twelve Months Ended March 31, 2015
Pro forma net income for the year ended December 31, 2014	$ 5,688,747
Less: Pro forma net income for the three months ended March 31, 2014	(1,422,186)
Add: Pro forma net income for the three months ended March 31, 2015	1,434,695
Pro forma net income for the trailing twelve months ended March 31, 2015	5,701,256
Depreciation and amortization	5,174,211
Amortization of debt discount	261,667
Stock based compensation expense	380,334
Less: Straight line rent	(269,415)
Less: Estimated additional general and administrative costs(1)	(850,000)
Less: Estimated tenant improvements, leasing commissions and capital expenditures(2)	(93,421)
Estimated cash available for distribution, as adjusted	$ 10,304,632
Estimated initial annual distribution(3)	$ 10,059,156
Payout ratio based on estimated cash available for distribution, as adjusted(4)	97.6%

(1) Estimated additional general and administrative costs consist of legal and accounting (based upon estimates provided by our external legal and accounting professionals and management's previous experience in managing a public REIT), insurance, travel, rent and other costs (based on proposed arrangements and anticipated activity). We have estimated a level of general and administrative costs required to manage the Company as a public company and to operate the Initial Properties, including but not limited to salaries, board of directors fees and expenses, director's and officer's insurance, Sarbanes-Oxley Act compliance costs, and legal, audit and tax fees.

(2) Estimated tenant improvements, leasing commissions and capital expenditures are based on the Company's due diligence review of historical levels incurred by the Initial Properties and are estimated at approximately $0.15 per square foot.

(3) Represents the aggregate amount per share of the intended annual distribution multiplied by the shares of common stock that will be outstanding upon completion of this offering. Excludes shares of common stock that may be issued by us upon exercise of the underwriters' option to purchase additional shares.

(4) If the underwriters' option to purchase up to an additional 937,500 shares of common stock from us is exercised in full, our initial annual distribution would increase by approximately $1,406,250 and our payout ratio would increase to 111.3% assuming no investment of the additional proceeds.

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CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2015 (i) on an actual basis and (ii) on a pro forma basis as adjusted to give effect to (a) the sale of the shares of common stock offered hereby (after deducting underwriting discounts and offering expenses and assuming the underwriters' option to purchase additional shares of common stock is not exercised), (b) the concurrent private placements, and (c) the acquisition of the Initial Properties and the entry into the related leases.

You should read this table in conjunction with "Use of Proceeds," "Selected Historical and Pro Forma Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes thereto included elsewhere in this prospectus.

	Historical	As Adjusted for this Offering and Acquisition of Initial Properties
Credit facility[3]		4,536,001
Stockholders' equity		
Preferred stock, $0.01 par value 50,000,000 shares authorized; none outstanding		
Common stock, $0.01 par value 450,000,000 shares authorized; 200,000 issued and outstanding, historical;[1] 6,573,684 issued and outstanding, [2] as adjusted	$ 2,000	$ 65,737
Additional paid-in capital		$ 110,959,559
Accumulated loss		(1,059,269)
Total stockholders' equity	2,000	109,966,027
Total Capitalization	$ 2,000	$ 114,502,028

(1) Includes 200,000 shares of common stock that were previously sold to our stockholders in connection with our initial capitalization.

(2) Represents (a) 200,000 shares of common stock that were previously sold to our stockholders in connection with our initial capitalization and (b) an aggregate of 123,684 shares of common stock to be issued to Mr. Wallace, our Chairman, Chief Executive Officer and President, and certain of our officers and director nominees in concurrent private placements closing concurrently with the completion of this offering. Excludes (a) 937,500 shares of common stock that may be issued by us upon exercise of the underwriters' option to purchase additional shares in full, (b) an aggregate of 132,420 shares of common stock to be issued under our 2014 Incentive Plan to members of our management and directors for payment of salaries in stock in lieu of cash shortly after the completion of this offering, and (c) 402,632 shares of our common stock available for future issuance under our 2014 Incentive Plan.

(3) Represents $5,236,001 of initial draws on the line of credit less debt issuance costs of $785,000 presented as a debt discount.

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DILUTION

Purchasers of our common stock offered by this prospectus will experience an immediate and substantial dilution of the net tangible book value of our common stock from the initial public offering price. See "Risk Factors Risks Related to this Offering You will experience immediate and material dilution in connection with the purchase of our common stock in this offering." The following table illustrates this per share dilution:

Initial public offering price per share of common stock	$	19.00
Net tangible book value per share of common stock before this offering[(1)(2)]	$	0.01
Increase in pro forma net tangible book value per share of common stock after this offering[(3)]	$	15.20
Pro forma net tangible book value per share of common stock after this offering[(4)]	$	15.21
Dilution in pro forma net tangible book value per share to new investors[(5)]	$	3.79

(1) Net tangible book value per share of our common stock before this offering is determined by dividing the net tangible book value based on March 31, 2015 net book value of tangible assets by the number of shares of common stock held by prior stockholders after this offering.

(2) As of March 31, 2015, our initial stockholders owned 200,000 shares of common stock for which they paid $0.01 per share of common stock in connection with the initial capitalization of the Company.

(3) The increase in pro forma net tangible book value per share attributable to this offering is determined by subtracting (a) the sum of (i) the net tangible book value per share before this offering (see note (2) above) from (b) the pro forma net tangible book value per share after this offering (see note (5) below).

(4) Based on pro forma net tangible book value of approximately $100,010,865 (calculated as pro forma stockholders' equity less intangible assets and debt discount) divided by 6,573,684 shares of common stock, assuming the size of this offering does not change.

(5) Dilution is determined by subtracting pro forma net tangible book value per share of common stock after giving effect to this offering from the initial public offering price paid by a new investor for a share of common stock.

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SELECTED HISTORICAL AND PRO FORMA FINANCIAL AND OTHER DATA

The following table sets forth financial information for the Company which is derived from the audited consolidated financial statements included elsewhere in this prospectus. Except for the historical information as and for the year ended December 31, 2014, the information provided below is unaudited. The pro forma information provided in the table below is presented as of and for the year ended December 31, 2014 and as of and for the three months ended March 31, 2015 giving effect to (a) the sale of the shares of common stock offered hereby (after deducting underwriting discounts and offering expenses and assuming the underwriters' option to purchase additional shares of common stock is not exercised), (b) the concurrent private placements, and (c) the acquisition of the Initial Properties and the entry into the related leases as if such transactions had occurred on January 1, 2014.

The pro forma information is for informational purposes and does not purport to represent what the actual financial position or results of operations of the Company would have been as of or for the periods indicated had the transactions been completed as of the date indicated, nor does it purport to represent any future financial position or results of operations.

You should read the following summary historical and pro forma financial information together with the discussion under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the consolidated financial statements and related notes thereto included elsewhere in this prospectus.

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	At or for the Three Months Ended March 31, 2015		At or for the Year Ended December 31, 2014	
	Historical	As Adjusted for the Offering and Acquisition of Initial Properties	Historical	As Adjusted for the Offering and Acquisition of Initial Properties
Pro forma statement of income data:				
Revenues:				
Rental income	$	$ 3,548,808	$	$ 14,050,257
Costs and Expenses:				
Property operating expenses		623,078		2,397,375
Interest expense		102,398		409,590
Depreciation and amortization		1,293,553		5,174,211
General and administrative expenses		95,084		380,334
Total expenses		2,114,113		8,361,510
Net income	$	$ 1,434,695	$	$ 5,688,747
Net income per share	$	$ 0.21	$	$ 0.85
Shares outstanding	200,000	6,706,104(1)	200,000	6,706,104(1)
Pro forma balance sheet data:				
Assets:				
Cash and cash equivalents	$ 2,000	$		
Real estate investments		114,502,028		
Intangible assets				
Total Assets	$ 2,000	$ 114,502,028		
Liabilities and Stockholders' equity				
Liabilities:				
Credit facility	$	$ 4,536,001		
Total Liabilities	$	$ 4,536,001		
Stockholders' equity:				
Preferred stock, $0.01 par value 50,000,000 shares authorized; none outstanding				
Common stock, $0.01 par value 450,000,000 shares authorized; 200,000 issued and outstanding, historical; 6,573,684 issued and outstanding, as adjusted	2,000	65,737		
Additional paid-in capital		110,959,559		
Accumulated loss		(1,059,269)		

Total stockholders' equity	2,000	109,966,027		
Total liabilities and stockholders' equity	2,000	$ 114,502,028		
Other data:				
Funds from operations[2]	$	$ 2,728,248	$	$ 10,862,958
Funds from operations per share[2]	$	$ 0.41	$	$ 1.62
Net operating income[2]	$	$ 2,858,376	$	$ 11,383,467

(1) Assumes the shares were issued on January 1, 2015 and, accordingly, includes an aggregate of 132,400 shares of common stock to be issued under our 2014 Equity Incentive Plan, notwithstanding that only 85,757 shares will be issued under the 2014 Equity Incentive Plan, which represents the pro rata amount based on the anticipated closing date of this offering.

(2) FFO and NOI are non-GAAP measures. The GAAP measure that we believe to be most directly comparable to FFO and NOI is net income (loss). See "Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measures" for the definitions of FFO and NOI and a reconciliation of each measure to net income (loss).

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Significant Assumptions to Pro Forma Financial Information

Significant assumptions used in the unaudited pro forma consolidated financial information are set forth below. You should read the following information together with the unaudited consolidated financial statements and related notes thereto included elsewhere in this prospectus.

Pro Forma Income Statement Assumptions

Rental income, as adjusted, from the Initial Properties for the year is $14,050,257 ($3,548,808 for the three months), which represents base rent, operating cost reimbursements and straight-line rent from the Initial Properties under the terms of the leases.

Property operating expenses, as adjusted, for the Initial Properties for the year is $2,397,375 ($623,078 for the three months), which represents taxes, assessments, water, sewer, excises, fees, all other governmental charges, utility charges, insurance premiums and all other charges payable with respect to the Initial Properties.

Depreciation expense, as adjusted, of real estate investments is calculated using the straight-line method and useful remaining lives of approximately 30 years. Amortization expense, as adjusted, of intangible assets is calculated based on these assets being amortized over the lease life of the in-place leases or the tenant's respective lease term, a range of 1.2 to 7.5 years and an average of 4.3 years.

General and administrative expenses, as adjusted, of $380,344 ($95,084 for the three months) consist of compensation based upon agreements and elections in effect as of the date of this prospectus, resulting in the issuance of 132,420 shares of common stock. In addition, we expect incremental costs for items such as legal, accounting, public company reporting, stockholder relations, public relations, travel, rent and other costs to increase general and administrative expenses another $700,000 to $1,000,000 based on estimates provided by our external and legal accounting professionals and management's previous experience in managing a public REIT.

Interest expense of $147,923 ($36,981 for the three months) at three-months LIBOR plus 250 basis points plus the amortization of debt discount over three years related to debt issuance cost of $261,667 ($65,417 for the three months).

Pro Forma Balance Sheet Assumptions

Issuance of 6,250,000 shares of common stock in this offering for an aggregate of $118,750,000, less aggregate underwriting discounts of $8,312,500 and an aggregate of 123,684 shares of common stock issued in the concurrent private placements for an aggregate of $2,350,000.

Cost of the Initial Properties of $114.5 million allocated between land, building and identified intangibles based on the fair value of the various assets in accordance with Accounting Standards Codification 805, Business Combinations.

Payment of an estimated $1,059,269 of costs related to the acquisition of the Initial Properties and organizing the Company (which are expensed) and payment of an estimated $1,764,200 of costs related to preparing the offering (which reduce offering proceeds) including reimbursements to AFP and its affiliates for costs incurred by AFP in connection with this offering.

Borrowing $5,321,001 on the anticipated credit facility to complete the acquisition of the Initial Properties and to pay fees associated with the anticipated credit facility less debt issuance cost of $785,000 presented as debt discount.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We are a newly formed company and have not yet commenced revenue generating operations. Therefore, we do not have any meaningful historical operations to discuss. The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those expected or implied in these forward looking statements as a result of certain factors, including those set forth under the heading "Risk Factors" and elsewhere in this prospectus. See "Cautionary Statement Regarding Forward-Looking Statements." The following discussion and analysis should be read in conjunction with the audited combined historical financial statements and related notes thereto and the unaudited pro forma consolidated financial statements and related notes thereto, each included elsewhere in this prospectus.

As used in this section, unless the context otherwise requires, "we," "us," "our," "the Company," "our company," and "Community Healthcare Trust" 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. Where appropriate, the following discussion includes analysis of the effects of the acquisition of the Initial Properties, certain other transactions and this offering. These effects are reflected in our unaudited pro forma consolidated financial statements and related notes thereto located elsewhere in this prospectus.

Overview

We are a fully-integrated healthcare real estate company that was recently organized to acquire and own properties that are leased to hospitals, doctors, healthcare systems or other healthcare service providers in Non-Urban markets. We intend to invest in real estate that is diversified across healthcare provider, geography, facility type and industry segment. We believe that favorable demographic trends, continuing increases in healthcare spending and the continuing shift in the delivery of healthcare services to community-based outpatient facilities create attractive opportunities for us to invest in Non-Urban healthcare facilities. We intend to focus on Non-Urban healthcare facilities because we believe these properties are essential to healthcare providers in their local markets and can generate greater risk-adjusted returns than similar facilities in urban markets. In addition, we believe our management team's extensive relationships with healthcare providers and owners of healthcare facilities will provide us with the opportunity to acquire attractive Non-Urban healthcare facilities outside of the competitive bidding process. Furthermore, we believe there is significantly less competition from existing REITs and institutional buyers for these Non-Urban assets than for comparable urban assets, thereby providing growth opportunities that produce attractive risk-adjusted returns.

We were incorporated in Maryland on March 28, 2014 and intend to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2015. We will conduct our business through a traditional UPREIT structure in which our properties are owned by our operating partnership directly or through subsidiaries. We are the sole general partner of our operating partnership and we presently own all of the OP units. In the future, we may issue OP units to third parties in connection with our property acquisitions, as consideration or otherwise. We intend to be "self-administered" and managed by our executives and staff. We do not intend to engage a separate advisor or pay an advisory fee for administrative or investment services, although we will engage legal, accounting, tax and financial advisors from time to time. We intend to declare and pay dividends to our stockholders in amounts not less than the amounts required to maintain REIT status under the Code and, in general, in amounts exceeding taxable income. Our ability to pay dividends will depend upon cash available for distribution.

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The Offering and Acquisition of the Initial Properties

We estimate that the net proceeds from this offering and the concurrent private placements will be approximately $111.0 million, or approximately $127.6 million if the underwriters' option to purchase additional shares is exercised in full (in each case after deducting the underwriting discount and commissions and estimated expenses payable by us). We intend to use the net proceeds of this offering and the concurrent private placements to acquire the Initial Properties. See "Use of Proceeds" for additional information.

Our Initial Properties will consist of 35 properties comprised of an aggregate of approximately 623,000 net leasable square feet located in 18 states. We intend to lease the Initial Properties to healthcare providers across a range of facility types in diverse healthcare industry segments. We will receive a cash rental stream from these healthcare providers under our leases. Generally, a majority of our tenants will be responsible for the operating expenses of the Initial Properties, including real estate taxes, utilities, property insurance, routine maintenance and repairs, and property management. We believe this net lease structure helps insulate us from increases in certain property operating expenses and provides more predictable cash flow. In the future, we anticipate that we will continue to enter into net leases for most of our properties. We have structured and in the future will structure our leases to generate attractive returns on a long-term basis. The leases for the Initial Properties typically include annual rent escalators and we expect the leases we enter into in the future to include annual rent escalators. Our operating results depend significantly upon the ability of our tenants to make contractual rent payments. We believe that our Initial Properties will enable us to generate stable cash flows over time because of the diversity of our tenants.

We anticipate that, upon completion of this offering, none of our properties will have mortgages and we will have no corporate debt outstanding. However, in the event that the total net proceeds of this offering (inclusive of additional net proceeds, if any, from the sale of additional shares pursuant to the underwriter's option to purchase additional shares) are insufficient to purchase all of the Initial Properties, we intend to borrow under the revolving credit facility in the amount of any shortfall in the net proceeds. Furthermore, concurrently with or shortly after the completion of this offering, we expect to obtain the anticipated credit facility with a borrowing capacity of up to $75.0 million. We also intend to use the OP units as currency to acquire additional properties from owners seeking to defer their potential taxable gain and diversify their holdings. We believe that the expected borrowing capacity under our anticipated credit facility, combined with our ability to use OP units as acquisition currency and our ability to place mortgages on all of our properties, will provide us with significant financial flexibility to capitalize on favorable acquisition opportunities and fund future growth.

Trends Which May Influence Results of Operations

Substantially all of our revenues are expected to be derived from (i) cash rental revenue from healthcare providers, generally received under net leases of our real property containing healthcare facilities, (ii) interest earned from the temporary investment of funds in short-term instruments, and (iii) property dispositions effected from time to time. We will incur operating and administrative expenses, which will consist principally of compensation expense for our officers and other employees, office rental and related occupancy costs and various expenses incurred in the process of acquiring properties.

Our management intends to monitor factors and trends important to us, the healthcare industry and real estate industry in order to gauge their potential impact on our operations. We believe the following trends in the healthcare real estate market will affect the acquisition, ownership, development and management of healthcare real estate and thus may impact our future operations:

Growing healthcare expenditures: According to HHS, healthcare spending accounted for approximately 17.4% of GDP in 2013. National healthcare expenditures continue to rise, and are

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projected to grow from an estimated $2.9 trillion in 2013 to $4.3 trillion by 2020 representing an average annual rate of growth of 5.6%, reaching a projected 18.4% of GDP in 2020.

An aging population: Over the next 25 years the U.S. population is expected to grow by approximately 18.0% according to the U.S. Census Bureau. The rapidly growing senior citizen population in the U.S. is expected to result in substantially increased demand for healthcare services as the baby boomer generation ages and life expectancies lengthen.

A continuing shift towards outpatient care: We believe the continuing shift in the delivery of healthcare services to community-based outpatient facilities will increase the need for smaller, more specialized and efficient hospitals and outpatient facilities that more effectively accommodate those services.

Implementation of the Affordable Care Act: HHS predicts the Affordable Care Act will result in an additional 30 million Americans having health insurance by 2020, which we believe will increase the frequency of physician office visits. Accordingly, we believe the increased demand for healthcare services will result in the need for healthcare providers to invest in the expansion of medical, outpatient and smaller specialty hospital facilities. Conversely, while the ultimate impact of the Affordable Care Act remains unclear, Congress has also proposed a number of legislative initiatives in response to the Affordable Care Act, including the possible repeal of the Affordable Care Act in its entirety. Because it remains unclear whether there will be any changes made to the Affordable Care Act, we do not know the potential impact on healthcare providers or on our results of operations.

Favorable Non-Urban healthcare outlook: Most Non-Urban residents live in counties bordering metropolitan areas, and only a small proportion live in remote communities. Over 61.0% of Non-Urban residents live in counties adjacent to urban areas. Another 29.0% of Non-Urban residents live in counties that contain regional population centers, or micropolitan areas, that do not directly border larger urban areas. Within these Non-Urban areas, residents tend to be older and poorer than their urban counterparts. We believe the majority of the newly-insured will enter the health system through Medicaid and state health exchanges. Therefore, we believe healthcare providers will need to make significant investments in these Non-Urban areas to ensure that these newly covered populations are able to get the care they need in manner that is cost-effective and conveniently located.

Changes in third-party reimbursement: Payment for patient care in the United States is generally made by third-party payors, including private insurers and government insurance programs, such as Medicare and Medicaid. The businesses and results of operations of our tenants may be seriously harmed by changes in third-party reimbursement policies, which, in turn, may negatively affect our results of operation.

For a more detailed discussion of these trends, see "Healthcare Industry and Healthcare Real Estate Overview".

Components of Our Revenues, Expenses and Cash Flow

Revenues

Our revenues will consist primarily of the rents we collect from our tenants as stipulated in our leases. Additionally, we recognize certain non-cash revenues. These other cash and non-cash revenues are highlighted below.

Rental revenues. We will receive a cash rental stream from healthcare providers under our leases. Generally, a majority of our tenants will be responsible for property operating expenses of the Initial Properties, including real estate taxes, utilities, property insurance, routine maintenance and repairs,

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and property management. We believe this net lease structure helps insulate us from increases in certain property operating expenses and provides more predictable cash flow. In the future, we anticipate that we will continue to enter into net leases for most of our properties. Additionally, we are in frequent contact with those tenants whose leases expire in the next twenty-four months. Based on these discussions, we expect that a majority of these tenants will renew their leases, and most likely, at higher rates.

Other revenues. We will invest our net revenues into temporary short-term instruments which produce interest.

Expenses

We will recognize a variety of cash and non-cash charges in our financial statements. Our expenses will consist primarily of depreciation and amortization and general and administrative costs associated with operating our business.

Property operating expenses. We will incur property operating expenses consisting of taxes, utility charges, water, sewer, insurance premiums, assessments, ground rents, excises, fees and other governmental charges and other costs associated with owning real estate.

Depreciation and amortization. We will incur depreciation and amortization expense on all of our long-lived assets. This non-cash expense is recognized under GAAP over the estimated economic useful lives of our assets.

General and administrative. We will incur general and administrative costs consisting of executive and employee compensation, travel and administrative costs, accounting, legal and other professional fees, director fees, stock exchange listing fees, officer and director insurance costs, franchise taxes, corporate filing fees and other costs associated with being a public reporting company.

Impairment losses. We will assess the carrying value of real estate investments in accordance with Accounting Standards Codification, or ASC, 360, Property, Plant, and Equipment, or ASC 360, to determine if facts and circumstances exist that would suggest that assets might be impaired or that the useful lives should be modified. Factors that are considered include a significant decrease in market value, an adverse change in the manner in which a long-lived asset is used or a deterioration in physical condition, an adverse change in legal factors or business climate, or a decline in current-period operating cash flows. In the event impairment in value occurs and a portion of the carrying amount of the real estate investments will not be recovered in part or in whole, a provision will be recorded to reduce the carrying basis of the real estate investments to their estimated fair value. The estimated fair value of our real estate investments is determined by using customary industry standard methods that include discounted cash flow and/or direct capitalization analysis or estimated cash proceeds received upon the anticipated disposition of the asset in comparable markets.

Gain or loss on sale of property. We will record any gain resulting from the sale of assets at the time of sale. We will record any losses resulting from the sale of assets at the time we enter into a definitive agreement for the sale of the asset.

Cash Flow

Cash flows from operating activities. Cash flows from operating activities will be derived largely from net income by adjusting our revenues for those amounts not collected in cash during the period in which the revenue is recognized and for cash collected that was billed in prior periods or will be billed in future periods. We expect to make our distributions based largely on cash provided by operations.

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Cash flows from investing activities. Cash flows from investing activities will consist of cash that is used during a period for making new investments and capital expenditures offset by cash provided by investing activities from sales of real estate investments.

Cash flows from financing activities. Cash flows from financing activities will consist of cash we receive from issuances of debt and equity financings. This cash will provide the primary basis for investments in new properties. While we may invest a portion of our cash from operations into new investments, as a result of our distribution requirements to maintain our REIT status, it is likely that additional debt or equity financings will finance the majority of our investment activity. Cash used in financing activities will consist of repayment of debt and distributions paid to our stockholders.

Results of Operations

We have had no operations from the date of our incorporation through the date of this prospectus. Our future results of operations will depend upon the acquisition of the Initial Properties and other acquisitions of properties in the future and the terms of any subsequent investments the Company may make.

Liquidity and Capital Resources

Concurrently with or shortly after the completion of this offering, we expect to obtain the anticipated credit facility in an amount up to approximately $75.0 million. We intend to borrow funds under our anticipated credit facility to finance the acquisition of the Initial Properties in the event that the total net proceeds of this offering (inclusive of additional net proceeds, if any, from the sale of additional shares pursuant to the underwriter's option to purchase additional shares) are insufficient to purchase all of the Initial Properties and to consummate additional property acquisitions as well as for general corporate purposes. As of the date of this prospectus, we have received a commitment letter from a lender for the anticipated credit facility. See " Anticipated Credit Facility." There can be no assurance that we will enter into definitive documentation with regard to the anticipated credit facility on the terms of the commitment letter or at all. See "Our Business Initial Properties" and "Policies with respect to Certain Activities" for additional information. See Notes 4 and 8 to Notes to Unaudited Pro Forma Consolidated Financial Statements for additional information.

We may, under certain circumstances, borrow additional amounts in connection with the acquisition of additional properties, the renovation or expansion of our properties, or, as necessary, to meet distribution requirements for REITs under the Code. See "Policies with Respect to Certain Activities Investment Policies" for additional information. We may raise additional capital by issuing, in public or private transactions, additional equity and debt securities of the Company, but the availability and terms of any such issuance will depend upon market and other conditions. There can be no assurance that such additional financing or capital will be available on terms acceptable to us.

When a lease expires or in the event a tenant is unable to meet its obligations under its lease, we might become responsible for maintaining the underlying Initial Property for such lease, in such a case, we anticipate funding such expenditures with cash or, in the case of major expenditures, by borrowing sufficient funds. To the extent that unanticipated expenditures or significant borrowings are required, our FFO and liquidity may be adversely affected.

We currently do not expect to sell any of our properties to meet our liquidity needs, although we may do so in the future.

As of the date of this prospectus, we have no firm commitments for capital expenditures or deferred maintenance on the Initial Properties. There can be no assurance, however, that we will be able to purchase or lease additional properties without the need for capital expenditures.

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In addition to the contractual obligations discussed above, we have entered into employment agreements with each of our executive officers, which become effective upon completion of this offering. These employment agreements provide for salary, bonus and other benefits, including severance upon a termination of employment under certain circumstances. We will also enter into contracts for services at certain properties from time to time.

Anticipated Credit Facility

We have received a commitment letter from SunTrust Robinson Humphrey, Inc., or SunTrust, with respect to the anticipated credit facility. Based on the terms of the commitment letter, we expect to enter into a three-year, $75.0 million syndicated senior revolving credit facility with SunTrust, as lead arranger, and SunTrust Bank, as lender. We expect that the anticipated credit facility will include an accordion feature that will allow us to request that the total borrowing capacity under the facility be increased up to $200.0 million, subject to certain conditions, including obtaining additional commitments from lenders. We intend to borrow funds under our anticipated credit facility to finance the acquisition of the Initial Properties in the event that the total net proceeds of this offering (inclusive of additional net proceeds, if any, from the sale of additional shares pursuant to the underwriter's option to purchase additional shares) are insufficient to purchase all of the Initial Properties and to consummate additional property acquisitions as well as other general corporate purposes. We intend to repay indebtedness incurred under the anticipated credit facility from time to time out of net cash provided by operations and from the net proceeds from issuances of additional equity and debt securities, as market conditions permit. We do not expect to draw on the anticipated credit facility at the closing of this offering, but we intend to draw on the anticipated credit facility after the closing of the offering in the event that the total net proceeds of this offering (inclusive of additional net proceeds, if any, from the sale of additional shares pursuant to the underwriter's option to purchase additional shares) are insufficient to purchase all of the Initial Properties.

We expect that our material subsidiaries will guarantee the obligations under the anticipated credit facility and that certain of our properties will be used as collateral for the facility. The amount available for us to borrow from time to time under the facility will be limited according to a borrowing base valuation of certain unencumbered properties owned by subsidiaries of our operating partnership that guarantee the facility. We expect to have the option to remove properties from the pool of borrowing base properties and to add different properties, subject to our continued compliance with the financial covenants and other terms of the facility.

Based on the terms of the commitment letter, we expect that amounts outstanding under the anticipated credit facility will bear annual interest at a floating rate that will be based, at the Company's option, on either LIBOR or a base rate plus 1.50% to 3.00% depending upon the Company's leverage ratio. In addition, we expect to be obligated to pay an annual fee equal to 0.25% of the amount of the unused portion of the facility if amounts borrowed are greater than 50% of the borrowing capacity under the facility and 0.35% of the unused portion of the facility if amounts borrowed are less than 50% of the borrowing capacity under the facility.

We expect that our ability to borrow under the anticipated credit facility will be subject to our 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 covenants, including:

- a maximum leverage ratio of 50%;
- a minimum fixed charge coverage ratio of less than 1.75;
- a minimum tangible net worth of less than a to-be-determined amount plus 75.0% of net proceeds from future equity capital raises; and

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a maximum distribution/pay-out ratio of the greater of (i) 95% of FFO of the Company or (ii) the amount required for the Company to maintain its status as a REIT.

We expect that the anticipated credit facility will include customary events of default, the occurrence of which, subject to certain cure periods, will permit the lenders to terminate commitments to lend under the facility and accelerate payment of all amounts outstanding thereunder.

Contractual Obligations

As of the date of this prospectus, we have no contractual obligations other than the purchase and sale agreements related to the Initial Properties.

Off-Balance Sheet Arrangements

As of the date of this prospectus, we have no off-balance sheet arrangements, except for the obligation to repay certain expenses of AFP incurred in connection with this offering, which is contingent upon the closing of this offering. See "Certain Relationships and Related Party Transactions."

Critical Accounting Policies

Our consolidated financial statements are prepared in conformity with GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Set forth below is a summary of our accounting policies that we believe are critical to the preparation of our consolidated financial statements. The Company has not yet commenced operations; therefore, some of the significant accounting policies may or may not be relevant during the period March 28, 2014 (date of inception) through December 31, 2014 or during the three months ended March 31, 2015. The Company anticipates that these significant accounting policies will apply in the future. This summary should be read in conjunction with a more complete discussion of our accounting policies included in Note 2 to the Historical Consolidated Financial Statements included in this prospectus.

Principles of Consolidation

Our consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, joint ventures, partnerships and variable interest entities, or VIEs, where the Company controls the operating activities. All material intercompany accounts 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 variable interest entity. Consideration of various factors include, but is not limited to, the Company's ability to direct the activities that most significantly impact the entity's governing body, the size and seniority of the Company's investment, the company's ability and the rights of other investors to participate in policy making decisions, the company's ability to replace the manager and/or liquidate the entity. Management's ability to correctly assess its influence or control over an entity when determining the primary beneficiary of a VIE affects the presentation of these entities in the Company's consolidated finance statements.

If it is determined that the Company is the primary beneficiary of a VIE, the Company's consolidated financial statements would include the operating results of the VIE rather than the results of the variable interest in the VIE. The Company would depend on the VIE to provide timely financial

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information and would rely on the interest control of the VIE to provide accurate financial information. Untimely or inaccurate financial information provided to the Company or deficiencies in the VIEs internal controls over financial reporting could impact the Company's consolidated financial statements and its internal control over financial reporting.

Real Estate Investment Properties and Identified Intangible Assets

We are required to make subjective assessments of the estimated useful lives of our real estate investments for purposes of determining the amount of depreciation to record on an annual basis. These assessments have a direct impact on our net income because if we were to shorten the estimated useful lives of our investments in real estate, we would depreciate such investments over fewer years, resulting in more depreciation expense and lower net income over the revised estimated useful life. Real estate investment and identified intangible assets are carried at cost, net of accumulated depreciation and amortization. Our real estate investments are depreciated over their estimated useful lives ranging from 30 to 40 years using the straight-line method. In-place leases are amortized over the lease life of the in-place leases or the tenant's respective lease term. Generally, our tenants are responsible for the cost of maintenance and repairs pursuant to our leases.

We periodically assess the carrying value of real estate investments and related intangible assets in accordance with ASC 360, to determine if facts and circumstances exist that would suggest that the recorded amount of an asset might be impaired or that the estimated useful life should be modified. In the event impairment in value occurs and a portion of the carrying amount of the real estate investment will not be recovered in part or in whole, a provision will be recorded to reduce the carrying basis of the real estate investment and related intangibles to their estimated fair value. The estimated fair value of our real estate investments is determined by use of a number of customary industry standard methods that include discounted cash flow modeling using appropriate discount and capitalization rates and/or estimated cash proceeds received upon the anticipated disposition of the asset in comparable markets. Estimates of future cash flows are based on a number of factors including the historical operating results, leases in place, known trends, and other market or economic factors affecting the real estate investment. The evaluation of anticipated cash flows is subjective and is based on assumptions regarding future occupancy, lease rates and capital requirements that could differ materially from actual results. If our anticipated holding periods change or estimated cash flows decline based on market conditions or other unforeseen factors, an impairment loss may be recognized. Long-lived assets to be disposed of are recorded at the lower of carrying value or fair value less costs to sell.

Rental Revenue

We recognize rental revenue in accordance with ASC 840, Leases, or ASC 840. ASC 840 requires that rental revenue, less lease inducements, be recognized on a straight-line basis over the term of the lease when collectability is reasonably assured. 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. Amounts recognized in excess of amounts currently due are included in other assets on the consolidated balance sheets. If we determine the collectability of straight-line rents is not reasonably assured, we limit future recognition to amounts contractually owed and, where appropriate, establish an allowance for estimated losses.

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

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terms in the lease agreements. We believe all of our leases should be accounted for as operating leases. Payments received under operating leases are accounted for in the consolidated statements of income as rental revenue for actual cash rent collected plus or minus a straight-line adjustment for estimated minimum lease escalators. Assets subject to operating leases are reported as real estate investments in the consolidated balance sheet.

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.

Purchase of Investment Properties

Upon the acquisition of real estate properties, we estimate the fair value of acquired tangible assets (consisting of land and building) and identified intangible assets and liabilities (which may consist of above- and below-market leases, in-place leases, including: (a) tenant improvement costs avoided, (b) lost rental income avoided, and (c) expenses recovered through in-place lessee reimbursements, and tenant relationships) based on the evaluation of information and estimates available at that date in accordance with the provisions of ASC 805, Business Combinations, and we allocate the purchase price based on these assessments. We make estimates of the fair value of the tangible and intangible assets and acquired liabilities using information obtained from multiple sources as a result of pre-acquisition due diligence, which generally represents Level 3 inputs, and includes the use of the income approach valuation method. The income approach methodology utilizes the remaining lease terms as defined in the lease agreements, market rental data, capitalization, and discount rates. 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 determine the value of land either based on real estate tax assessed values, internal analyses of recently acquired and existing comparable properties within our portfolio, or third party appraisals. In recognizing identified intangible assets and liabilities of an acquired property, the value of above- or below-market leases is estimated on the present value (using an interest 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 leases. In the case of fixed rate market renewal options, management evaluates and compares the fixed rate renewal rates to the current market rent range, and those leases that are below that range are assumed to be extended. In case of a below-market lease, the Company also evaluates any renewal options associated with that lease to determine if the intangible should include those periods. The capitalized above-market or below-market lease intangibles are amortized as a reduction or addition to rental income over the estimated remaining term of the respective leases.

In determining the value of in-place leases and tenant relationships, management considers current market conditions and costs to execute similar leases in arriving at an estimate of 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, tenant improvements, and other related costs based on current market demand. The value 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.

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Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates are made for the valuation of real estate and related intangibles, valuation of financial instruments, impairment assessments and fair value assessments with respect to purchase price allocations. Actual results could differ from those estimates.

Jumpstart Our Business Startups Act of 2012

The JOBS Act permits us, as an "emerging growth company," to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have elected to "opt out" of this provision and, 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.

REIT Qualification Requirements

We will be subject to a number of operational and organizational requirements necessary to qualify and maintain our qualification as a REIT. If we fail to qualify as a REIT or fail to remain qualified as a REIT in any taxable year, our income would be subject to federal income tax at regular corporate rates and potentially increased state and local taxes, and we could incur substantial tax liabilities which could have an adverse impact upon our results of operations, liquidity and distributions to our stockholders.

Real Estate Taxes

Pursuant to our lease agreements, our tenants are generally responsible, directly or indirectly, for the payment of real estate taxes assessed on our Initial Properties.

Non-GAAP Financial Measures

Funds from Operations

FFO is a widely recognized measure of REIT operating performance. Although FFO is not computed in accordance with GAAP, we believe that information regarding FFO is helpful to stockholders and potential investors because it facilitates an understanding of our operating performance without giving effect to real estate depreciation and amortization, which assumes that the value of real estate assets diminishes ratably over time. Because real estate values historically have increased or decreased with market conditions, we believe that FFO provides a meaningful supplemental measure of our operating performance.

We will calculate FFO in accordance with the April 2002 National Policy Bulletin of NAREIT, or the White Paper. The White Paper defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) on sales of property, plus real estate related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Our FFO computation may not be comparable to FFO reported by other REITs that do not compute FFO in accordance with the White Paper definition or that interpret the White Paper definition differently than we do. The GAAP measure that we believe to be most directly comparable to FFO, net income (loss), includes depreciation and amortization expenses, gains or losses on property sales and noncontrolling interests. In computing FFO, we eliminate these items because, in our view, they are not indicative of the results from the operations of our property portfolio.

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To facilitate a clear understanding of our pro forma operating results, FFO should be examined in conjunction with net income (loss) (determined in accordance with GAAP) as presented in the financial statements included elsewhere in this prospectus. FFO does not represent cash generated from operating activities in accordance with GAAP, should not be considered to be an alternative to net income (loss) (determined in accordance with GAAP) as a measure of our liquidity and is not indicative of funds available for our cash needs, including our ability to make cash distributions to stockholders.

The following table sets forth a reconciliation of pro forma net income of the Initial Properties, the most directly comparable GAAP equivalent, to pro forma FFO for the periods indicated below:

Reconciliation of Pro forma Net Income to Pro forma Funds From Operations

	For the Three Months Ended March 31, 2015	For the Year Ended December 31, 2014
Net Income	$ 1,434,695	$ 5,688,747
Real estate depreciation and amortization	1,293,553	5,174,211
Total Adjustments	1,293,553	5,174,211
Funds from operations	$ 2,728,248	$ 10,862,958
Funds from operations per Common Share Basic	$ 0.41	$ 1.62
Weighted Average Common Shares Outstanding Basic	6,706,104	6,706,104

Net Operating Income

NOI is a non-GAAP financial measure that we define as net income (loss), computed in accordance with GAAP, before general and administrative expenses, acquisition-related expenses, depreciation and amortization expense, REIT expenses, interest expense and net change in the fair value of derivative financial instruments, and gains or losses on the sale of properties. We believe that NOI provides an accurate measure of operating performance because NOI excludes certain items that are not associated with management of the property portfolio. Additionally, our use of the term NOI may not be comparable to that of other REITs as they may have different methodologies for computing this amount.

The following table sets forth a reconciliation of pro forma net income of the Initial Properties, the most directly comparable GAAP equivalent, to pro forma NOI for the periods indicated below:

Reconciliation of Pro forma Net Income to Pro forma NOI

	For the Three Months Ended March 31, 2015	For the Year Ended December 31, 2014
Net Income	$ 1,537,093	$ 6,098,337
General and administrative expenses	95,084	380,334
Real estate depreciation and amortization	1,293,553	5,174,211
Straight-line lease income	(67,354)	(269,415)

Net Operating Income	$	2,858,376	$	11,383,467

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Inflation

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

Seasonality

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

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.

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.

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HEALTHCARE AND HEALTHCARE REAL ESTATE OVERVIEW

We believe the U.S. healthcare industry is poised to continue to grow due to favorable demographic trends, increasing healthcare expenditures, new and proposed government initiatives and changing patient preferences. Furthermore, we believe these factors are contributing to the increased need for healthcare providers to enhance the delivery of healthcare by, among other things, integrating real estate solutions that focus on more efficient, cost-effective and conveniently located patient care. Specifically, we believe the factors and trends discussed below are creating an attractive environment in which to invest in healthcare properties.

Increases in U.S. Healthcare Spending

According to HHS, healthcare spending accounted for approximately 17.4% of GDP in 2013. As illustrated in the graph below, national healthcare expenditures continue to rise, and are projected to grow from an estimated $2.9 trillion in 2013 to an estimated $4.3 trillion by 2020, representing an average annual rate of growth of approximately 5.6%, reaching a projected 18.4% of GDP in 2020. The anticipated continuing increase in demand for healthcare services, together with an increasingly complex and costly regulatory environment, changes in medical technology and reductions in government reimbursements, are expected to put increased pressure on healthcare providers to find cost effective solutions for their real estate needs.

Annual U.S. Healthcare Expenditures

Source: U.S. Census Bureau, Population Projections; CMS, National Health Expenditures 1970-2021

Aging Population

The aging of the U.S. population has a direct effect on the demand for healthcare as older people, on average, utilize healthcare services at a rate well in excess of younger people. Thus, the aging population, driven by the baby boomer generation, and advances in medical technology and services that increase life expectancy are key drivers of the growth in healthcare expenditures.

Over the next 25 years the U.S. population is expected to grow by approximately 18.0%. The rapidly growing senior citizen population in the U.S. is expected to result in substantially increased demand for healthcare services as the baby boomer generation ages and life expectancies lengthen. The U.S. Census Bureau estimates the total number of Americans aged 65 and older is expected to increase from approximately 43 million in 2012 to approximately 74 million by 2030, with the number of citizens aged 65 and older expected to grow at approximately five times the rate of the overall population by

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2030. In addition, the 65 and older age group was approximately 14.0% of the U.S. population in 2012 and is projected to grow to nearly 21.0% by 2030 as is shown in the graph below.

U.S. Aging Population

Source: Center for Medicare & Medicaid Services, U.S. Census Bureau, Population Division

Clinical Care Continues to Shift to Outpatient Facilities

We believe the continued shift in the delivery of healthcare services to outpatient facilities will increase the need for smaller, more specialized and efficient hospitals and outpatient facilities that more effectively accommodate those services. As shown in the graph below, procedures traditionally performed in hospitals, such as certain types of surgery, are increasingly moving to outpatient facilities driven by advances in clinical science, shifting consumer preferences, limited or inefficient space in existing hospitals and lower costs in the outpatient environment. Additionally, studies by the American Hospital Association show that outpatient visits per thousand have grown approximately 58.0% from 1992 to 2012, whereas inpatient admissions per thousand have declined 10.0%. This continuing shift in delivery of healthcare services to an outpatient environment increases the need for additional outpatient facilities and smaller, more specialized and efficient hospitals.

Inpatient Admissions **Outpatient Visits**

Source: American Hospital Association

We believe that healthcare is delivered more cost effectively and with higher patient satisfaction when it is provided on an outpatient basis. We believe the recently enacted Affordable Care Act and

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healthcare market trends toward outpatient care will continue to push healthcare services out of larger, older, inefficient hospitals and into newer, more efficient and conveniently located outpatient facilities and smaller specialized hospitals. Increased specialization within the medical field is also driving demand for medical facilities that are purpose-built for particular specialties.

Increase in Insured Americans Through the Affordable Care Act

The recently enacted Affordable Care Act represents a significant overhaul of many aspects of healthcare regulations and health insurance and requires every American to have health insurance or be subjected to a tax. HHS predicts the Affordable Care Act will result in an additional 30 million Americans having health insurance by 2020, which we believe will increase the frequency of physician office visits. Accordingly, we believe the increased demand for healthcare services will result in the need for healthcare providers to invest in the expansion of medical, outpatient and smaller specialty hospital facilities.

Favorable Non-Urban Healthcare Outlook

We believe the factors discussed above will affect all markets within the healthcare space, but they will be most notable in Non-Urban areas where the growing aging population resides. Most Non-Urban residents live in counties bordering metropolitan areas, and only a small proportion live in remote communities. Over 61.0% of Non-Urban residents live in counties adjacent to urban areas. Another 29.0% of Non-Urban residents live in counties that contain regional population centers, or micropolitan areas, that do not directly border larger urban areas. Only a small portion of the population lives in geographically remote counties. Within these Non-Urban areas, residents tend to be older and poorer than their urban counterparts. We believe the majority of the newly-insured will enter the health system through Medicaid and state health exchanges. It has been estimated by United Health that, as a result of the implementation of the Affordable Care Act, an additional 8.0 million Non-Urban residents could be enrolled in Medicaid or state health exchanges by 2019. Therefore, we believe healthcare providers will need to make significant investments in these Non-Urban areas to ensure that these newly covered populations are able to get the care they need in manner that is cost-effective and conveniently located.

In conclusion, we believe the current market for quality healthcare facilities that satisfy our investment criteria and are located in Non-Urban markets is substantial. Furthermore, we believe that continued increases in healthcare spending, a growing aging population, the implementation of the Affordable Care Act and a continued shift to outpatient facilities, will result in even greater demand by healthcare providers to invest in new, specialized real estate assets in locations that are conveniently located for patients. Additionally, we believe that there are fewer competitors for this asset class because we believe that very few, if any, public REITs are focused on acquiring Non-Urban healthcare facilities in a price range of less than $10 million.

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OUR BUSINESS

We are a fully-integrated healthcare real estate company that was recently organized as a Maryland corporation to acquire and own properties that are leased to hospitals, doctors, healthcare systems or other healthcare service providers in Non-Urban markets. Our strategic focus is to invest in real estate that is diversified across healthcare provider, geography, facility type and industry segment. We believe that favorable demographic trends, continuing increases in healthcare spending and the continuing shift in the delivery of healthcare services to community-based outpatient facilities create attractive opportunities for us. We intend to focus on Non-Urban healthcare facilities because we believe these properties are essential to healthcare providers in their local markets and can generate more attractive risk-adjusted returns than similar facilities in urban markets. In addition, we believe our management team's extensive relationships with healthcare providers and owners of healthcare facilities will provide us with the opportunity to acquire attractive Non-Urban healthcare facilities outside of a competitive bidding process. Furthermore, we believe there is significantly less competition from existing REITs and institutional buyers for these Non-Urban assets.

Upon completion of this offering and the acquisition of our Initial Properties, we will own 35 properties comprised of an aggregate of approximately 623,000 leasable square feet located in 18 states. Our Initial Properties are leased by healthcare providers across a diverse range of both facility types and healthcare industry segments, including ambulatory surgery centers, behavioral facilities, dialysis clinics, medical office buildings, oncology centers, and physician clinics. As of March 31, 2015, the Initial Properties were approximately 94% leased to 69 separate tenants. We believe our staggered lease maturity schedule and active asset management will optimize the value of our portfolio by consistently achieving market rental rates in new leases when the existing leases expire.

Substantially all of our revenues will be derived from net leases pursuant to which our tenants are generally responsible for substantially all of the property operating expenses relating to the property, including real estate taxes, utilities, property insurance, routine maintenance and repairs and property management. We believe this net lease structure helps insulate us from increases in certain property operating expenses and provides more predictable cash flow. The leases for our Initial Properties typically include rent escalation provisions designed to provide us with annual growth in our rental revenues. Tenants of our Initial Properties include many nationally recognized healthcare providers (or their affiliates), such as Adventist, HCA, Fresenius, and AmSurg. Through these property investments and corresponding operating income, we seek to generate attractive risk-adjusted returns for our stockholders through a combination of stable and increasing dividends and potential long-term appreciation in the value of our properties and the value of our shares of common stock.

Given that substantially all of our revenues will be derived from net leases, we plan to manage our exposure to any credit issues of our tenants by monitoring such tenants, their operations and the properties. Generally, our credit monitoring process will involve the review of key new developments, financial statement analysis, credit rating agency data, management discussions and the exchange of information with other specialists. We will conduct regular site visits of the properties to review tenant operations and to assess the general maintenance of the properties. We will monitor accounts receivable and payment history for tenants and seek to identify any credit concerns as quickly as possible. We will seek to obtain tenant financial information, including financial statements and tax returns. When such financial information is available, we will monitor the financial data of our tenants including quarterly, semi-annual or annual financial information. We also expect to have access to our tenants' management teams to discuss their performance and future expectations.

Our management team has between 22 and 33 years of healthcare, real estate and public REIT management experience and has long-established relationships with a wide range of healthcare providers. We believe these relationships provide us a competitive advantage in sourcing growth opportunities that produce attractive risk-adjusted returns.

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During the initial terms of their respective employment agreements, all of our officers have elected to take 100% of their salary, bonus and long-term incentive compensation in the form of restricted stock, subject to an eight-year cliff-vesting period, which we believe creates a significant alignment of interest between management and our stockholders. In addition, Mr. Wallace, our Chairman, Chief Executive Officer and President, has committed to buy $2,000,000 in shares of our common stock and certain of our officers and director nominees have committed to purchase an aggregate of $350,000 in shares of our common stock in concurrent private placements, in each case at the same price offered to the public pursuant to this prospectus, which we believe further aligns our management's interests with our stockholders. Finally, we have adopted stock ownership guidelines that require our officers and directors to continuously own an amount of our common stock based upon a multiple of such officer's annual base salary or such director's annual retainer, as applicable.

We intend to elect to be taxed and to operate in a manner to allow us to qualify as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2015.

Competitive Strengths

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

Strong, Diversified Initial Portfolio. Upon completion of this offering and the acquisition of the Initial Properties, we will own 35 properties that are 94% leased, located in 18 states, leased by 69 separate tenants and comprised of six different healthcare facility types. Our focus is on investing in properties where we can develop strategic alliances with financially sound healthcare providers that offer need-based healthcare services in our target markets. Our tenant base includes many nationally recognized healthcare providers (or their affiliates), such as Adventist, HCA, Fresenius and AmSurg. We have structured, and intend to maintain, our property portfolio with significant diversification with respect to healthcare provider, industry segment, facility type and geography.

Attractive and Disciplined Investment Focus. We intend to focus on acquiring Non-Urban healthcare facilities in off-market or lightly marketed transactions at purchase prices of approximately $10 million or less. We believe there is significantly less competition from existing REITs and institutional buyers for these Non-Urban assets than for comparable urban assets, thereby increasing the potential for more attractive risk-adjusted returns. In addition, we believe that healthcare-related real estate rents and valuations are less susceptible to changes in the general economy than many other types of commercial real estate due to favorable demographic trends and the need-based rise in healthcare expenditures, even during economic downturns.

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

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providing us with the opportunity to continue to purchase assets outside a competitive bidding process.

Experienced Management Team. Each of the members of our management team has between 22 and 33 years of healthcare, real estate and/or public REIT management experience. Led by Timothy G. Wallace, our Chairman, Chief Executive Officer and President, W. Page Barnes, our Executive Vice President and Chief Financial Officer and Leigh Ann Stach, our Vice President Financial Reporting and Chief Accounting Officer, our management team has significant experience in acquiring, owning, operating and managing healthcare facilities and providing full service real estate solutions for the healthcare industry. Prior to founding our company, Mr. Wallace was a co-founder and Executive Vice President of HR. Between the initial public offering of HR in 1993 and his departure from HR in 2002, Mr. Wallace was integral in helping to grow HR to over $2 billion in assets. Mr. Barnes has held executive positions with acute care and behavioral hospital companies and directed healthcare lending for AmSouth Bank. Ms. Stach has experience in public healthcare REIT, accounting and financial reporting.

Growth Oriented Capital Structure. We anticipate that, upon completion of this offering, none of our properties will have mortgages and we will have no corporate debt outstanding. However, in the event that the total net proceeds of this offering (inclusive of additional net proceeds, if any, from the sale of additional shares pursuant to the underwriter's option to purchase additional shares) are insufficient to purchase all of the Initial Properties, we intend to borrow under the revolving credit facility in the amount of any shortfall in the net proceeds. Furthermore, concurrently with or shortly after the completion of this offering, we expect to obtain a credit facility with a borrowing capacity of up to approximately $75.0 million. We may also use OP units as currency to acquire additional properties from owners seeking to defer their potential taxable gain and diversify their holdings. We believe that the expected borrowing capacity under our anticipated credit facility, combined with our ability to use OP units as acquisition currency, will provide us with significant financial flexibility to make opportunistic investments and fund future growth.

Significant Alignment of Interests. We have structured the compensation of our management team to closely align their interests with the interests of our stockholders. During the initial terms of their respective employment agreements, all of our officers have elected to take 100% of their salary, bonus and long-term incentive in the form of restricted stock that is subject to an eight-year cliff-vesting period. We believe that paying our management team solely with restricted stock that is subject to an eight-year cliff-vesting period effectively aligns the interests of our management team with those of our stockholders, creating significant incentives to maximize returns for our stockholders. In addition, concurrently with the completion of this offering, Mr. Wallace has committed to purchase $2,000,000 in shares of our common stock and certain of our officers and director nominees have committed to purchase $350,000 in shares of our common stock in concurrent private placements at a price per share equal to the initial public offering price, which we believe further aligns our management's interests with our stockholders. Finally, we have adopted stock ownership guidelines that require our officers and directors to continuously own an amount of our common stock based on a multiple of such officer's annual base salary or such director's annual retainer, as applicable.

Our Business Objectives and Strategies

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

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proactively asset manage a diversified portfolio of healthcare properties, which we believe will drive reliable, increasing rental revenue and cash flow.

Growth Strategy

We anticipate being able to increase our current cash flow on the Initial Properties as leases mature. As of March 31, 2015, the Initial Properties were approximately 94% leased to 69 separate tenants with a weighted average remaining lease term for the portfolio of approximately 4.3 years. We believe our staggered lease maturity schedule and active asset management will optimize the value of our portfolio by consistently achieving market rental rates in new leases when the existing leases expire. Furthermore, in addition to having contractual rent escalation clauses in substantially all of our leases, our staggered lease maturity schedule increases the likelihood that we will consistently achieve market rental rates in new leases when the existing leases expire. In addition, we do not believe there is significant new supply growth or plans for the development of competitive facilities in our target markets. Thus, we believe this limited supply of competitive facilities in our target markets will increase the likelihood of significant tenant renewals.

We intend to grow our portfolio of healthcare properties primarily through acquisitions of Non-Urban healthcare facilities that provide stable revenue growth and predictable long-term cash flows. We generally expect to focus on individual acquisition opportunities of $10 million or less in off-market or lightly marketed transactions and do not intend to participate in competitive bidding or auctions of properties. We believe that there are abundant opportunities to acquire attractive healthcare properties in our target markets. In the future, we expect to acquire properties primarily from third-party owners of existing leased buildings and directly with healthcare providers through sale-leaseback transactions. We believe there is significantly less competition for these Non-Urban assets from existing REITs and institutional buyers than for comparable assets in urban areas, thereby increasing the potential for attractive risk-adjusted returns. Furthermore, we may acquire healthcare properties on a non-cash basis in a tax efficient manner through the issuance of OP units as consideration for the transaction.

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

Our primary acquisition focus will be on the following types of healthcare facilities:

- *Ambulatory surgery centers*: Ambulatory surgery centers, also known as outpatient surgery centers, are freestanding healthcare facilities where surgical procedures not requiring an overnight hospital stay are performed. Procedures commonly performed include those related to dermatology, ear, nose and throat/audiology, pain, ophthalmology, orthopedics and sports health and urology.

- *Behavioral facilities*: Behavioral facilities are healthcare facilities that provide a range of clinical services for mental health and/or substance abuse diagnoses on an inpatient and/or outpatient basis. Behavioral health services provided may include assessment, treatment, individual medical evaluation and management (including medication management), individual and group therapy, behavioral health counseling, family therapy and psychological testing for recipients of all ages.

- *Dialysis clinics*: Dialysis clinics are healthcare facilities that furnish diagnostic, therapeutic and rehabilitative services required for the care of end stage renal disease dialysis patients.

- *Medical office buildings*: Medical office buildings are buildings occupied by healthcare providers and may be located near hospitals or other facilities where healthcare services are rendered or

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in close proximity to a population base. Medical office buildings can be leased by physicians, physician practice groups, hospitals, healthcare systems or other healthcare providers.

Oncology centers: Oncology centers are healthcare facilities where one or more of the three primary oncology disciplines are provided to ambulatory patients. These three disciplines are medical oncology (the treatment of cancer with medicine, including chemotherapy), surgical oncology (the surgical aspects of cancer treatment, including biopsy, staging and surgical resection of tumors) and radiation oncology (the treatment of cancer with therapeutic radiation).

Physician clinics: Physician clinics are freestanding healthcare facilities that are primarily devoted to the care of ambulatory patients, can be privately operated or publicly managed and funded, and typically provide primary healthcare needs of populations in local communities utilizing physicians and other healthcare providers.

Our secondary acquisition focus will be on the following types of healthcare facilities:

Acute care hospitals: Acute care hospitals are traditional medical and surgical hospitals providing both inpatient and outpatient medical services and are owned and/or operated either by a non-profit or for-profit hospital or hospital system. These facilities may act as feeder facilities to dedicated regional medical centers.

Assisted living facilities: Assisted living facilities provide services that include minimal nursing assistance and minimal assistance for activities of daily living. Assisted living facilities typically are comprised of one and two bedroom suites equipped with private bathrooms and efficiency kitchens. Services bundled within one regular monthly fee usually include three meals per day in a central dining room, daily housekeeping, laundry, medical reminders and 24-hour availability of assistance with the activities of daily living, such as eating, dressing and bathing.

Post-acute care hospitals: Post-acute care hospitals are healthcare facilities that offer restorative, rehabilitative and custodial care for people not requiring the more extensive and complex treatment available at acute care hospitals. Ancillary and sub-acute care services that are provided may include occupational, physical, speech, respiratory and intravenous therapy, wound care, oncology treatment, brain injury care and orthopedic therapy.

Skilled nursing facilities: Skilled nursing facilities are inpatient healthcare facilities with the staff and equipment to provide long-term skilled nursing care, rehabilitation and other related health services to patients, typically elderly, who need nursing care, but do not require hospitalization.

Specialty hospitals: Specialty hospitals are hospitals that focus and specialize in providing care for certain conditions and performing certain procedures, such as cardiovascular and orthopedic surgery.

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

whether the property will be leased to a financially-sound healthcare tenant;

the historical performance of the market and its future prospects;

property location, with an emphasis on proximity to a population base;

demand for healthcare related services and facilities;

current and future supply of competing properties;

occupancy and rental rates in the market;

population density and growth potential;

anticipated capital expenditures;

anticipated future acquisition opportunities; and

existing and potential competition from other healthcare real estate owners and tenants.

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We currently have no intention to invest in companies that provide healthcare services structured to comply with RIDEA.

We are not restricted from making investments and engaging in business activities that are different from the investments and business activities that we have described in this prospectus. Our management and board of directors will monitor the healthcare and real estate industries to attempt to ensure that we are providing optimal risk adjusted returns. In doing so, we will continuously review the quality and quantity of potential investments we are able to make compared to similar risk adjusted investments. Although our board of directors may change our investment strategies at anytime without the approval of our stockholders, they will only change the investment strategy or business activities if they determine such changes are in the best interests of our stockholders. In the unlikely event that management and the board of directors take such action, the Company will disclose such changes to our stockholders in our periodic reports and other filings under the Exchange Act.

Financing Strategy

Upon completion of this offering, none of the Initial Properties will be subject to any mortgage financing. Additionally, we expect to have no outstanding corporate-level indebtedness upon completion of this offering. However, in the event that the total net proceeds of this offering (inclusive of additional net proceeds, if any, from the sale of additional shares pursuant to the underwriter's option to purchase additional shares) are insufficient to purchase all of the Initial Properties, we intend to borrow under the revolving credit facility in the amount of any shortfall in the net proceeds. In the future, we may incur fixed or floating rate indebtedness, including indebtedness secured by our properties. Concurrently with or shortly after the completion of this offering, we intend to obtain the anticipated credit facility in an amount up to approximately $75.0 million. We intend to use proceeds from the anticipated credit facility to finance the acquisition of the Initial Properties in the event that the total net proceeds of this offering (inclusive of additional net proceeds, if any, from the sale of additional shares pursuant to the underwriter's option to purchase additional shares) are insufficient to purchase all of the Initial Properties and to consummate additional property acquisitions, as well as for general corporate purposes. As of the date of this prospectus, we have received a commitment letter from a lender for the anticipated credit facility. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Anticipated Credit Facility" for more detailed information concerning the terms of the commitment letter. However, there can be no assurance that we will enter into definitive documentation with regard to this facility on the terms set forth in the commitment letter or at all. Our present financing policy prohibits incurring debt (secured or unsecured) in excess of 40% of our total book capitalization.

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Initial Properties

Upon completion of this offering and the acquisition of the Initial Properties, we will own 35 properties comprised of an aggregate of approximately 623,000 net leasable square feet located in 18 states. The Initial Properties are currently leased by 69 separate tenants and are subject to leases with a weighted average remaining lease term of approximately 4.3 years as of March 31, 2015. The table below provides certain information regarding each of our Initial Properties as of March 31, 2015.

Property	Location	Facility Type(1)	Total Leasable Sq. Ft.	In-Place Occupancy	Annualized Lease Revenue($)(2)	Percentage of Total Annualized Lease Revenue(3)	Annualized Lease Revenue Per Leased Sq. Ft. ($)(4)	Principal Tenant/Affiliate of
Provena Medical Center	Bourbonnais, IL	MOB	54,000	91.60%	847,010	7.07%	17.12	Presence Health
Bayside Medical Center	Pasadena, TX	MOB	51,316	67.80%	708,612	5.91%	20.37	HCA
Cypress Medical Center	Wichita, KS	MOB	43,945	92.50%	830,974	6.94%	20.43	HCA & Kansas Medical Center
Los Alamos Professional Plaza	Alamo, TX	MOB	41,797	91.60%	534,282	4.46%	13.94	CVS & Hidalgo County
Adventist Behavioral Health	Cambridge, MD	BF	40,180	100.00%	771,283	6.44%	19.20	Adventist Healthcare
Cavalier Medical & Dialysis Center	Florence, KY	MOB	36,362	91.00%	451,281	3.77%	13.63	Paradigm Pain & Spine Consultants
Prairie Star Medical Facility II(5)	Shawnee, KS	MOB	24,840	89.50%	439,933	3.67%	19.78	Adventist Health System Sunbelt Healthcare Corporation
Prairie Star Medical Facility I	Shawnee, KS	PC	24,557	100.00%	460,444	3.84%	18.75	Adventist Health System Sunbelt Healthcare Corporation
Williams Medical Clinic*	Holly Spring, MS	PC	24,024	100.00%	462,000	3.86%	19.23	Williams Medical Clinic
Dahlonega Medical Mall	Dahlonega, GA	MOB	20,621	97.70%	336,749	2.81%	16.33	PCG Molecular
Grandview Plaza	Lancaster, PA	PC	20,000	100.00%	456,646	3.81%	22.83	Wellspan Health & Lancaster General Medical Group
Brook Park Medical Building	Brook Park, OH	MOB	18,444	100.00%	367,490	3.07%	19.92	Southwest Community Health System
Fresenius Florence Dialysis Center	Florence, KY	DC	18,283	100.00%	321,743	2.69%	17.60	Fresenius Medical Care
Fresenius Corsicana Dialysis Center	Corsicana, TX	DC	17,699	82.60%	236,329	1.97%	16.17	Fresenius Medical Care
Columbia Gastroenterology Surgery Center	Columbia, SC	ASC	16,969	94.00%	317,101	2.65%	19.88	Palmetto Health
Family Medicine East	Wichita, KS	PC	16,581	100.00%	410,838	3.43%	24.78	Family Medicine East Chartered
Fresenius Gallipolis Dialysis Center	Gallipolis, OH	DC	15,110	100.00%	137,805	1.15%	9.12	Fresenius Medical Care
UW Health Clinic Portage	Portage, WI	PC	14,000	100.00%	290,151	2.42%	20.73	University of Wisconsin Health Clinics
Desert Endoscopy Center	Tempe, AZ	ASC	13,000	100.00%	270,367	2.26%	20.80	The Mesa AZ Endoscopy ASC
Northwest Surgery Center	Houston, TX	ASC	11,200	100.00%	466,356	3.89%	41.64	Northwest Surgery Associates
Midwest Primary Care Clinic	Cincinnati, OH	PC	11,050	100.00%	285,239	2.38%	25.81	Catholic Health Partners
St. Alphonsus Medical Group Clinic	Nampa, ID	PC	10,751	100.00%	226,196	1.89%	21.04	CHE Trinity Health
		PC	8,500	100.00%	164,137	1.37%	19.31	

UW Health Clinic Fort Atkinson	Fort Atkinson, WI							University of Wisconsin Health Clinics
Liberty Dialysis	Castle Rock, CO	DC	8,450	100.00%	284,176	2.37%	33.63	Fresenius Medical Care
Virginia Orthopaedic & Spine Specialists	Portsmouth, VA	PC	8,445	100.00%	168,900	1.41%	20.00	Bon Secours Health System
Continuum Wellness Center	Gilbert, AZ	PC	8,200	100.00%	254,831	2.13%	31.08	Agility Health
Court Street Surgery Center	Circleville, OH	ASC	7,787	88.80%	187,733	1.57%	27.16	Surgery Partners
Gulf Coast Cancer Centers	Gulf Shores, AL	OC	6,398	100.00%	190,976	1.59%	29.85	Vantage Oncology
Gulf Coast Cancer Centers	Foley, AL	OC	6,146	100.00%	183,454	1.53%	29.85	Vantage Oncology
Bassin Center For Plastic Surgery*	Melbourne, FL	PC	5,228	100.00%	308,217	2.57%	58.96	Roger E. Bassin, M.D.
Fresenius Fort Valley Dialysis Center	Fort Valley, GA	DC	4,920	100.00%	113,370	0.95%	23.04	Fresenius Medical Care
DaVita Etowah Dialysis Center	Etowah, TN	DC	4,720	100.00%	65,702	0.55%	13.92	DaVita Health Partners
Gulf Coast Cancer Centers	Brewton, AL	OC	3,971	100.00%	118,532	0.99%	29.85	Vantage Oncology
Bassin Center For Plastic Surgery*	Lady Lake, FL	PC	2,894	100.00%	170,616	1.42%	58.96	Roger E. Bassin, M.D.
Bassin Center For Plastic Surgery*	Orlando, FL	PC	2,420	100.00%	142,671	1.19%	58.95	Roger E. Bassin, M.D.
Total/Average[6]			622,808	93.79%	$ 11,982,144	100.00%	$ 20.51	

* Denotes that lease will be executed upon the acquisition of the property.

(1) As used in the table above, "OC" means oncology center, "ASC" means ambulatory surgery center, "PC" means physician clinic, "MOB" means medical office building, "DC" means dialysis clinic and "BF" means behavioral facility.

(2) Our annualized lease revenue was calculated by multiplying (i) rental payments (defined as base rent payable by each tenant on a monthly basis under the terms of a lease that was in place as of March 31, 2015) for the month ended March 31, 2015, by (ii) 12. During 2014 and the first quarter of 2015, there were no material tenant concessions or rent abatement periods on any of the Initial Properties. For a property that will be leased pursuant to a lease executed upon our acquisition of such property, annualized lease revenue is the anticipated annual rental payments set forth in the applicable form of lease to be executed upon the acquisition of the property.

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(3) Percentage of total annualized lease revenue was calculated by dividing annualized lease revenue for the relevant Initial Property by total annualized lease revenue for the year ended March 31, 2015, expressed as a percentage.

(4) Annualized lease revenue per leased square foot was calculated by dividing annualized lease revenue for the relevant Initial Property by the product of the total leasable square footage as of March 31, 2015 and the in-place occupancy as of March 31, 2015 .

(5) This property is currently leased by the seller from the City of Shawnee, Kansas pursuant to a payment in lieu of tax agreement. Initially, we will take an assignment of and assume the seller's lease on this property, and we will acquire all of the bonds that were issued by the City of Shawnee, Kansas to finance the construction of this property. The lease contains an option to purchase this property for $100 along with the payment of certain expenses and the satisfaction and discharge in full of the bonds. We anticipate exercising this purchase option in early 2016 and obtaining fee simple title to the property at that time. See "Our Business Description of Properties Prairie Star Medical Facility II, Shawnee, Kansas" for more information.

(6) When we provide weighted-average figures, the amount is weighted by annualized lease revenue, except where otherwise noted.

Properties Under Evaluation

In addition to the Initial Properties, we are currently in discussions regarding a number of acquisition opportunities that we have identified through our management team's network of relationships and that we believe will enhance our growth and operating performance metrics. As of the date of this prospectus, we have identified and are in various stages of evaluating potential acquisitions of properties, all from unrelated third parties, for an aggregate purchase price of approximately $149.1 million, based upon our preliminary discussions with the sellers and our internal assessments of the value of these properties. As of the date of this prospectus, we have identified and performed an initial financial analysis of these properties to determine what we would be willing to pay for each property. However, none of the properties under evaluation by management are subject to binding purchase agreements, rights of first offer or rights of refusal and, as a result, none of the properties are deemed probable of acquisition as of the date of this prospectus. There can be no assurance that we will enter into definitive agreements with regard to any of these properties for the anticipated purchase price or at all.

Portfolio Diversification

We intend to invest in real estate that is diversified across facility type, geography, healthcare provider and industry segment. As such, our 35 Initial Properties include 69 tenants across all of our focused facility types.

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Facility Type Diversification

The following graphs and table set forth information relating to facility type diversification of the Initial Properties based on total leasable square feet and annualized lease revenue as of March 31, 2015.

Diversification by Property Type
(Leased Square Feet)

Diversification by Property Type
(Annualized Lease Revenue)[(1)(2)]

Property Type	Number of Properties	Leased Square Feet	Total Leased Square Feet (%)	Annualized Lease Revenue ($)[(1)]	Annualized Lease Revenue (%)[(2)]
Medical Office Building	8	257,655	44.1%	$ 4,516,331	37.7%
Physicians Clinic	13	156,650	26.8%	3,800,887	31.7%
Dialysis Clinic	6	66,100	11.3%	1,159,124	9.7%
Ambulatory Surgery Center	4	47,061	8.1%	1,241,557	10.4%
Behavioral Facility	1	40,180	6.9%	771,283	6.5%
Oncology Center	3	16,515	2.8%	492,962	4.0%
	35	584,161	100.0%	$ 11,982,144	100.0%

(1) Our annualized lease revenue was calculated by multiplying (i) rental payments (defined as base rent payable by each tenant on a monthly basis under the terms of a lease that was in place as of March 31, 2015) for the month ended March 31, 2015, by (ii) 12. During 2014 and the first quarter of 2015, there were no material tenant concessions or rent abatement periods on any of the Initial Properties. For a property that will be leased pursuant to a lease to be executed upon our acquisition of such property, annualized lease revenue is the anticipated annual rental payments set forth in the applicable form of lease to be executed upon the acquisition of the property.

(2) Percentage of total annualized lease revenue was calculated by dividing annualized lease revenue generated by all of the facilities of the applicable property type by the total annualized lease revenue generated by all of the Initial Properties for the year ended March 31, 2015, expressed as a percentage.

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Geographic Diversification

The following graphs and table set forth information relating to geographic diversification by state of the Initial Properties based on total leased square feet and annualized lease revenue as of March 31, 2015.

Diversification by State
(Leased Square Feet)

Diversification by State
(Annualized Lease Revenue)(1)(2)

State	Number of Properties	Leased Square Feet	% of Total Leased Square Feet	Annualized Lease Revenue	% of Annualized Lease Revenue
Kansas	4	104,047	17.8%	$ 2,142,189	17.9%
Texas	4	98,929	16.9%	1,945,579	16.2%
Ohio	4	51,516	8.8%	978,267	8.2%
Kentucky	2	51,386	8.8%	773,024	6.5%
Illinois	1	49,466	8.5%	847,009	7.1%
Maryland	1	40,180	6.9%	771,283	6.4%
Georgia	2	25,541	4.3%	450,119	3.8%
Mississippi	1	24,024	4.1%	462,000	3.9%
Wisconsin	2	22,500	3.9%	454,288	3.8%
Arizona	2	21,200	3.6%	525,199	4.4%
Pennsylvania	1	20,000	3.4%	456,646	3.8%
Alabama	3	16,515	2.8%	492,962	4.1%
South Carolina	1	15,949	2.7%	317,101	2.6%
Idaho	1	10,751	1.8%	226,196	1.9%
Florida	3	10,542	1.8%	621,504	5.2%
Colorado	1	8,450	1.4%	284,176	2.4%
Virginia	1	8,445	1.4%	168,900	1.4%
Tennessee	1	4,720	0.8%	65,702	0.5%
	35	584,161	100.0%	$ 11,982,144	100.0%

(1)

Our annualized lease revenue was calculated by multiplying (i) rental payments (defined as base rent payable by the tenant on a monthly basis under the term of a lease that was in place as of March 31, 2015) for the month ended March 31, 2015, divided by (ii) 12. During 2014 and the first quarter of 2015, there were no material tenant concessions or rent abatement periods on any of the Initial Properties. For a property that is not currently subject to any lease but which will be leased pursuant to a lease executed upon our acquisition of such property, annualized lease revenue is the anticipated annual rental payments set forth in the applicable form of lease to be executed upon the acquisition of the property.

(2) Percentage of total annualized lease revenue was calculated by dividing annualized lease revenue generated by all of the properties located in the State by the total annualized lease revenue generated by all of the Initial Properties for the year ended March 31, 2015, expressed as a percentage.

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Description of Properties and Tenants

The following is a description of each of the Initial Properties and their major healthcare tenant. The order of Initial Properties starts with the Initial Property with the largest leasable square footage and ends with the Initial Property with the smallest leasable square footage. We have determined the leasable square footage of each property by reviewing the existing leases and rent rolls, where available, and a review of tax assessor information where necessary. Unless otherwise indicated, all information is given as of March 31, 2015.

Provena Medical Center, Bourbonnais, Illinois

Property Description: Constructed in 1979 with a major renovation in 2009, Provena Medical Center is an approximately 54,000 square foot one-story medical office building located in Bourbonnais, Illinois. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Provena Medical Center was approximately $45,000.

Acquisition Terms: On February 4, 2015, we entered into an Agreement of Sale and Purchase to acquire Provena Medical Center for an aggregate purchase price of $9,000,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 91.6% of Provena Medical Center to multiple tenants. The largest tenant in Provena Medical Center is Provena Health, an affiliate of Presence Health. The annual base rent for Provena Medical Center will be approximately $847,010. There are currently five leases, all of which are net leases. We will assume these leases upon closing of the acquisition of the property.

Bayside Medical Center, Pasadena, Texas

Property Description: Constructed in 1992 and redeveloped in 2000, Bayside Medical Center is an approximately 51,316 square foot one-story medical office building located in Pasadena, Texas. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Bayside Medical Center was approximately $209,000.

Acquisition Terms: On January 12, 2015, we entered into an Agreement of Sale and Purchase to acquire Bayside Medical Center for an initial purchase price of $6,500,000 and a potential payment of up to $1,000,000 based on potential additional leasing. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 67.8% of Bayside Medical Center to multiple tenants. The largest tenant in Bayside Medical Center is STPN Manager, LLC, an affiliate of HCA. The annual base rent for Bayside Medical Center will be approximately $708,612. There are currently six leases, all of which are net leases. We will assume these leases upon closing of the acquisition of the property.

Cypress Medical Center, Wichita, Kansas

Property Description: Constructed in 2006, Cypress Medical Center is an approximately 43,945 square foot one-story medical office building located in Wichita, Kansas. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Cypress Medical Center was approximately $270,000.

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Acquisition Terms: On February 6, 2015, we entered into an Agreement of Sale and Purchase to acquire Cypress Medical Center for an aggregate purchase price of $7,350,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 92.5% of Cypress Medical Center to multiple tenants. The largest tenant in Cypress Medical Center is Kansas Medical Center, L.L.C. The annual base rent for Cypress Medical Center will be approximately $830,974. There are currently four leases, all of which are net leases. We will assume these leases upon closing of the acquisition of the property.

Los Alamos Professional Plaza, Alamo, Texas

Property Description: Constructed in 2007, Los Alamos Professional Plaza is an approximately 41,797 square foot two-story medical office building located in Alamo, Texas. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Los Alamos Professional Plaza was approximately $94,000.

Acquisition Terms: On December 11, 2014, we entered into an Agreement of Sale and Purchase to acquire Los Alamos Professional Plaza for an aggregate purchase price of $5,300,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 91.6% of Los Alamos Professional Plaza to multiple tenants. The largest tenants in Los Alamos Professional Plaza are CVS Pharmacy, Inc. and Hidalgo County. The annual base rent for Los Alamos Professional Plaza will be approximately $534,282. There are currently nine leases, all of which are net leases. We will assume these leases upon closing of the acquisition of the property.

Adventist Behavioral Health, Cambridge, Maryland

Property Description: Constructed in 1999, Adventist Behavioral Health is an approximately 40,180 square foot one-story behavioral health facility located in Cambridge, Maryland. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Adventist Behavioral Health was approximately $104,000.

Acquisition Terms: On January 2, 2015, we entered into an Agreement of Sale and Purchase to acquire Adventist Behavioral Health for an aggregate purchase price of $8,250,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Adventist Behavioral Health to a single tenant. The tenant in Adventist Behavioral Health is Adventist Healthcare, Inc. The annual base rent for Adventist Behavioral Health will be approximately $771,283. The lease is a net lease. We will assume the lease upon closing of the acquisition of the property.

Cavalier Medical & Dialysis Center, Florence, Kentucky

Property Description: Constructed in 2000, Cavalier Medical & Dialysis Center consists of two one-story medical office and dialysis clinic buildings containing in the aggregate approximately 36,362 square foot and located in Florence, Kentucky. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Cavalier Medical & Dialysis Center was approximately $19,000.

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Acquisition Terms: On November 1, 2014, we entered into an Agreement of Sale and Purchase to acquire Cavalier Medical & Dialysis Center for an aggregate purchase price of $5,000,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 91% of Cavalier Medical & Dialysis Center to multiple tenants. The largest healthcare tenant in Cavalier Medical & Dialysis Center is Robert Klickovich, MD, LLC, an affiliate of Paradigm Pain & Spine Consultants. The annual base rent for Cavalier Medical & Dialysis Center will be approximately $451,281. There are currently nine leases, all of which are net leases. We will assume these leases upon closing of the acquisition of the property.

Prairie Star Medical Facility II, Shawnee, Kansas

Property Description: Constructed in 2004, Prairie Star Medical Facility II is an approximately 24,840 square foot one-story medical office building located in Shawnee, Kansas. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Prairie Star Medical Facility II was approximately $33,000.

Acquisition Terms: On December 15, 2014, we entered into an Agreement of Sale and Purchase to acquire Prairie Star Medical Facility II for an aggregate purchase price of $4,235,706. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 89.5% of Prairie Star Medical Facility II to multiple tenants. The largest tenant in Prairie Star Medical Facility II is Shawnee Mission Medical Center, Inc., an affiliate of Adventist Health System. The annual base rent for Prairie Star Medical Facility II will be approximately $439,933. There are currently six leases, four of which are net leases and two of which are gross leases. We will assume these leases upon closing of the acquisition of the property.

Pursuant to a payment in lieu of tax, or PILOT, arrangement, the Prairie Star Medical Facility II is owned by the City of Shawnee, Kansas and leased to Prairie Star II, LLC pursuant to a lease agreement that has a term expiring in 2020. Prairie Star II, LLC, in turn, sublets the Prairie Star Medical Facility II to various lessees. The lease agreement between the City of Shawnee and Prairie Star II, LLC provides significant tax abatements to Prairie Star II, LLC through the end of 2015.

The PILOT financing arrangement provided for the issuance of bonds by the City of Shawnee to finance the construction of the Prairie Star Medical Facility II. In connection with the financing of the construction of the Prairie Star Medical Facility II, the City of Shawnee issued Series A Bonds in the aggregate amount of $3,400,000 to Woodmen of the World Life Insurance Society, or Woodmen, and Series B Bonds in the aggregate amount of $1,000,000 to Prairie Star II, LLC.

Pursuant to the terms of our purchase agreement with respect to Prairie Star Medical Facility II, we will initially take an assignment of and assume the lease agreement held by Prairie Star II, LLC, and we will acquire all of the Series A Bonds from Woodmen and all of the Series B Bonds from Prairie Star II, LLC. The lease agreement contains an option to purchase Prairie Star Medical Facility II for $100 along with the payment of certain expenses and the satisfaction and discharge in full of the bonds. We anticipate that we will exercise the option to purchase the Prairie Star Medical Facility II in early 2016 after the tax abatement period expires on December 31, 2015.

Prairie Star Medical Facility I, Shawnee, Kansas

Property Description: Constructed in 2002, Prairie Star Medical Facility I is an approximately 24,557 square foot one-story physician clinic located in Shawnee, Kansas. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Prairie Star Medical Facility I was approximately $126,000.

Acquisition Terms: On December 15, 2014, we entered into an Agreement of Sale and Purchase to acquire Prairie Star Medical Facility I for an aggregate purchase price of $4,977,762. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Prairie Star Medical Facility I to a single tenant. The tenant in Prairie Star Medical Facility I is Shawnee Mission Medical Center, Inc., an affiliate of Adventist Health System. The annual base rent for Prairie Star Medical Facility I will be approximately $460,444. There are currently three leases, all of which are net leases. We will assume the leases upon closing of the acquisition of the property.

Williams Medical Clinic, Holly Springs, Mississippi

Property Description: Constructed in 2008, Williams Medical Clinic is an approximately 24,024 square foot one-story physician clinic located in Holly Springs, Mississippi. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Williams Medical Clinic was approximately $82,000.

Acquisition Terms: On August 29, 2014, we entered into an Agreement of Sale and Purchase to acquire Williams Medical Clinic for an aggregate purchase price of $4,100,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Williams Medical Clinic to a single tenant. The tenant in Williams Medical Clinic is Williams Medical Clinic. The annual base rent for Williams Medical Clinic will be approximately $462,000. The lease is a net lease. The lease will be executed as a part of the closing of the acquisition of the property.

Dahlonega Medical Mall, Dahlonega, Georgia

Property Description: Constructed in 2005, Dahlonega Medical Mall is an approximately 20,621 square foot two-story medical office building located in Dahlonega, Georgia. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Dahlonega Medical Mall was approximately $28,000.

Acquisition Terms: On November 17, 2014, we entered into an Agreement of Sale and Purchase to acquire Dahlonega Medical Mall for an aggregate purchase price of $3,450,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Dahlonega Medical Mall to multiple tenants. The largest tenant in Dahlonega Medical Mall is PCG Molecular. The annual base rent for Dahlonega Medical Mall will be approximately $336,749. There are currently five leases, all of which are net leases. We will assume these leases upon closing of the acquisition of the property.

Grandview Plaza, Lancaster, Pennsylvania

Property Description: Constructed in 2006, Grandview Plaza is an approximately 20,000 square foot two-story physician clinic located in Lancaster, Pennsylvania. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Grandview Plaza was approximately $13,000 and the 2014/2015 school taxes are approximately $37,000.

Acquisition Terms: On November 12, 2014, we entered into an Agreement of Sale and Purchase to acquire Grandview Plaza for an aggregate purchase price of $3,100,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Grandview Plaza to multiple tenants. The largest tenants in Grandview Plaza are Physician Specialists of Northern Lancaster County Medical Group d/b/a Heart Specialists of Lancaster County, an affiliate of Wellspan Health, and Lancaster General Medical Group. The annual base rent for Grandview Plaza will be approximately $456,646. There are currently two leases, both of which are net leases. We will assume these leases upon closing of the acquisition of the property.

Brook Park Medical Building, Brook Park, Ohio

Property Description: Constructed in 1999, Brook Park Medical Building is an approximately 18,444 square foot one-story medical office building located in Brook Park, Ohio. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Brook Park Medical Building was approximately $64,000.

Acquisition Terms: On November 26, 2014, we entered into an Agreement of Sale and Purchase to acquire Brook Park Medical Building for an aggregate purchase price of $3,650,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Brook Park Medical Building to multiple tenants. The largest tenant in Brook Park Medical Building is Southwest General Health Center, an affiliate of Southwest Community Health System. The annual base rent for Brook Park Medical Building will be approximately $367,490. There are currently five leases, all of which are net leases. We will assume these leases upon closing of the acquisition of the property.

Florence Professional Centre, Florence, Kentucky

Property Description: Constructed in 1973 and renovated in 2007, Florence Professional Centre is an approximately 18,283 square foot one-story dialysis clinic located in Florence, Kentucky. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Florence Professional Centre was approximately $17,000.

Acquisition Terms: On November 21, 2014, we entered into an Agreement of Sale and Purchase to acquire Florence Professional Centre for an aggregate purchase price of $3,200,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Fresenius Florence Dialysis Center to multiple tenants. The largest tenant in Florence Professional Centre is Fresenius Medical Care. The annual base rent for Florence Professional Centre will be approximately $321,743. There are currently three leases, all of which are net leases. We will assume these leases upon closing of the acquisition of the property.

Fresenius Medical Care of Corsicana, Corsicana, Texas

Property Description: Constructed in 1973 and renovated in 2007, Fresenius Medical Care is an approximately 17,699 square foot one-story dialysis clinic located in Corsicana, Texas. Other than

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recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Fresenius Medical Care was approximately $23,000.

Acquisition Terms: On January 6, 2015, we entered into an Agreement of Sale and Purchase to acquire Fresenius Medical Care for an initial purchase price of $2,750,000, and a potential payment of up to $400,000 based on potential additional leasing. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 82.6% of Fresenius Medical Care to multiple tenants. The largest tenant in Fresenius Medical Care of Corsicana is Bio-Medical Applications of Texas, Inc., an affiliate of Fresenius Medical Care. The annual base rent for Fresenius Medical Care of Corsicana will be approximately $236,329. There are currently three leases, two of which are net leases and one of which is a gross lease. We will assume these leases upon closing of the acquisition of the property.

Columbia Gastroenterology Surgery Center, Columbia, South Carolina

Property Description: Constructed in 1963 with a major renovation and addition in 2002, Columbia Gastroenterology Surgery Center is an approximately 16,969 square foot one-story ambulatory surgery center located in Columbia, South Carolina. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Columbia Gastroenterology Surgery Center was approximately $41,000.

Acquisition Terms: On December 19, 2014, we entered into an Agreement of Sale and Purchase to acquire Columbia Gastroenterology Surgery Center for an aggregate purchase price of $2,200,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 94.0% of Columbia Gastroenterology Surgery Center to multiple tenants. The largest tenant in Columbia Gastroenterology Surgery Center is Palmetto Health. The annual base rent for Columbia Gastroenterology Surgery Center will be approximately $317,101. There are currently two leases, one of which is a net lease and one of which is a gross lease. We will assume these leases upon closing of the acquisition of the property.

Family Medicine East, Wichita, Kansas

Property Description: Constructed in 1982 and renovated in 2000, Family Medicine East is an approximately 16,581 square foot one-story physician clinic located in Wichita, Kansas. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Family Medicine East was approximately $53,000.

Acquisition Terms: On December 19, 2014, we entered into an Agreement of Sale and Purchase to acquire Family Medicine East for an aggregate purchase price of $4,350,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Family Medicine East to a single tenant. The tenant in Family Medicine East is Family Medicine East, Chartered. The annual base rent for Family Medicine East will be approximately $410,838. The lease is a net lease. We will assume the lease upon closing of the acquisition of the property.

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Fresenius Gallipolis Dialysis Center, Gallipolis, Ohio

Property Description: Constructed in 1971 and remodeled in 2003, Fresenius Gallipolis Dialysis Center is an approximately 15,110 square foot one-story dialysis clinic located in Gallipolis, Ohio Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Fresenius Gallipolis Dialysis Center was approximately $6,000.

Acquisition Terms: On November 21, 2014, we entered into an Agreement of Sale and Purchase to acquire Fresenius Gallipolis Dialysis Center for an aggregate purchase price of $1,250,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Fresenius Gallipolis Dialysis Center to multiple tenants. The largest tenant in Fresenius Gallipolis Dialysis Center is Bio-Medical Applications of Ohio, Inc., an affiliate of Fresenius Medical Care. The annual base rent for Fresenius Gallipolis Dialysis Center will be approximately $137,805. There are currently two leases, one of which is a net lease and one of which is a gross lease. We will assume these leases upon closing of the acquisition of the property.

UW Health Clinic Portage, Portage, Wisconsin

Property Description: Constructed in 2003, UW Health Clinic is an approximately 14,000 square foot one-story physician clinic located in Portage, Wisconsin. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for UW Health Clinic was approximately $70,000.

Acquisition Terms: On November 25, 2014, we entered into an Agreement of Sale and Purchase to acquire UW Health Clinic for an aggregate purchase price of $3,000,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of UW Health Clinic to a single tenant. The tenant in UW Health Clinic is University of Wisconsin Medical Foundation, an affiliate of University of Wisconsin Health Clinics. The annual base rent for UW Health Clinic will be approximately $290,151. The lease is a net lease. We will assume the lease upon closing of the acquisition of the property.

Desert Endoscopy Center, Tempe, Arizona

Property Description: Constructed in 1992, Desert Endoscopy Center is an approximately 13,000 square foot one-story ambulatory surgery center located in Tempe, Arizona. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Desert Endoscopy Center was approximately $24,000.

Acquisition Terms: On January 11, 2015, we entered into an Agreement of Sale and Purchase to acquire Desert Endoscopy Center for an aggregate purchase price of $2,700,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Desert Endoscopy Center to multiple tenants. The largest tenant in Desert Endoscopy Center is The Mesa AZ Endoscopy ASC, LLC. The annual base rent for Desert Endoscopy Center will be approximately $270,367. There

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are currently two leases, both of which are net leases. We will assume these leases upon closing of the acquisition of the property.

Northwest Surgery Center, Houston, Texas

Property Description: Constructed in 1979 and redeveloped in 2004, Northwest Surgery Center is an approximately 11,200 square foot one-story ambulatory surgery center located in Houston, Texas. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Northwest Surgery Center was approximately $50,000.

Acquisition Terms: On October 1, 2014, we entered into an Agreement of Sale and Purchase to acquire Northwest Surgery Center for an aggregate purchase price of $4,600,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Northwest Surgery Center to a single tenant. The tenant in Northwest Surgery Center is Northwest Surgery Associates, LLP. The annual base rent for Northwest Surgery Center will be approximately $466,356. The lease is a net lease. We will assume the lease upon closing of the acquisition of the property.

Midwest Primary Care Clinic, Cincinnati, Ohio

Property Description: Constructed in 1995 with a significant addition in 2009, Midwest Primary Care Clinic is an approximately 11,050 square foot one-story physician clinic located in Cincinnati, Ohio. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Midwest Primary Care Center was approximately $40,000.

Acquisition Terms: On November 7, 2014, we entered into an Agreement of Sale and Purchase to acquire Midwest Primary Care Center for an aggregate purchase price of $2,400,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Midwest Primary Care Center to multiple tenants. The largest tenant in Midwest Primary Care Clinic is Mercy Medical Associates LLC, an affiliate of Catholic Health Partners. The annual base rent for Midwest Primary Care Center will be approximately $285,239. There are currently two leases, both of which are net leases. We will assume these leases upon closing of the acquisition of the property.

St. Alphonsus Medical Group Clinic, Nampa, Idaho

Property Description: Constructed in 1996, St. Alphonsus Medical Group Clinic is an approximately 10,751 square foot one-story physician clinic located in Nampa, Idaho. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for St. Alphonsus Medical Group Clinic was approximately $31,000.

Acquisition Terms: On December 31, 2014, we entered into an Agreement of Sale and Purchase to acquire St. Alphonsus Medical Group Clinic for an aggregate purchase price of $1,700,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of St. Alphonsus Medical Group Clinic to a single tenant. The tenant in St. Alphonsus Medical Group is Saint Alphonsus Regional Medical Center, an affiliate of Trinity Health. The annual base rent for St. Alphonsus Medical Group Clinic will be approximately $226,196. The lease is a net lease. We will assume the lease upon closing of the acquisition of the property.

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UW Fort Atkinson Health Clinic, Fort Atkinson, Wisconsin

Property Description: Constructed in 1996, UW Fort Atkinson Health Clinic is an approximately 8,500 square foot one-story physician clinic located in Fort Atkinson, Wisconsin. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for UW Fort Atkinson Health Clinic was approximately $29,000.

Acquisition Terms: On December 19, 2014, we entered into an Agreement of Sale and Purchase to acquire UW Fort Atkinson Health Clinic for an aggregate purchase price of $1,593,560. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of UW Fort Atkinson Health Clinic to a single tenant. The tenant in UW Fort Atkinson Health Clinic is University of Wisconsin Medical Foundation, Inc., an affiliate of University of Wisconsin Health Clinics. The annual base rent for UW Fort Atkinson Health Clinic will be approximately $164,137. The lease is a net lease. We will assume the lease upon closing of the acquisition of the property.

Liberty Dialysis, Castle Rock, Colorado

Property Description: Constructed in 2005, Liberty Dialysis is an approximately 8,450 square foot one-story dialysis clinic located in Castle Rock, Colorado. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Liberty Dialysis was approximately $28,000.

Acquisition Terms: On December 17, 2014, we entered into an Agreement of Sale and Purchase to acquire Liberty Dialysis for an aggregate purchase price of $3,050,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Liberty Dialysis to a single tenant. The tenant in Liberty Dialysis is Liberty Dialysis-Colorado Springs, L.L.C., an affiliate of Fresenius Medical Care. The annual base rent for Liberty Dialysis will be approximately $284,176. The lease is a net lease. We will assume the lease upon closing of the acquisition of the property.

Virginia Orthopaedic & Spine Specialists, Portsmouth, Virginia

Property Description: Constructed in 2002, Virginia Orthopaedic & Spine Specialists is an approximately 8,445 square foot one-story physician clinic located in Portsmouth, Virginia. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Virginia Orthopaedic & Spine Specialists was approximately $11,000.

Acquisition Terms: On January 22, 2015, we entered into an Agreement of Sale and Purchase to acquire Virginia Orthopaedic & Spine Specialists for an aggregate purchase price of $1,375,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Virginia Orthopaedic & Spine Specialists to a single tenant. The tenant in Virginia Orthopaedic & Spine Specialists is Maryview Hospital, an affiliate of Bon Secours Health System. The annual base rent for Virginia Orthopaedic & Spine Specialists will be approximately $168,900. The lease is a net lease. We will assume the lease upon closing of the acquisition of the property.

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Continuum Wellness Center, Gilbert, Arizona

Property Description: Constructed in 2005, Continuum Wellness Center is an approximately 8,200 square foot one-story physician clinic located in Gilbert, Arizona. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Continuum Wellness Center was approximately $14,000.

Acquisition Terms: On December 1, 2014, we entered into an Agreement of Sale and Purchase to acquire Continuum Wellness Center for an aggregate purchase price of $1,700,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Continuum Wellness Center to multiple tenants. The largest tenant in Continuum Wellness Center is Continuum Wellness Clinic, L.L.C., an affiliate of Agility Health. The annual base rent for Continuum Wellness Center will be approximately $254,831. There are currently two leases, one of which is a net lease and one of which is a gross lease. We will assume these leases upon closing of the acquisition of the property.

Court Street Surgery Center, Circleville, Ohio

Property Description: Constructed in 2000, Court Street Surgery Center is an approximately 7,787 square foot one-story ambulatory surgery center located in Circleville, Ohio. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Court Street Surgery Center was approximately $30,000.

Acquisition Terms: On November 19, 2014, we entered into an Agreement of Sale and Purchase to acquire Court Street Surgery Center for an aggregate purchase price of $1,570,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 88.8% of Court Street Surgery Center to a single tenant. The tenant in Court Street Surgery Center is Townsend Pelias, Ltd., an affiliate of Surgery Partners. The annual base rent for Court Street Surgery Center will be approximately $187,733. The lease is a net lease. We will assume the lease upon closing of the acquisition of the property.

Gulf Coast Cancer Centers Gulf Shores, Gulf Shores, Alabama

Property Description: Constructed in 2005, Gulf Coast Cancer Centers Gulf Shores is an approximately 6,398 square foot one-story oncology center located in Gulf Shores, Alabama. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Gulf Coast Cancer Centers Gulf Shores was approximately $5,000.

Acquisition Terms: On December 10, 2014, we entered into an Agreement of Sale and Purchase to acquire Gulf Coast Cancer Centers Gulf Shores (together with Gulf Coast Cancer Centers Foley and Gulf Coast Cancer Centers Brewton described herein) for an aggregate purchase price of $4,800,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Gulf Coast Cancer Centers Gulf Shores to a single tenant. The tenant in Gulf Coast Cancer Centers Gulf Shores is ROSA of South Alabama, LLC, an affiliate of Vantage Oncology. The annual base rent for Gulf Coast

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Cancer Centers Gulf Shores will be approximately $190,976. The lease is a net lease. We will assume the lease upon closing of the acquisition of the property.

Gulf Coast Cancer Centers Foley, Foley, Alabama

Property Description: Constructed in 1995, Gulf Coast Cancer Centers Foley is an approximately 6,146 square foot one-story oncology center located in Foley, Alabama. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Gulf Coast Cancer Centers Foley was approximately $3,000.

Acquisition Terms: On December 10, 2014, we entered into an Agreement of Sale and Purchase to acquire Gulf Coast Cancer Centers Foley (together with Gulf Coast Cancer Centers Gulf Shores and Gulf Coast Cancer Centers Brewton described herein) for an aggregate purchase price of $4,800,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Gulf Coast Cancer Centers Foley to a single tenant. The tenant in Gulf Coast Cancer Centers Foley is ROSA of South Alabama, LLC, an affiliate of Vantage Oncology. The annual base rent for Gulf Coast Cancer Centers Foley will be approximately $183,454. The lease is a net lease. We will assume the lease upon closing of the acquisition of the property.

Bassin Center For Plastic Surgery Melbourne, Viera, Florida

Property Description: Constructed in 2008, Bassin Center For Plastic Surgery Melbourne is an approximately 5,228 square foot physician clinic located in Viera, Florida. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Bassin Center For Plastic Surgery Melbourne was approximately $10,000.

Acquisition Terms: On August 29, 2014, we entered into an Agreement of Sale and Purchase to acquire Bassin Center For Plastic Surgery Melbourne (together with Bassin Center For Plastic Surgery Orlando and Bassin Center For Plastic Surgery Villages described herein) for an aggregate purchase price of $5,650,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Bassin Center For Plastic Surgery Melbourne to a single tenant. The tenant in Bassin Center For Plastic Surgery Melbourne is Roger E. Bassin, M.D., P.A. The annual base rent for Bassin Center For Plastic Surgery Melbourne will be approximately $308,216. The lease is a net lease. The lease will be executed as a part of the closing of the acquisition of the property.

Fresenius Medical Care, Fort Valley, Georgia

Property Description: Constructed in 2003, Fresenius Medical Care is an approximately 4,920 square foot one-story dialysis clinic located in Fort Valley, Georgia. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Fresenius Medical Care was approximately $10,000.

Acquisition Terms: On January 7, 2015, we entered into an Agreement of Sale and Purchase to acquire Fresenius Medical Care for an aggregate purchase price of $1,100,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

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Lease Terms: Upon the closing of the acquisition, we will lease 100% of Fresenius Medical Care to a single tenant. The tenant in Fresenius Medical Care is Bio-Medical Applications of Georgia, Inc., d/b/a FMC Fort Valley Dialysis, an affiliate of Fresenius Medical Care. The annual base rent for Fresenius Medical Care will be approximately $113,370. The lease is a net lease. We will assume the lease upon closing of the acquisition of the property.

DaVita Etowah Dialysis Center, Etowah, Tennessee

Property Description: Constructed in 1985 with a major renovation in 2010, DaVita Etowah Dialysis Center is an approximately 4,720 square foot one-story dialysis clinic located in Etowah, Tennessee. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for DaVita Etowah Dialysis Center was approximately $4,000.

Acquisition Terms: On October 6, 2014, we entered into an Agreement of Sale and Purchase to acquire DaVita Etowah Dialysis Center for an aggregate purchase price of $600,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of DaVita Etowah Dialysis Center to a single tenant. The tenant in DaVita Etowah Dialysis Center is Total Renal Care, Inc., an affiliate of DaVita Health Partners. The annual base rent for DaVita Etowah Dialysis Center will be approximately $65,702. The lease is a net lease. We will assume the lease upon closing of the acquisition of the property.

Gulf Coast Cancer Centers Brewton, Brewton, Alabama

Property Description: Constructed in 1995, Gulf Coast Cancer Centers Brewton is an approximately 3,971 square foot one-story oncology center located in Brewton, Alabama. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Gulf Coast Cancer Centers Brewton was approximately $3,000.

Acquisition Terms: On December 10, 2014, we entered into an Agreement of Sale and Purchase to acquire Gulf Coast Cancer Centers Brewton (together with Gulf Coast Cancer Centers Gulf Shores and Gulf Coast Cancer Centers Foley described herein) for an aggregate purchase price of $4,800,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Gulf Coast Cancer Centers Brewton to a single tenant. The tenant in Gulf Coast Cancer Centers Brewton is ROSA of South Alabama, LLC, an affiliate of Vantage Oncology. The annual base rent for Gulf Coast Cancer Centers Brewton will be approximately $118,532. The lease is a net lease. We will assume the lease upon closing of the acquisition of the property.

Bassin Center For Plastic Surgery Villages, Lady Lake, Florida

Property Description: Constructed in 2012, Bassin Center For Plastic Surgery Villages is an approximately 2,894 square foot physician clinic located in Lady Lake, Florida. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Bassin Center For Plastic Surgery Villages was approximately $8,000.

Acquisition Terms: On August 29, 2014, we entered into an Agreement of Sale and Purchase to acquire Bassin Center For Plastic Surgery Villages (together with Bassin Center For Plastic Surgery

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Orlando and Bassin Center For Plastic Surgery Melbourne described herein) for an aggregate purchase price of $5,650,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Bassin Center For Plastic Surgery Villages to a single tenant. The tenant in Bassin Center For Plastic Surgery Villages is Roger E. Bassin, M.D., P.A. The annual base rent for Bassin Center For Plastic Surgery Villages will be approximately $170,615. The lease is a net lease. The lease will be executed as a part of the closing of the acquisition of the property.

Bassin Center For Plastic Surgery Orlando, Orlando, Florida

Property Description: Constructed in 2006, Bassin Center For Plastic Surgery Orlando is an approximately 2,420 square foot physician clinic located in Orlando, Florida. Other than recurring capital expenditures, we have no immediate plans with respect to major renovation or redevelopment of the property. For the year ended December 31, 2014, the annual real estate tax for Bassin Center For Plastic Surgery Orlando was approximately $5,000.

Acquisition Terms: On August 29, 2014, we entered into an Agreement of Sale and Purchase to acquire Bassin Center For Plastic Surgery Orlando (together with Bassin Center For Plastic Surgery Melbourne and Bassin Center For Plastic Surgery Villages described herein) for an aggregate purchase price of $5,650,000. The closing of the acquisition is subject to customary due diligence conditions as well as the closing of this offering.

Lease Terms: Upon the closing of the acquisition, we will lease 100% of Bassin Center For Plastic Surgery Orlando to a single tenant. The tenant in Bassin Center For Plastic Surgery Orlando is Roger E. Bassin, M.D., P.A. The annual base rent for Bassin Center For Plastic Surgery Orlando will be approximately $142,672. The lease is a net lease. The lease will be executed as a part of the closing of the acquisition of the property.

Acquisition of Initial Properties

The Company has signed definitive agreements to acquire ownership of all of the Initial Properties, whether such ownership will be through fee simple title or the rights to acquire fee simple title for nominal amounts. The definitive agreements for the Initial Properties generally include representations and warranties relating to such matters as title, compliance with laws, condition of the properties and other similar items. Certain of the warranties may be qualified and may not afford the Company as much protection as unqualified warranties.

The Company intends to purchase the Initial Properties as soon as reasonably practicable after the closing of this offering. The various closings for the purchase of the Initial Properties pursuant to the definitive agreements are subject to the satisfaction of customary due diligence conditions as well as the closing of this offering. After the closings, we will hold fee simple title in all of the Initial Properties except for Prairie Star Medical Facility II. We will hold an option to purchase fee simple title in Prairie Star Medical Facility II which we expect to exercise in early 2016. See " Description of Properties and Tenants Prairie Star Medical Facility II, Shawnee, Kansas" for more information.

The purchase price for each of the Initial Properties has been determined by negotiation with the sellers after taking into consideration the current and expected annualized lease revenue, current and expected leases and tenants, operating history, age and condition of the properties, and other relevant factors. In the opinion of management of the Company, the Initial Properties are well maintained, in good repair, and suitable for their intended use.

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The Leases

The leases will be entered into or assumed upon the conveyance of the Initial Properties to us. Each lease will relate to a healthcare facility, comprised generally of the land, buildings, other improvements and certain fixtures, and, in most cases, will be for a use restricted to the intended healthcare-related use and certain related uses. Generally, personal property will not be leased. We believe that, for federal tax purposes, in the event we lease personal property to a tenant, the amount of personal property leased will be substantially less than 15% of the total amount of property leased and, therefore, all rental income will be deemed to be from real property.

Leases for the Initial Properties generally have remaining terms ranging from 4 months to 15 years with, in some cases, one or more renewal terms exercisable by the tenant. Some of the leases may be subject to earlier termination upon the occurrence of certain events, such as casualty and condemnation. Certain of the tenants will also have an option to repurchase their leased properties at specified times during the lease term.

We will receive a cash rental stream from its tenants under the leases. Generally, a majority of the tenants will be responsible for property operating expenses of the Initial Properties, including real estate taxes, utilities, property insurance, routine maintenance and repairs, and property management. We believe this net lease structure helps insulate us from increases in certain property operating expenses and provides more predictable cash flow. In the future, we anticipate that we will continue to enter into net leases for most of our properties. A de minimis percentage of the leases for the Initial Properties will be gross leases, which means that the tenant's annualized lease revenue is intended to fulfill the tenant's obligations under the lease, and we are responsible for all additional costs incurred for the leased premises.

Each tenant will generally be required, at its expense, to maintain our leased property in good order and repair, except for ordinary wear and tear. Certain of the leases will provide for rent reductions or abatements in certain instances of damage, destruction, partial taking or partial sale of the property. We may not be required to repair, rebuild or maintain the properties. Under certain leases, upon expiration or termination thereof, we may be required to purchase from the tenants certain structural capital improvements and replacements made by the tenants within the last five years of their lease terms.

Certain leases will also contain provisions which generally permit the tenants, under certain circumstances, to terminate the leases and to purchase the leased property (for a price equal to the greater of the fair market value or the Minimum Repurchase Price (as defined in such leases)) or to substitute another property or properties for the leased property. These circumstances include (i) the occurrence of certain damage to or destruction of the leased properties, (ii) the good faith determination by the tenant that the leased property has become uneconomic or unsuitable for its primary intended use and (iii) the discontinued use of the leased property by the tenant in its business operations or the determination by the tenant that it will discontinue such use within a one-year period. Some tenants will also have a right of first refusal to purchase the leased property during the term of the lease and for a short period of time following the expiration of the lease on the same terms and conditions as we propose to sell the leased property to a third party.

Scheduled Lease Expirations

The following table shows information for scheduled lease expirations as of March 31, 2015 for the Initial Properties for the periods indicated.

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Lease Expiration Schedule

Year	Number of Leases Expiring	Total Leased Square Footage		Annualized Lease Revenue	
		Amount	Percent (%)	Amount ($)	Percent (%)
2015	8	19,387	3.3%	323,875	2.7%
2016	19	158,164	27.1%	3,142,238	26.2%
2017	7	46,136	7.9%	1,110,536	9.3%
2018	18	133,109	22.8%	2,649,478	22.1%
2019	16	88,723	15.2%	1,917,439	16.0%
2020	6	45,009	7.7%	788,078	6.6%
2021	1	8,500	1.5%	132,005	1.1%
2022	4	32,151	5.5%	642,390	5.4%
2023	2	11,800	2.0%	153,600	1.3%
2024	0		0.0%		0.0%
Thereafter	4	34,566	5.9%	1,083,505	9.0%
Month to Month	2	6,616	1.1%	39,000	0.3%
Totals	**87**	**584,161**	**100.0%**	**11,982,144**	**100.0%**

Insurance

We expect to maintain appropriate liability and casualty insurance on the Initial Properties and our office premises. We also expect to obtain title insurance with respect to each of the Initial Properties in amounts equal to their respective purchase prices, insuring that we hold title to each of the Initial Properties free and clear of all liens and encumbrances, except those approved by us. In our opinion, the Initial Properties will be adequately covered by hazard, liability and rent insurance.

Competition

We compete for property acquisitions with other investors, healthcare providers, other healthcare related REITs, real estate partnerships and financial institutions. The operation of all of our properties, including the Initial Properties, will be subject to competition from similar properties. Certain tenants of other properties may have greater capital resources than we do. In addition, the extent to which the Initial Properties are utilized depends upon several factors, including the number of physicians using, or referring patients to, the healthcare facilities leasing the Initial Properties, competitive systems of healthcare delivery, and the area population, size and composition. Private, federal and state payment programs and the effect of other laws and regulations may also have a significant effect on the utilization of the properties. Virtually all of the Initial Properties operate in a competitive environment and patients and referral sources, including physicians, may change their preferences for a healthcare facility from time to time.

Government Regulation

Our healthcare tenants and their operators are subject to extensive federal, state and local government legislation and regulation. Compliance with these regulatory requirements can increase operating costs and, thereby, adversely affect the financial viability of our tenants businesses. Our tenants' failure to comply with these laws and regulations could adversely affect their ability to successfully operate our properties, which could negatively impact their ability to satisfy their contractual obligations to us. As a landlord, we intend for all of our business activities and operations to conform in all material respects with all applicable laws and regulations, including healthcare laws and regulations. Our leases will require the tenants/operators to comply with all applicable laws, including healthcare laws.

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These laws subject tenant healthcare facilities and practices to requirements related to reimbursement, licensing and certification policies, ownership of facilities, addition or expansion of facilities and services, pricing and billing for services, compliance obligations (including those governing the security, use and disclosure of confidential patient information) and fraud and abuse laws. These laws and regulations are wide-ranging and complex, may vary or overlap from jurisdiction to jurisdiction, and are subject frequently to change. Healthcare facilities may also be affected by changes in accreditation standards or in the procedures of accrediting agencies that are recognized by governments in the certification process. In addition, expansion (including the addition of new beds or services or the acquisition of medical equipment) and occasionally the discontinuation of services of healthcare facilities are generally subject to state regulatory approval through certificate of need programs. Different tenants may be more or less subject to certain types of regulation, some of which are specific to the type of facility or provider. We highlight below several of the more complex laws, however this is an overview, as the complexities of the laws impacting tenants are varied and extensive.

Physician Ownership Regulations

Physician ownership of healthcare facilities is generally prohibited by law subject to certain exceptions. The Affordable Care Act placed strict limitations on the availability of certain exceptions to the physician ownership regulations, including previously utilized "rural provider" and "whole hospital" exceptions. These regulations are extensive and complex. Further, various rent arrangements may be subject to federal and state laws and regulations governing illegal rebates and kickbacks where co-investors are physicians or others in a position to refer patients to the facilities. The effect of these laws and regulations is generally to prohibit, through the imposition of criminal and civil penalties (including exclusion from programs such as Medicare and Medicaid), payment arrangements that are construed to include compensation for patient referrals. Additional legislative and regulatory proposals may be enacted or adopted in the future that adversely affect physicians and other healthcare providers that invest in healthcare facilities, regardless of whether there is compensation for referrals, by limiting reimbursement by the Medicare and Medicaid programs of otherwise covered services, requiring disclosures of such interests, or imposing civil monetary and criminal penalties and fines for violations of proscriptions against patient referrals to such facilities.

Fraud and Abuse Laws

There are various federal and state laws regarding fraud and abuse by healthcare providers who receive payments from or are in a position to make referrals in connection with the Medicare and Medicaid programs. Our lease arrangements with certain tenants may also be subject to these fraud and abuse laws. We expect that the healthcare industry will continue to face increased regulations and pressure in the areas of fraud, waste and abuse, cost control, healthcare management and provision of services. These laws include, without limitation:

- the federal Anti-Kickback Statute, which prohibits, among other things, the offer, payment, solicitation or acceptance of remuneration, directly or indirectly, in return for referring an individual to a provider of services for which payment may be made in whole or in part under a federal healthcare program, including the Medicare or Medicaid programs. Courts have interpreted this statute broadly and held that the Anti-kickback Statute is violated if just one purpose of the remuneration is to generate referrals, even if there are other lawful purposes. The Affordable Care Act provides that knowledge of the Anti-Kickback Statute or specific intent to violate the statute is not required in order to violate the Anti-Kickback Statute. Violation of the Anti-Kickback Statute is a crime, punishable by criminal fines and penalties, including imprisonment. Violations may also result in civil and administrative sanctions, including civil fines, exclusion from participation in federal and state healthcare programs, including Medicare and Medicaid, and monetary penalties in amounts treble to the underlying remuneration.

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Although it is our intention to fully comply with the Anti-Kickback Statue, as well as all other applicable state and federal laws, there can be no assurance regulatory authorities enforcing these laws will determine our financial arrangements or the financial relationships of our tenants comply with the Anti-Kickback Statute or other similar laws. Any violation of the Anti-Kickback Statue by our tenants could result in substantial fines and penalties that may affect their ability to meet the terms of their leases with us and, as a result, could have an adverse effect on our business;

the federal Stark Law prohibits a physician from making a referral to an entity furnishing "designated health services" paid by Medicare or Medicaid if the physician or a member of the physician's immediate family has a financial relationship with that entity. The Stark Law also prohibits entities that provide designated health services from billing the Medicare and Medicaid programs for any items or services that result from a prohibited referral and requires the entities to refund amounts received for items or services provided pursuant to the prohibited referral. Sanctions for violating the Stark Law include denial of payment, civil fines, and exclusion from the Medicare and Medicaid programs. Failure to refund amounts received pursuant to a prohibited referral may also constitute a false claim and result in additional penalties under the False Claims Act. There are exceptions to the self-referral prohibition for many of the customary financial arrangements between physicians and providers. Although our lease agreements will require lessees to comply with the Stark Law, we cannot offer assurance that the arrangements entered into by us or by our tenants will be found to be in compliance with the Stark Law or similar state laws. Any violation of the Stark Law or similar state laws by our tenants could result in substantial fines and penalties that may affect their ability to meet the terms of their leases with us and, as a result, could have an adverse effect on our business;

the federal False Claims Act prohibits knowingly making or presenting any false claim for payment to the federal government. The government may use the False Claims Act to prosecute Medicare and other government program fraud. The False Claims Act defines the term "knowingly" broadly and includes, submitting a claim with reckless disregard to its truth or falsity. The False Claims Act contains *qui tam*, or whistleblower, provisions that allow private individuals to bring actions on behalf of the government alleging that the defendant has defrauded the federal government. These whistleblowers may collect a portion of the government's recovery. In some cases, whistleblowers and the federal government have taken the position, and some courts have held, that providers who allegedly have violated other statutes, such as the Anti-Kickback Statute and the Stark Law, have thereby submitted false claims under the False Claims Act. The Affordable Care Act clarifies this issue with respect to the Anti-Kickback Statute by providing that submission of claims for services or items generated in violation of the Anti-Kickback Statute is a *per se* violation of the False Claims Act. If a defendant is found liable under the False Claims Act, the defendant may be required to pay three times the actual damages sustained by the government, additional civil penalties, and the whistleblower's attorneys' fees. Many states have enacted similar statutes preventing the presentation of a false claim to a state government. We expect more to do so because the Social Security Act provides a financial incentive for states to enact statutes establishing state level liability. Any violation of the False Claims Act by our tenants could result in substantial fines and penalties that may affect their ability to meet the terms of their leases with us and, as a result, could have an adverse effect on our business;

the federal Civil Monetary Penalties Law authorizes the imposition of monetary penalties against an entity that engages in a number of prohibited activities. The penalties vary by the prohibited conduct, but include civil fines and treble damages for the total amount of remuneration claimed. Any violations of the Civil Monetary Penalties Law by our tenants could result in

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substantial fines and penalties that may affect their ability to meet the terms of their leases with us and, as a result, could have an adverse effect on our business; and

state anti-kickback, anti-inducement, anti-referral and insurance fraud laws which may be generally similar to, and potentially more expansive than, the federal laws set forth above. The scope of these state laws is broad because they can often apply regardless of the source of payment for care. Little precedent exists for their interpretation or enforcement. These statutes typically provide for criminal and civil penalties, as well as loss of facility licensure. Any violation of such laws by our tenants could result in substantial fines and penalties that may affect their ability to meet the terms of their leases with us and, as a result, could have an adverse effect on our business.

Significant media and public attention has focused in recent years on the healthcare industry. The federal government is dedicated to funding additional federal enforcement activities related to healthcare providers and preventing fraud and abuse. Our tenants will engage in many of routine healthcare operations and other activities that could be the subject of governmental investigations or inquiries. For example, our tenants will likely have significant Medicare and Medicaid billings, numerous financial arrangements with physicians who are referral sources, and joint venture arrangements involving physician investors. In recent years, Congress has increased the level of funding for fraud and abuse enforcement activities. It is possible that governmental entities could initiate investigations or litigation in the future and that such matters could result in significant costs and penalties, as well as adverse publicity. Governmental agencies and their agents, such as the Medicare Administrative Contractors, fiscal intermediaries and carriers, as well as the HHS-OIG, CMS and state Medicaid programs, may conduct audits of our tenants' operations. Private payers may conduct similar post-payment audits, and our tenants may also perform internal audits and monitoring. Depending on the nature of the conduct found in such audits and whether the underlying conduct could be considered systemic, the resolution of these audits could have a material, adverse effect on our portfolio's financial position, results of operations and liquidity.

Affordable Care Act

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

The Affordable Care Act also has begun to alter reimbursement from private insurers and managed care organizations. Networks continue to readjust and all providers must ensure adequate market share in their respective areas to remain in the network created by many of the managed care

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organizations. Under the Affordable Care Act individuals are required to obtain coverage or pay a penalty resulting in millions of more Americans obtaining coverage, usually through the healthcare exchanges (called the Marketplace) established to provide coverage in each state. It is unclear at this time how the Marketplace coverage will impact each state and locale.

Licensure and Certificates of Need

Healthcare providers are subject to other state and federal reporting obligations that are tied to licensure, certification and accreditation requirements. Most of our tenants will require a license or a certificate of need to operate. Failure to obtain or the loss of such license or certificate would be a material event, likely resulting in the inability of the tenant to operate in the leased space, thereby materially impacting the tenant's ability to make rent payments. State and local laws further regulate aspects of the tenants operations and ability to expand. States and local laws vary from state to state and are subject to change. It is impossible to predict the impact of a tenant's ability to continue to provide services and the costs associated with operating in compliance with licensure, accreditation and certificate of need requirements.

Additional Regulations

In addition to the federal, state and local laws discussed above, our healthcare tenants and their operators are subject to additional extensive and complex legislative and regulatory obligations. Compliance with these regulatory requirements can increase operating costs and, thereby, adversely affect the financial viability of our tenants businesses. Furthermore, in connection with the expansion of existing operations and the entry into new markets, healthcare providers may become subject to compliance with additional regulation. Our tenants' failure to comply with these laws and regulations could adversely affect their ability to successfully operate our properties, which could negatively impact their ability to satisfy their contractual obligations to us. Some of these additional laws and regulations include but are not limited to:

- requirements to maintain complex written compliance and training programs. Failure to comply with such laws may result in government investigations, whistleblower litigation, additional inspections, review of licensure and other actions which can be costly, thereby impacting on the fiscal strength of the tenant;

- federal and state legislation and regulations regarding the privacy and security of patient information. In addition to HIPAA privacy, security and breach notification requirements, providers are responsible for compliance with state laws regarding confidentiality and data breach notification;

- specific licensure and certification requirements for each type of entity, which may also vary by jurisdiction. These requirements may be subject to periodic revision; and

- a variety of other reporting obligations, many of which include financial penalties for failure to report. For example, most providers are also obligated to report measures as a part of their "Meaningful Use" reporting and certain physicians are required to report as a part of the Physician Quality Reporting System. Failure by eligible providers and eligible hospitals to meet these measures can result in significant reductions of payments from government programs.

Finally, our tenants are also subject to regulations and laws that are specific to each particular type of healthcare entity. The following entities on which we focus are subject to the additional regulations and laws, some of which are articulated below:

Ambulatory surgery centers: Ambulatory surgery centers must be certified and approved in order to enter into written agreements with the Center for Medicare and Medicaid Services. An ambulatory surgery center and another entity, such as an adjacent physician's office, are not permitted to mix

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functions and operations in a common space during concurrent or overlapping hours of operations. Ambulatory surgery centers must be accredited and undergo periodic inspections regarding standards of medical care, equipment and hygiene. In addition, many states require regulatory approval, including certificates of need prior to establishment of an ambulatory surgery center, offering certain services or making expenditures in excess of statutory thresholds for healthcare equipment, facilities or programs. Medicare reimburses ambulatory surgery centers in accordance with a payment system implemented by the Center for Medicare and Medicaid Services which utilizes the Outpatient Prospective Payment System, or OPPS. Medicare pays ambulatory surgery centers a single payment for covered surgical procedures. The OPPS is set by the Center for Medicare and Medicaid Services on an annual basis which results in changes to the reimbursement each year for ambulatory surgery centers. Ambulatory surgery centers must also comply with very detailed quality reporting obligations.

Behavioral facilities: In addition to the federal and state laws regarding the confidentiality and security of patient information, behavioral facilities are required to comply with federal and state laws regarding mental health and substance abuse, including but not limited to the federal substance abuse confidentiality regulations found at 42 CFR Part 2. The kind of regulatory obligations are generally determined by whether the behavioral facility provides inpatient services, outpatient services or both. Many states require regulatory approval, including certificates of need, before providers can establish certain types of healthcare facilities, offer certain services or make expenditures in excess of statutory thresholds for healthcare equipment, facilities or programs. Behavioral facilities, licensed and reviewed periodically by state healthcare agencies and are subject to extensive federal, state, and local regulatory and inspection requirements. Behavioral facilities must also comply with very detailed quality reporting obligations.

Dialysis clinics: Dialysis clinics are subject to complex federal and state requirements related to the provision of treatment for end stage renal disease. Dialysis clinics must submit an application to the Center for Medicare and Medicaid Services to furnish services to Medicare beneficiaries and must be certified by states. Additional statutory and regulatory requirements include furnishing data and information for end stage renal disease program administration and participation in network activities. Dialysis clinics are subject to periodic inspections. Dialysis clinics and their operations are also subject to complex Medicare and Medicaid payment rules and regulations in which dialysis services are generally reimbursed on a bundled payment system basis with certain case-mix adjustments. Dialysis clinics must also comply with very detailed quality reporting obligations.

Medical office buildings: Medical office buildings are generally not subject to separate licensure requirements, although certain services may be subject to licensure, certificate of need and other regulatory requirements. The success of a medical office building is dependent on a number of factors. Various licenses and permits are required of tenants for narcotics, laboratories, pharmacies, radioactive materials and certain equipment. Tenants are also subject to extensive federal, state and local legislative and regulatory requirements which are dependent upon the kind of providers within the building. In addition, medical and surgical services and practices may be extensively supervised by committees of doctors and may be reviewed by state and local governing boards and quality assurance personnel.

Oncology centers: Oncology centers and their operations are subject to extensive federal, state and local legislation and regulations and inspection requirements. Depending upon the service offerings by the oncology center (medical services, surgical services or radiation oncology) will dictate the legal requirements the tenant will need to comply with to meet its obligations. Oncology centers must also comply with very detailed quality reporting obligations.

Physician clinics: Every state imposes licensing requirements on individual physicians and on facilities and services operated by physicians. Many states require regulatory approval, including certificates of need, before establishing certain types of physician-directed clinics, offering certain services or making expenditures in excess of statutory thresholds for health care equipment, facilities or

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programs. In connection with the expansion of existing operations and the entry into new markets, physician clinics and affiliated practice groups may become subject to compliance with additional regulation.

Long-term care facilities (including assisted living and skilled nursing facilities): Long-term care facilities, including assisted living facilities and skilled nursing facilities, are licensed and reviewed periodically by state healthcare agencies and are subject to extensive federal, state, and local regulatory and inspection requirements. These requirements relate to, among other things, the quality of the nursing care, the qualifications of administration personnel and nursing staff, the condition of the long-term care facility and the adequacy of its equipment, and continuing compliance with laws and regulations relating to the operation of the facilities. Long term care facilities are also subject to very detailed quality reporting requirements.

Acute care hospitals: Acute care hospitals are licensed and subject to periodic inspections regarding standards of medical care, equipment and hygiene as a condition of licensure. Many states require regulatory approval, including certificates of need, before providers can establish certain types of healthcare facilities, offer certain services or make expenditures in excess of statutory thresholds for healthcare equipment, facilities or programs. Acute care hospitals must also comply with complex state and federal regulations, including the Emergency Medical Treatment and Labor Act, or EMTALA, which requires hospitals to stabilize all patients prior to any transfer. Failure to comply with EMTALA or any of the other regulatory obligations may result in investigations and regulatory action. Acute care hospitals are also subject to very detailed quality reporting requirements.

Specialty hospitals and/or post-acute care hospitals: Like acute care hospitals and long term care facilities, specialty hospitals are subject to periodic inspections regarding standards of medical care, equipment and hygiene as a condition of licensure. Many states require regulatory approval, including certificates of need, before providers can establish certain types of healthcare facilities, offer certain services or make expenditures in excess of statutory thresholds for healthcare equipment, facilities or programs. Specialty and post-acute care hospitals are also subject to very detailed quality reporting requirements.

Ground Leases

After the closing of this offering and the acquisition of the Initial Propoerties, we will own the land on which all of our Initial Properties are located except for Prairie Star Medical Facility II. We will hold an option to purchase fee simple title in Prairie Star Medical Facility II, which we expect to exercise in early 2016. See " Description of Properties and Tenants Prairie Star Medical Facility II, Shawnee, Kansas" for more information. However, there are no restrictions that would prevent us from leasing the land upon which some of our future properties might be located.

Legal Proceedings

From time to time, we may be party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of our business. We are not currently a party, as plaintiff or defendant, to any legal proceedings.

Implications of Being an Emerging Growth Company

We qualify as an emerging growth company, as defined in the JOBS Act because we had less than $1 billion annual revenues for the fiscal year ended December 31, 2014. An emerging growth company may take advantage of specified reduced reporting requirements and is relieved of certain other

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significant requirements that are otherwise generally applicable to public companies. As an emerging growth company, among other things:

- we are exempt from the requirement to obtain an attestation and report from our auditors on the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act;

- we are permitted to provide less extensive disclosure about our executive compensation arrangements; and

- we are not required to give our stockholders non-binding advisory votes on executive compensation or golden parachute arrangements.

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

We may take advantage of these provisions for up to five years or such earlier time that we are no longer an emerging growth company. Accordingly, the information contained in this prospectus and in other filings we make with the SEC may be different than the information you receive from other public companies in which you hold stock. We would cease to be an emerging growth company upon the earliest to occur of: the last day of the first fiscal year in which we have more than $1 billion in annual revenues; the date we qualify as a "large accelerated filer," with at least $700 million in market value of our common stock held by non-affiliates; the issuance, in any three-year period, of more than $1 billion of non-convertible debt securities; and the last day of the fiscal year ending after the fifth anniversary of this offering.

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MANAGEMENT

Our Directors, Director Nominees and Executive Officers

Upon completion of this offering, our board of directors will consist of five members, all but one of which will be independent within the meaning of the listing standards of the NYSE. Each of our directors will be elected by our stockholders at our annual meeting of stockholders to serve until the next annual meeting of our stockholders and until his or her successor is duly elected and qualifies. See "Material Provisions of Maryland Law and of Our Charter and Bylaws Our Board of Directors" for additional information. The first annual meeting of our stockholders after this offering will be held in 2016. Subject to rights pursuant to any employment agreements, officers serve at the pleasure of our board of directors.

The following table sets forth certain information concerning the persons who are our executive officers and who will become our directors upon completion of this offering:

Name	Age	Position
Timothy G. Wallace	56	Chairman, Chief Executive Officer and President
W. Page Barnes	61	Executive Vice President Chief Financial Officer
Leigh Ann Stach	48	Vice President Financial Reporting & Chief Accounting Officer
Alan Gardner	61	Director Nominee*
Robert Hensley	57	Director Nominee*
Alfred Lumsdaine	49	Director Nominee*
R. Lawrence Van Horn	47	Director Nominee*

* Each of these director nominees is expected to become a director upon completion of this offering, and is expected to be an independent director under the rules of the NYSE.

The following are biographical summaries of the experience of our directors, executive officers and certain other officers.

Timothy G. Wallace, *Chairman, Chief Executive Officer and President*

Mr. Wallace has served as our Chairman, Chief Executive Officer and President since the formation of our company in March 2014. Mr. Wallace has spent the last year forming our company, developing our strategy, recruiting our management team, negotiating the acquisition of the Initial Properties, recruiting our directors and performing other activities required to launch our company. Prior to founding our company, from 2003 to 2014, Mr. Wallace was co-founder, President and majority owner of AFP and related entities which were established in 2002 to provide financing solutions to the higher education industry for on-campus student housing facilities mostly in rural areas. From 1993 to 2002, Mr. Wallace was a co-founder and Executive Vice President of Healthcare Realty Trust (NYSE: HR). Between the initial public offering of HR in 1993 and his departure from HR in 2002, Mr. Wallace was integral in helping to grow HR from $2,000 to over $2 billion in asset value. Mr. Wallace remained as a paid consultant to HR and was subject to a non-compete until 2008. Mr. Wallace was a senior manager at Ernst & Young from 1988 to 1993. Mr. Wallace began his career in 1980 with Arthur Andersen & Co. Mr. Wallace holds a Bachelor of Science in Business Administration and Masters in Business Administration, both from Western Kentucky University. Mr. Wallace was selected to serve as Chairman because of his past public company experience, his experience in real estate, including acquiring healthcare real estate, and his role as Chief Executive Officer and President of our company.

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W. Page Barnes, *Executive Vice President Chief Financial Officer*

Mr. Barnes has served as our Executive Vice President and Chief Financial Officer since our formation in March 2014. Mr. Barnes has spent the last year negotiating with healthcare providers for properties, performing due diligence on the Initial Properties, developing relationships with banks and accounting firms and other activities required to launch a public company. He will be responsible for financing and management activities. Prior to joining our company, from 2005 to 2013, Mr. Barnes was a co-founder, Chief Financial Officer and Executive Vice President Chief Development Officer for Haven Behavioral Healthcare where he was responsible for raising a $100 million private equity investment, negotiating four separate bank financings and the acquisition and/or development of 12 hospitals. From 1997 to 2005, Mr. Barnes served as Chief Financial Officer then Senior Vice President Finance for Ardent Health Services and its predecessor Behavioral Healthcare Corporation. Prior to Ardent, Mr. Barnes began a banking career with AmSouth Bank in 1990 as a Commercial Real Estate Relationship Manager and ended it in 1997 as Senior Vice President and Manager of the Healthcare Banking Department. Mr. Barnes holds a Bachelor of Science in Accounting from Auburn University.

Leigh Ann Stach, *Vice President Financial Reporting and Chief Accounting Officer*

Ms. Stach has served as our Vice President Financial Reporting and Chief Accounting Officer since our formation. Ms. Stach will be responsible for financial reporting. Most recently, from 2005 to 2013, Ms. Stach served as Vice President Financial Reporting at HR where she had responsibility for financial reporting and coordinating due diligence materials for debt and equity offerings. In addition, she brought EDGAR and XBRL filings in-house and provided oversight of HR's compliance function and internal audit. Prior to that, from 1997 to 2005, Ms. Stach served as Vice President Controller at HR. From 1994 to 1997, Ms. Stach served as Assistant Controller at HR. Prior to HR, from 1991 to 1994, Ms. Stach was a senior accountant financial reporting at Hospital Corporation of America, or HCA. She began her career with HCA in 1988 as an internal auditor. Ms. Stach holds a Bachelor of Science in Accounting from Western Kentucky University.

Alan Gardner, *Director Nominee*

Mr. Gardner is a senior relationship manager in the Healthcare Group with Wells Fargo Corporate Banking, where he has coverage responsibility for national healthcare companies with market capitalization exceeding $5 billion, generally in the pharmaceutical, medical device and healthcare services sectors. Mr. Gardner has over 26 years of corporate and investment banking experience, with 20 years covering healthcare companies. Prior to joining Wells Fargo (Wachovia) in March 2004, Mr. Gardner was head of healthcare for FleetBoston Financial from 2003 to 2004 and was a managing director for Banc of America Securities healthcare group from 1996 to 2003. During his career, Mr. Gardner has led a number of significant financing transactions for leading public healthcare companies. Mr. Gardner currently serves on the board of trustees for Omni Montesori School in Charlotte, North Carolina and as Charlotte Chapter chair for the Impact Angel Network ("IAN"). Ian is managed by RENEW, LLC, an investment advisory and management consulting firm based in Addis Ababa, Ethiopia and Washington D.C. Mr. Gardner earned a B.S. and M.S. from Virginia Polytechnic Institute and State University and an M.B.A. in finance and accounting from the University of Rochester. We have determined that Mr. Gardner should serve on our board of directors because of his commercial banking, capital markets and healthcare industry experience.

Robert Hensley, *Director Nominee*

Mr. Hensley serves as a senior advisor to the healthcare and transaction advisory services groups of Alvarez and Marsal, LLC ("A&M"). Mr. Hensley has more than 20 years of experience serving public and privately-held companies across a range of industries, including healthcare, insurance, real

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estate and private equity capital funds. Mr. Hensley is also the founder of a private publishing company and the principal owner of two real estate and rental property development companies. Before joining A&M in 2002, Mr. Hensley was an audit partner with Ernst & Young. Previously, he was with Arthur Andersen, where he served as an audit partner from 1990 to 2002, and was the managing partner of their Nashville office from 1997 to 2002. His significant experience include mergers and acquisitions, identification of enterprise and industry risk, and forensic investigations and disputes. Mr. Hensley serves on the Board of Directors for Capella Healthcare and Diversicare Healthcare Services, Inc. Mr. Hensley previously served as a director of Greenway Medical Technologies from 2011 to 2013, HealthSpring, Inc. from 2006 to 2012 and Comsys IT Partners, Inc. and Spheris, Inc. from 2006 to 2010. Mr. Hensley earned a B.S. in accounting and a Master's of Accountancy from the University of Tennessee and is a Certified Public Accountant. We have determined that Mr. Hensley should serve on our board of directors because of his financial accounting, healthcare industry and transactional experience.

Alfred Lumsdaine, *Director Nominee*

Mr. Lumsdaine joined Healthways, Inc. ("Healthways") in 2002 and became Chief Financial Officer in 2011. As CFO of Healthways, Mr. Lumsdaine is responsible for enterprise risk management including all financial functions, investor relations, regulatory compliance, procurement and project management. Previously, Mr. Lumsdaine served as Controller and Chief Accounting Officer of Healthways and his areas of responsibility included accounting, treasury, tax, financial reporting, internal audit and corporate systems. His years of experience have been focused in healthcare services. Prior to joining Healthways, from 2001 to 2002, he was Treasurer and Controller for Logisco, Inc., which followed senior level financial positions with Beverly Rehabilitation (a Division of Beverly Enterprises) from 1998 to 2000 and Theraphysics from 1997 to 1998. Mr. Lumsdaine directed the North America internal audit department of Willis from 1996 to 1997. Mr. Lumsdaine started his career with the Nashville office of Ernst & Young, spending over eight years, from 1988 to 1996, in the external audit practice, primarily focused on the healthcare industry. Mr. Lumsdaine has led and supported significant M&A activity and capital market transactions and his financial leadership experience spans from small fast-growing privately-held entities to larger public companies with complex accounting and financial reporting requirements. Mr. Lumsdaine earned his B.S. in Accounting and Masters of Accountancy from the University of Tennessee and is a Certified Public Accountant. We have determined that Mr. Lumsdaine should serve on our board of directors because of his public company management, healthcare industry and financial accounting experience.

R. Lawrence Van Horn, *Director Nominee*

Professor Van Horn has been an associate professor of Economics and Management and the Executive Director of Health Affairs at the Vanderbilt University Owen Graduate School of Management ("Owen") since 2006. Professor Van Horn is a leading expert and researcher on healthcare management and economics. His current research interests include nonprofit conduct, governance and objectives in healthcare markets and the measurement of healthcare outcomes and productivity. His research on healthcare organizations, managerial incentives in nonprofit hospitals and the conduct of managed care firms has appeared in leading publications. Professor Van Horn consults for national consulting firms, providers, managed care organizations, and pharmaceutical firms. Professor Van Horn also holds faculty appointments in the Vanderbilt University School of Medicine and Law School. Prior to his tenure at Owen, from 1996 to 2006, Professor Van Horn served as an associate professor of economics and management at the William E. Simon Graduate School of Business at the University of Rochester where he was responsible for their graduate programs in health administration. Professor Van Horn holds a Ph.D. from the University of Pennsylvania's Wharton School and a Master's in Business Administration, a Master's in Public Health and a B.A. from the University of Rochester. We have determined that Professor Van Horn should serve on our board of

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directors because of his extensive knowledge and research into healthcare industry economics and governance and his unique experience with healthcare decision makers and business executives nationwide regarding healthcare policy.

Other Key Officers

Steve Harrison, *Managing Director Business Development*

Mr. Harrison has served as our Vice President Business Development since our formation and is responsible for continuing and developing relationships with healthcare providers and sourcing properties for acquisition analysis. Prior to joining our Company, from 2005 to 2013, Mr. Harrison was a co-founder at DSI Renal where he participated in raising the equity and acquiring 106 dialysis clinics from Fresenius Medical Care in 2006. Prior to DSI, from 1997 to 2005, Mr. Harrison was a co-founder at National Nephrology Associates, a start up with which grew to 85 clinics and was sold to Renal Care Group in 2007. Prior to NNA, from 1990 to 1998, Mr. Harrison directed business development for REN Corp which grew from 12 to over 70 dialysis clinics and was sold to Gambro Inc. in 1995. Mr. Harrison began his business development career in healthcare with Community Dialysis Centers. Prior to CDC, Mr. Harrison was at Dow Chemical. He began his career with Johnson and Johnson. Mr. Harrison holds a Bachelor of Science from Middle Tennessee State University.

Roland H. Hart, *Vice President Asset Management*

Mr. Hart has served as our Vice President Asset Management since our formation and is responsible for oversight of the management of our properties and ensuring tenant satisfaction with each of our properties. Most recently, from 2009 to 2013, Mr. Hart served as a consultant to Lend Lease Dasco, a national leader in the development, financing, leasing and management of medical office buildings and outpatient facilities. Prior to Lend Lease Dasco, Mr. Hart served as Executive Vice President of Montecito Medical Investment Company, LLC, or Montecito, which acquired and developed hospital, medical office and medical specialty buildings. Mr. Hart was responsible for healthcare industry relationships and acquisitions and had oversight responsibility for property management. Prior to Montecito, from 1996 to 2005, Mr. Hart served as President of Healthcare Realty Services, Inc., the real estate services subsidiary of HR. Prior to HR, from 1982 to 1993, Mr. Hart was a co-founder with PM Realty Group, or PM, in Houston where he was responsible for growing PM's northeast portfolio to over 20 million square feet. Mr. Hart holds a Bachelor of Science in Political Science and Economics, from University of Wisconsin-Madison and is a Certified Property Manager.

Michael Willman, *Vice President Real Estate*

Mr. Willman has served as our Vice President Real Estate since our formation and is responsible for performing on site real estate due diligence, maintenance and property capital/reinvestment requirements. Mr. Willman brings over 25 years of hands on experience in maintaining, building and renovating institutional grade real estate projects. Most recently, from 2003 to 2014, Mr. Willman was a co-founder of AFP and related entities where he has been responsible for asset management, construction and renovation projects. Prior to AFP, from 1994 to 2003, Mr. Willman co-founded a digital media development company that provided high speed, in-house channel capabilities to real estate projects. He established a niche market for his digital media company that eventually merged with a larger operation. Prior to that, Mr. Willman served with several development firms including Nash Phillips/Copus, which at one time was the largest privately owned homebuilder in the United States and Barnes/Connally Investments. Mr. Willman holds a Bachelor of Science from the University of Houston.

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Corporate Governance Profile

We plan to structure our corporate governance in a manner we believe closely aligns our interests with those of our stockholders. Notable features of our corporate governance structure will include the following:

- we expect our board of directors to appoint a lead independent director following completion of this offering;
- our board of directors will not be staggered, with each of our directors subject to re-election annually;
- of the five persons who will serve on our board of directors immediately after the completion of this offering, we expect our board of directors to determine that all of our directors, except Mr. Wallace, will satisfy the listing standards for independence of the NYSE and Rule 10A-3 under the Exchange Act;
- we intend to comply with the requirements of the NYSE listing standards, including having committees consisting solely of independent directors;
- we anticipate all of our directors serving on our audit committee will qualify as an "audit committee financial expert" as defined by the SEC;
- we do not have a stockholder rights plan and our board of directors has adopted a policy providing that our board may not adopt any stockholder rights plan unless the adoption of the plan has been approved by stockholders representing a majority of the votes cast on the matter by stockholders entitled to vote on the matter, except that our board of directors may adopt a stockholder rights plan without the prior approval of our stockholders if our board, in the exercise of its duties, determines that seeking prior stockholder approval would not be in our best interests under the circumstances then existing. The policy further provides that if a stockholder rights plan is adopted by our board without the prior approval of our stockholders, the stockholder rights plan will expire on the date of the first annual meeting of stockholders held after the first anniversary of the adoption of the plan, unless an extension of the plan is approved by our common stockholders;
- we have been exempted from the provisions of the business combination and control share acquisition statutes in the MGCL; and
- we have opted out of the unsolicited takeover (Title 3, Subtitle 8) provisions of the MGCL (which we may not opt into without approval by the affirmative vote of a majority of our stockholders).

Our directors will stay informed about our business by attending meetings of our board of directors and its committees and through supplemental reports and communications. Our independent directors will meet regularly in executive sessions without the presence of our corporate officers.

Board Leadership Structure

Our board of directors is and will be chaired by our Chief Executive Officer and President, Mr. Wallace. We believe that combining the positions of Chief Executive Officer and Chairman helps to ensure that the board of directors and management act with a common purpose and provides a single, clear chain of command to execute our strategic initiatives and business plans. In addition, our board of directors believes that a combined Chief Executive Officer/Chairman is better positioned to act as a bridge between management and our board of directors, facilitating the regular flow of information. Our board of directors also believes that it is advantageous to have a Chairman with such knowledge of our Company and the healthcare real estate market (as is the case with our Chief Executive Officer).

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Lead Independent Director

To strengthen the role of our independent directors and encourage independent leadership, we expect our board of directors to establish the position of lead independent director shortly after the completion of this offering. The responsibilities of the lead independent director are expected to include, among others:

- serving as liaison between (i) management, (ii) our other independent directors and (iii) interested third parties and the board of directors;
- presiding at executive sessions of the independent directors;
- serving as the focal point of communication to the board of directors regarding management plans and initiatives;
- ensuring that the role between the board of directors' oversight and management operations is respected;
- providing the medium for informal dialogue with and between independent directors, allowing for free and open communication within that group; and
- serving as the communication conduit for third parties who wish to communicate with our board of directors.

We expect that our lead independent director will be selected on an annual basis by a majority of the independent directors then serving on our board of directors. We expect that Mr. Gardner will serve as our lead director.

Role of the Board in Risk Oversight

One of the key functions of our board of directors will be informed oversight of our risk management process. Our board of directors will administer this oversight function directly, with support from its three standing committees the audit committee, the compensation committee and the nominating and governance committee each of which will be established prior to the commencement of this offering and which will address risks specific to their respective areas of oversight. In particular, our audit committee will have the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. The audit committee also will monitor compliance with legal and regulatory requirements, in addition to oversight of the performance of our internal audit function. Our compensation committee will assess and monitor whether any of our compensation policies and programs has the potential to encourage excessive risk-taking. Our nominating and governance committee will monitor the effectiveness of our corporate governance guidelines, including whether they are successful in preventing illegal or improper liability-creating conduct.

Board Committees and Independence

The NYSE requires a majority of our board of directors to consist of independent directions. A director will only qualify as an "independent director" if, in the opinion of our board of directors, that person does not have a material relationship with the company that would interfere with the exercise of independent judgment. In addition, in order for a member of the compensation committee or the audit committee to be considered independent, such committee member may not, other than in his or her capacity as a member of the board of directors or any board committee: (1) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from us; or (2) be an affiliated person of us. Other than Mr. Wallace, all of our directors will be considered independent under the NYSE listing standards.

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Board Committees

Upon completion of this offering, our board of directors will establish three standing committees: an audit committee a compensation committee and a nominating and governance committee. The principal functions of each committee are described below. We intend to comply with the listing requirements and other rules and regulations of the NYSE, as amended or modified from time to time, and each of these committees will be comprised exclusively of independent directors. Additionally, our board of directors may from time to time establish certain other committees to facilitate the management of our Company.

Audit Committee

Upon completion of this offering, our audit committee will consist of Messrs. Hensley, Lumsdaine and Gardner, all of whom will be independent directors, with Mr. Hensley serving as chairman. We expect that all members of our audit committee will qualify as "audit committee financial experts" as that term is defined by the applicable SEC regulations and NYSE corporate governance listing standards. We expect that our board of directors will determine that each of the audit committee members is "financially literate" as that term is defined by the NYSE corporate governance listing standards. We have adopted an audit committee charter, which details the principal functions of the audit committee, including oversight related to:

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

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

Compensation Committee

Upon completion of this offering, our compensation committee will consist of Messrs. Lumsdaine, Gardner and Van Horn, all of whom will be independent directors, with Mr. Lumsdaine serving as chairman. We have adopted a compensation committee charter, which details the principal functions of the compensation committee, including:

- reviewing and recommending to our board of directors on an annual basis the corporate goals and objectives relevant to our chief executive officer's compensation, evaluating our chief executive officer's performance in light of such goals and objectives and determining and approving the remuneration of our chief executive officer based on such evaluation;
- reviewing and recommending to our board of directors the compensation, if any, of all of our other officers;

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

Nominating and Governance Committee

Upon completion of this offering, our nominating and governance committee will consist of Messrs. Van Horn, Hensley and Gardner, all of whom will be independent directors, with Mr. Van Horn serving as chairman. We have adopted a nominating and governance committee charter, which details the principal functions of the nominating and governance committee, including:

- identifying, evaluating and recommending to the full board of directors qualified candidates for election as directors and recommending nominees for election as directors at the annual meeting of stockholders;
- developing and recommending to the board of directors corporate governance guidelines and implementing and monitoring such guidelines;
- reviewing and making recommendations on matters involving the general operation of the board of directors, including board size and composition, and committee composition and structure;
- evaluating and recommending to the board of directors nominees for each committee of the board of directors;

annually facilitating the assessment of the board of directors' performance as a whole and of the individual directors, as required by applicable law, regulations and the NYSE corporate governance listing standards;

considering nominations by stockholders of candidates for election to our board of directors;

considering and assessing the independence of members of our board of directors;

developing, as appropriate, a set of corporate governance principles, and reviewing and recommending to our board of directors any changes to such principles;

periodically reviewing our policy statements;

- reviewing, at least annually, the adequacy of the compensation committee's;
- overseeing the board of directors' evaluation of management; and
- identifying and recommending nominees for directors, in connection with which the compensation, nominating and corporate governance committee may consider diversity of relevant experience, expertise and background.

Executive Committee

In addition to our three standing committees, we may establish an executive committee. The function of the executive committee is to review and approve our (a) capital structure and financing activities, and (b) investments in healthcare properties. The Company anticipates that each member of the executive committee, except Mr. Wallace, will be "independent" under NYSE rules.

Our executive committee is expected to operate pursuant to a written charter. Unless otherwise determined by the board of directors, the executive committee is expected to share in the responsibility for consulting with management on, and approving on behalf of the board of directors, all strategies, plans, policies and actions relating to (i) our capital structure; (ii) equity and debt financings, including public and private securities offerings; and (iii) credit facilities and loan, hedging and other financing transactions subject to investment parameters established by our board of directors, from time to time.

Code of Business Conduct and Ethics

We have a code of business conduct and ethics that applies to our officers, directors and employees. Among other matters, our code of business conduct and ethics is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;
- compliance with laws, rules and regulations;
- prompt internal reporting of violations of the code to appropriate persons identified in the code; and
- accountability for adherence to the code of business conduct and ethics.

Any waiver of the code of business conduct and ethics for our executive officers or directors must be approved by a majority of our independent directors, and any such waiver shall be promptly disclosed as required by law or NYSE regulations.

Executive Officer, Director and Other Officer Compensation

2015 Compensation of Executive Officers

Prior to the completion of this offering, we have not paid any compensation to any of our executive officers, and compensation will not be paid until the effective time of each executive officer's employment agreement, which will be upon the completion of this offering. See " Employment Agreements." The table below sets forth the compensation expected to be paid in fiscal year 2015 to our executive officers in order to provide some understanding of their expected compensation levels. During the initial three-year term of their respective employment agreements, all of our executive officers have agreed to take 100% of their salary, bonus and long-term incentive compensation in the form of restricted stock. Provided that the executive officers comply with the terms of the Alignment of

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Interest Program described below, the election to receive stock compensation will cause the executive officers to be eligible to receive additional stock awards based upon a multiple described below. All shares of restricted stock issued in lieu of cash compensation and any shares of restricted stock issued under the Alignment of Interest Program will be subject to an eight-year cliff vesting schedule whereby no shares vest until the eighth anniversary of the date of grant, at which time 100% of the shares of restricted stock will vest. See " Alignment of Interest Program".

Name and Principal Position	Year	Cash Compensation[1]	Stock Compensation[2]	Bonus[3]	Stock Awards	All Other Compensation	Total
Timothy G. Wallace Chairman, Chief Executive Officer and President	2015	$	$ 300,000[4]	$	$ 300,000[5]	$	$ 600,000
W. Page Barnes Executive Vice President Chief Financial Officer	2015	$	150,000[6]		150,000[7]		300,000
Leigh Ann Stach Vice President Financial Reporting and Chief Accounting Officer	2015	$	125,000[8]		125,000[9]		250,000

(1) All of our executive officers have agreed to take shares of restricted stock in lieu of any cash compensation for the fiscal year ending December 31, 2015.

(2) These amounts represent the annualized base salary of each officer set forth in the table pursuant to their employment agreements, 100% of which will be paid in shares of our restricted common stock in lieu of cash. All of the shares of our restricted common stock issued in lieu of cash compensation are subject to an eight-year cliff vesting schedule whereby no shares vest until the eighth anniversary of the date of grant, at which time 100% of the shares of restricted stock will vest, subject to continued employment.

(3) Bonus amounts, if any, payable to each officer set forth in the table will be determined in the future by the compensation committee of our board of directors at their sole discretion. However, each officer set forth in the table has elected to take 100% of their bonus compensation awarded in 2015, if any, in shares of our restricted common stock. All of the shares of our restricted common stock issued in lieu of cash compensation are subject to an eight-year cliff vesting schedule whereby no shares vest until the eighth anniversary of the date of grant, at which time 100% of the shares of restricted stock will vest, subject to continued employment.

(4) Mr. Wallace's annual base salary is $300,000, and his base salary payable for 2015 will be pro-rated for the period between the date of the completion of this offering and December 31, 2015. Mr. Wallace will receive his entire 2015 base salary compensation in shares of our restricted common stock, which are subject to an eight-year cliff vesting schedule.

(5) Because Mr. Wallace elected to take 100% of his base salary compensation for 2015 in shares of restricted common stock with an eight-year restricted period, Mr. Wallace will be awarded additional shares of our restricted common stock equal to one times his salary for 2015 pursuant to our Alignment of Interest Program.

(6) Mr. Barnes' annual base salary is $150,000, and his base salary will be pro-rated for the period between the date of the completion of this offering and December 31, 2015. Mr. Barnes will receive his entire 2015 base salary compensation in shares of our restricted common stock, all of which are subject to an eight-year cliff vesting schedule.

(7) Because Mr. Barnes elected to take 100% of his base salary compensation for 2015 in shares of restricted common stock with an eight-year restricted period, Mr. Barnes will be awarded additional shares of our restricted common stock equal to one times his salary for 2015 pursuant to our Alignment of Interest Program.

(8) Ms. Stach's annual base salary is $125,000, and her base salary will be pro-rated for the period between the date of the completion of this offering and December 31, 2015. Ms. Stach will receive her entire 2015 base salary compensation in shares of our restricted common stock, all of which are subject to an eight-year cliff vesting schedule.

(9) Because Ms. Stach elected to take 100% of her base salary compensation for 2015 in shares of restricted common stock with an eight-year restricted period, Ms. Stach will be awarded additional shares of our restricted common stock equal to one times her salary for 2015 pursuant to our Alignment of Interest Program.

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2015 Compensation of Our Other Officers

The Company has also entered into employment agreements with our other officers, each of which are expected to become effective upon the completion of this offering. The employment agreements have an initial term that expires on December 31, 2015, with automatic one-year renewals on December 31 of each year, unless the officer or we provide notice of non-renewal to the other party. During the initial terms of their respective employment agreements, all of our officers have agreed to take 100% of their salary, bonus and long-term incentive in the form of restricted stock, which is subject to an eight-year cliff vesting schedule whereby no shares vest until the eighth anniversary of the date of grant, at which time 100% of the shares of restricted stock will vest, subject to continued employment. See " Employment Agreements".

Comprehensive Compensation Policy

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

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

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

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2014 Incentive Plan

We have adopted the 2014 Incentive Plan under which awards may be made in the form of restricted stock or cash. The purposes of the 2014 Incentive Plan are to attract and retain qualified persons upon whom, in large measure, our sustained progress, growth and profitability depend, to motivate the participants to achieve long-term Company goals and to more closely align the participants' interests with those of our other stockholders by providing them with a proprietary interest in our growth and performance. It is anticipated that our executive officers, officers, employees, consultants and non-employee directors will be eligible to participate in the 2014 Incentive Plan. The number of shares of our common stock available for issuance under the 2014 Incentive Plan is equal to seven percent (7%) of the total number of shares of common stock outstanding immediately following this offering (including any shares of common stock sold by us pursuant to the concurrent private placements and the exercise of the underwriters' option to purchase additional shares of this offering). Assuming full subscription, the sale of an aggregate of 123,684 shares of common stock in the concurrent private placements, and the exercise in full of such option to purchase additional shares by our underwriters, the number of our shares of common stock available for issuance under the 2014 Incentive Plan will be 525,782. Other than restricted shares reserved for issuance to our officers or directors pursuant to 2015 elections under our Alignment of Interest Program, no additional shares of restricted stock will be issued to officers or directors upon completion of this offering. See "2015 Compensation of our Executive Officers", "2015 Compensation of Our Other Officers", and "Alignment of Interest Program". Thus, assuming that we sell all of our common stock offered in connection with this offering (and assuming the underwriters' option to purchase additional shares of common stock is exercised in full) and including an aggregate of 123,684 shares of common stock sold in the concurrent private placements and 200,000 shares of common stock issued in connection with the formation of the Company, an aggregate of 525,782 shares of our common stock will be reserved for issuance under the 2014 Incentive Plan (including an aggregate of 85,757 shares of our restricted stock to be granted to our officers shortly after completion of this offering in lieu of cash compensation and an aggregate of 440,025 shares available for future issuance).

The 2014 Incentive Plan will be administered by our compensation committee, which will interpret the 2014 Incentive Plan and have 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 cash or shares subject to awards and the expiration date of, and the vesting schedule or other restrictions (including, without limitation, restrictive covenants) applicable to, awards. However, during a calendar year, no participant may receive awards intended to comply with the performance-based compensation requirements of Section 162(m) of the Code, which exceed 75,000 shares of common stock.

Unless the 2014 Incentive Plan is earlier terminated by our board of directors, the 2014 Incentive Plan will automatically terminate on the date which is ten years following the effective date of the 2014 Incentive Plan. Awards granted before the termination of the 2014 Incentive Plan may extend beyond that date in accordance with their terms. Our board of directors is permitted to amend the 2014 Incentive Plan or the terms and conditions of outstanding awards, but no such action may adversely affect the rights of any participant with respect to outstanding awards without the consent of our stockholders. Our board of directors must approve any increase in the number of shares issuable under the 2014 Incentive Plan. Stockholder approval of any such amendment will be obtained if required to comply with applicable law or the rules of the NYSE.

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

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Alignment of Interest Program

The Company's Alignment of Interest Program under the 2014 Incentive Plan is designed to provide the Company's officers with an incentive to remain with the Company and to incentivize long-term growth and profitability. Pursuant to the Alignment of Interest Program, officers may elect to acquire restricted stock in lieu of up to 100% of any compensation otherwise payable in cash under their employment agreements. The officer must elect his or her participation level and the applicable vesting period for the upcoming year no later than December 31 of the then-current year. For elections made by our officers prior to the date of the completion of this offering, the number of shares of restricted stock to be acquired will be determined as of the date of the completion of this offering by dividing the total of the officer's elected reduced salary for the remainder of such year by the initial public offering price per share. For all elections made by our officers after the date of the completion of this offering, the number of shares of restricted stock to be acquired will be determined as of January 15 of the year following the election or, if such date is not a trading day, on the trading day immediately before January 15 by dividing the total of the officer's elected reduced salary cash bonus or other compensation by the volume weighted average price of the common stock for the 10 trading days immediately preceding the determination date. Payments of restricted stock in lieu of compensation otherwise payable in cash will be made thereafter. Additionally, to the extent an officer elects to receive stock compensation in lieu of cash compensation, the officer is entitled to receive an additional award of restricted stock pursuant to the Alignment of Interest Program, subject to a three-, five- or eight-year cliff vesting schedule, depending on the officer's election. Each officer who makes this election will be awarded the additional stock award at no additional cost to the officer, according to the following multiple-based formula:

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

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

Officer Incentive Program

We have an Officer Incentive Program under the 2014 Incentive Plan pursuant to which our officers may earn incentive awards in the form of cash and/or restricted stock. Any awards under the Officer Incentive Program and its interpretation and operation will be subject to the discretion of the compensation committee. The intent of the Officer Incentive Program is to provide cash and/or restricted stock awards based on individual and Company performance. It is anticipated that the compensation committee will judge the Company's performance against targeted metrics set in advance

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by the compensation committee. Restricted stock awards are anticipated to be based on the Company's relative total stockholder return performance over one-year and three-year periods, measured against a peer group of companies used for comparison. All of our officers are eligible to participate in the Officer Incentive Program.

We anticipate that the compensation committee will select our peer group against which to measure our one-year and three-year total stockholder return based upon provisions of the Officer Incentive Program. The compensation committee will select the peer group each year by selecting the most closely comparable companies with respect to competition for management talent and appropriate pay levels. The Officer Incentive Program provides that all publicly traded equity REITs are sorted by market capitalization, with externally managed REITs and REITs with less than two years as a publicly traded company. A selected number of companies with market capitalizations immediately larger and immediately smaller than the Company will be selected as the peer group. The compensation committee will determine the peer group for 2015 at its first regularly scheduled meeting following the completion of this offering. In the future, the compensation committee may engage a compensation consultant to determine the appropriate peer group.

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

Stock Ownership Guidelines

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

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

The guidelines provide that all owned stock, both restricted and unrestricted, count toward the ownership guidelines. Officers and directors who are subject to these guidelines have five years from the date that they first become subject to the guidelines to comply with its terms. It is anticipated that all of the Company's officers will meet the stock ownership guidelines upon completion of this offering.

Change in Control

Our compensation committee may, in order to maintain a participant's rights in the event of any change in control of our Company, (1) make any adjustments to an outstanding award to reflect such change in control or (2) cause the acquiring or surviving entity to assume or substitute rights with respect to an outstanding award. Furthermore, the compensation committee may cancel any outstanding awards (whether or not vested and whether or not any performance goals or any

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performance period is met) as of the date of the change in control in exchange for a payment in cash, shares of the corporation resulting from the change in control or no payment at all, depending upon the value of such award. Our compensation committee may include further provisions in any award agreement as it may deem desirable regarding a change in control, including, but not limited to, providing for accelerated vesting or payment of an award upon a change in control.

401(k) Plan

We expect to implement in the future and maintain a 401(k) plan for our eligible employees, including our named executive officers. We expect, in the future, to make matching contributions and/or profit sharing contributions to the 401(k) plan. The 2014 Incentive Plan provides that an employee's deferrals under our 401(k) plan are 100% vested and non-forfeitable when such deferrals are paid into the 2014 Incentive Plan.

2015 Compensation of Directors

Employee Directors

Our directors who are employees receive no additional compensation for their services as directors.

Non-Employee Directors

Annual compensation of non-employee directors will be a combination of cash and restricted stock at levels set by the compensation committee, based upon periodic peer reviews prepared by us.

Cash Compensation

Each non-employee director receives an annual retainer, with chairpersons of our board committees and the lead director receiving additional annual retainers. The initial annual cash retainer for service on our board of directors is $25,000, but will be adjusted by the compensation committee based on an evaluation of director compensation at peer companies. Additionally, the chairpersons of the audit committee, the compensation committee and the nominating and corporate governance committee will receive additional annual retainers of $10,000, $7,500 and $7,500, respectively, and the lead independent director will receive an additional annual retainer of $10,000.

Each non-employee director may elect to take all or a portion of their retainer(s) and other cash compensation in the form of restricted stock. The director must elect his or her participation level and restriction period for the coming year by December 31 of the current year. The number of restricted shares granted each year will be determined on the same basis as for officers, with the number of shares granted determined on the basis of a multiple of the compensation deferred and the length of the restriction period selected by the director. Each director who makes this election will be awarded additional shares, at no additional cost to the director, according to the following multiples:

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

The restriction period subjects the shares obtained by the cash deferral and the restriction multiple to the risk of forfeiture in the event a director voluntarily resigns or is removed by the stockholders for any reason during the year for which the director received compensation. During the restricted period, the restricted shares may not be sold, assigned, pledged or otherwise transferred. Accordingly, for example, if a non-employee director elects to receive stock compensation in lieu of cash compensation for the year 2016 that is equivalent in value to 1,000 shares of common stock and the director elected a

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three-year restriction period for such stock compensation, the non-employee director would receive the 1,000 shares of restricted common stock in lieu of the director's cash compensation plus an award of 600 shares of restricted common stock for electing to subject his or her stock compensation to a three-year restriction period, resulting in a total receipt of 1,600 shares of restricted common stock, all of which would be subject to a three-year cliff vesting schedule whereby no shares vest until the third anniversary of the date of grant, at which time 100% of the shares of restricted stock will vest. All of the shares granted in 2016 would be forfeited, however, if such non-employee director voluntarily resigns or is removed by the stockholders for any reason during 2016. Subject to the risk of forfeiture and transfer restrictions, non-employee directors have all rights as stockholders with respect to restricted shares, including the right to vote and receive dividends or other distributions on such shares.

Stock Awards

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

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

Summary

We will compensate each non-employee director as follows:

- Immediately after this offering, each non-employee director will receive an initial grant of restricted stock with a market value on the date of grant of $25,000;

- An annual retainer of $25,000 (the chairpersons of the audit committee, the compensation committee and the corporate governance committee will receive additional annual retainers of $10,000, $7,500 and $7,500, respectively, and the lead independent director will receive an additional annual retainer of $10,000);

- If a director elects to take restricted stock in lieu of cash they will receive awards equal to 20% to 60% additional shares of restricted stock depending on the restriction period; and

- An annual grant of restricted stock with a market value of $50,000 on the grant date, which is the date of the annual meeting of our stockholders.

Employment Agreements

We have entered into employment agreements with each executive officer that will take effect upon the completion of this offering. The initial term of each employment agreement is through December 31, 2017, and the term of each respective employment agreement will automatically renew for successive one-year terms. Our employment agreements with Mr. Wallace, Mr. Barnes and Ms. Stach provide for an annual base salary of $300,000, $150,000 and $125,000, respectively. Each agreement is subject to annual increases as the compensation committee may approve and other

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benefits generally available to other employees and our other officers, and each will be eligible for an annual bonus for each calendar year during his or her respective employment based on a combination of his or her respective continued employment with the Company and the achievement of certain performance goals established by our board of directors.

If employment is terminated for any reason other than for cause, change-in-control, death or disability the officer is entitled to receive all accrued salary, bonus compensation, if any, to the extent earned, whether or not vested without regard to such termination (other than defined contribution plan or profit sharing plan benefits which will be paid in accordance with the applicable plan), any benefits under any plans of the Company in which the officer is a participant to the full extent of the officer's rights under such plans, full vesting of all awards granted to the officer under the 2014 Incentive Plan, accrued vacation pay and any appropriate business expenses incurred by the officer in connection with his or her duties hereunder, all to the date of termination. In addition, the officer will receive as severance compensation his or her base salary (at the rate payable at the time of such termination), for a period of 36 months, with respect to Mr. Wallace, and 12 months, with respect to Mr. Barnes and Ms. Stach, from the date of such termination; provided, however, that if the officer is employed by a new employer during such period, the severance compensation payable to the officer during such period will be reduced by the amount of compensation that the officer is receiving from the new employer. However, the officer is under no obligation to mitigate the amount owed the officer by seeking other employment or otherwise. In addition to the severance payment, the officer will be paid an amount equal to the greater of: (i) two times the average annual cash bonus, if any, earned by the officer in the two years immediately preceding the date of termination, without regard to any elective income deferral or conversion of such bonus into stock or any other non-cash consideration; and (ii) two times the product of the officer's base salary times 0.67, with respect to Mr. Wallace, and 0.33, with respect to Mr. Barnes or Ms. Stach. The officer will be entitled to accelerated vesting of any accrued benefit under each deferred compensation plan. If an officer is terminated for disability, the terminated officer will receive the benefits described above, all to the date of termination, with the exception of medical and dental benefits, if any, which shall continue at the Company's expense through the then current one-year term of the employment agreement. If an officer's employment terminates due to death, the terminated officer's estate will receive the benefits described above.

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

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

The Company has also entered into employment agreements with our other officers. These agreements will take effect upon the completion of this offering, and the initial term is through

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December 31, 2015, which is automatically extended on December 31 of each year for an additional year. If employment is terminated for any reason other than for cause, change-in-control, death or disability the officer is entitled to receive all accrued salary, bonus compensation, if any, to the extent earned, whether or not vested without regard to such termination (other than defined contribution plan or profit sharing plan benefits which will be paid in accordance with the applicable plan), any benefits under any plans of the Company in which the officer is a participant to the full extent of the officer's rights under such plans, full vesting of all awards granted to the officer under the 2014 Incentive Plan, accrued vacation pay and any appropriate business expenses incurred by the officer in connection with his or her duties hereunder, all to the date of termination. In addition, the officer will receive as severance compensation his or her base salary (at the rate payable at the time of such termination), for a period of 12 months from the date of such termination; provided, however, that if the officer is employed by a new employer during such period, the severance compensation payable to the officer during such period will be reduced by the amount of compensation that the officer is receiving from the new employer. However, the officer is under no obligation to mitigate the amount owed to the officer by seeking other employment or otherwise. In addition to the severance payment, the officer will be paid an amount equal to the greater of: (i) two times the average annual cash bonus, if any, earned by the officer in the two years immediately preceding the date of termination, without regard to any elective income deferral or conversion of such bonus into stock or any other non-cash consideration; and (ii) two times the product of the officer's base salary times 0.33. The officer will be entitled to accelerated vesting of any accrued benefit under each deferred compensation plan.

Limitation of Liability and Indemnification of Directors and Officers

We have entered into indemnification agreements with our officers that will obligate us to indemnify them to the maximum extent permitted by Maryland law, including any additional indemnification permitted under Section 2-418(g) of the MGCL. We intend to enter into substantially similar indemnification agreements with each of our directors upon their appointment. The form of indemnification agreement provides that, if a director or officer is a party or is threatened to be made a party to any actual, threatened or completed action or proceeding by reason of such director's or officer's status as our director, officer or employee, we must indemnify such director or officer for all expenses and liabilities actually and reasonably incurred by him or her, or on his or her behalf, including but not limited to all reasonable and out-of-pocket attorneys' fees and costs, unless it has been established that:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty;

- the director or officer actually received an improper personal benefit in money, property or services; or

- with respect to any criminal action or proceeding, the director or officer had reasonable cause to believe that his or her conduct was unlawful;

provided, however, that we will (1) have no obligation to indemnify such director or officer for a proceeding by or in the right of our company, for expenses and liabilities actually and reasonably incurred by him or her, or on his or her behalf, if it has been adjudged in a final adjudication of the proceeding not subject to further appeal, that such director or officer is liable to us with respect to such proceeding, (2) have no obligation to indemnify such director or officer if such director or officer is adjudged, in a final adjudication of the proceeding not subject to final appeal, to be liable on the basis that a personal benefit was improperly received in any proceeding charging improper personal benefit to such director or officer, or (3) have no obligation to indemnify or advance expenses of such director or officer for a proceeding brought by such director or officer against our company, except for a proceeding brought to enforce indemnification under the indemnification agreement or as otherwise

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provided by our bylaws, our charter, a resolution of our board of directors or an agreement approved by our board of directors.

Upon application by one of our directors or officers to a court of appropriate jurisdiction, the court may order indemnification of such director or officer if:

- the court determines that such director or officer is entitled to indemnification under Section 2-418(d)(1) of the MGCL, in which case the director or officer shall be entitled to recover from us the expenses of securing such indemnification; or

- the court determines that such director or officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the director or officer has met the standards of conduct set forth in Section 2-418(b) of the MGCL or has been adjudged liable for receipt of an "improper personal benefit" under Section 2-418(c) of the MGCL; provided, however, that our indemnification obligations to such director or officer will be limited to the expenses actually and reasonably incurred by him or her, or on his or her behalf, including but not limited to all reasonable and out-of-pocket attorneys' fees and costs, in connection with any proceeding by us or in our right or in which such director or officer shall have been adjudged liable for receipt of an improper personal benefit under Section 2-418(c) of the MGCL.

Notwithstanding, and without limiting, any other provisions of the indemnification agreements, if a director or officer is a party or is threatened to be made a party to any proceeding by reason of such director's or officer's status as our director, officer or employee, and such director or officer is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such proceeding, we must indemnify such director or officer for all expenses actually and reasonably incurred by him or her, or on his or her behalf, including but not limited to all reasonable and out-of-pocket attorneys' fees and costs, in connection with each successfully resolved claim, issue or matter on a reasonable and proportionate basis, including any claim, issue or matter in such a proceeding that is terminated by dismissal, with or without prejudice.

We must pay all indemnifiable expenses in advance of the final disposition of any proceeding if the director or officer furnishes us with a written affirmation of the director's or officer's good faith belief that the standard of conduct necessary for indemnification by us has been met and a written undertaking to reimburse us if a court of competent jurisdiction determines that the director or officer is not entitled to indemnification.

Our charter authorizes us to obligate our company and our bylaws obligate us, to the fullest extent permitted by Maryland law in effect from time to time, to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding, without requiring a preliminary determination of the director's or officer's ultimate entitlement to indemnification, to:

- any present or former director or officer who is made or threatened to be made a party to or witness in the proceeding by reason of his or her service in that capacity; or

- any individual who, while serving as our director or officer and at our request, serves or has served as a director, officer, partner, trustee, member or manager of another corporation, REIT, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made or threatened to be made a party to or witness in the proceeding by reason of his or her service in that capacity.

Our charter and bylaws also permit us, with the approval of our board of directors, to indemnify and advance expenses to any person who served a predecessor of ours in any of the capacities described above and to any employee or agent of our company or a predecessor of our company.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Concurrent Private Placements

Concurrently with the completion of this offering, Timothy G. Wallace, our Chairman, Chief Executive Officer and President, and certain of our officers and director nominees will close the concurrent private placements at a price per share equal to the initial public offering price. These concurrent private placements are expected to close on the same day as this offering and is contingent upon completion of the offering. This offering is not contingent upon the closing of the concurrent private placements.

Reimbursement of Pre-Closing Transaction Costs

AFP, in which Timothy G. Wallace, our Chairman, Chief Executive Officer and President owns 99% of the interests, anticipates advancing or incurring organizational, legal, accounting and other similar expenses in connection with this offering and the acquisition of the Initial Properties. We will reimburse AFP or pay third parties for these expenses estimated to aggregate approximately $2.8 million upon completion of this offering and the acquisition of the Initial Properties.

Employment Agreements

We have entered into employment agreements with each of our executive officers that will take effect upon completion of this offering. These agreements provide for base salary, bonus and other benefits. See "Management Executive Officer, Director and Other Officer Compensation Employment Agreements" for additional information.

Indemnification of Officers and Directors

Our charter and bylaws provide for certain indemnification rights for our directors and officers. We have entered into an indemnification agreement with each of our officers and will enter into an indemnification agreement with each of our directors, providing for procedures for indemnification and advancements by us of certain expenses and costs relating to claims, suits or proceedings arising from their service to us or, at our request, service to other entities, as officers or directors, or in other capacities, to the maximum extent permitted by Maryland law. See "Material Provisions of Maryland Law and Our Charter and Bylaws Indemnification and Limitation of Directors' and Officers' Liability" for additional information.

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POLICIES WITH RESPECT TO CERTAIN ACTIVITIES

The following is a discussion of certain of our investment, financing and other policies. These policies have been determined by our board of directors and, in general, may be amended or revised from time to time by our board of directors without a vote of our stockholders.

Investment Policies

Investments in Real Estate

We will conduct substantially all of our investment activities through 100% owned subsidiaries. Our investment objectives are to (i) generate current cash flow, (ii) provide the opportunity for additional returns through rent provisions in our leases, (iii) provide the opportunity to realize capital growth resulting from appreciation, if any, in the residual values of any properties acquired, and (iv) preserve and protect capital. Additionally, we will seek to selectively expand and upgrade both our current properties and any newly-acquired properties. Our business will be focused primarily on healthcare properties and activities directly related thereto. We have not established a specific policy regarding the relative priority of the investment objectives. For a discussion of our properties and our business and other strategic objectives, see "Our Business Initial Properties."

We expect to pursue our investment objectives through the ownership of properties. We do not currently intend to make investments in other entities, including joint venture entities with operating partners, structured to comply with RIDEA. We currently intend to focus on healthcare properties that are strategically aligned with healthcare providers in those areas in which we operate and select new markets when opportunities are available that meet our investment criteria. We anticipate that future investment activity will be focused primarily in the United States but will not be limited to any geographic area. We intend to engage in such future investment activities in a manner that is consistent with requirements applicable to REITs for federal income tax purposes. Provided that we comply with these requirements, however, there are no limitations on the percentage of our assets that may be invested in any one real estate asset.

We may, but do not currently intend to, enter into joint ventures if we determine that doing so would be the most effective means of allocating capital. Equity investments may be subject to existing mortgage financing and other indebtedness or such financing or indebtedness may be incurred in connection with acquiring investments. Any such financing or indebtedness will have priority over our equity interest in such property. Investments are also subject to our policy not to be treated as an investment company under the Investment Company Act of 1940, as amended, or the 1940 Act.

Investments in Real Estate Mortgages

We may invest in mortgages and other real estate interests consistent with the rules applicable to REITs. We have no current intention, however, of investing in loans secured by properties other than in connection with the acquisition of mortgage loans (or loans that may be secured by an interest in an entity that owns the underlying property) through which we expect to achieve equity ownership in the near term of the underlying healthcare properties. Given our current intentions and objectives, our approach to investing in a mortgage loan would be similar to the approach we would undertake when seeking to directly purchase the underlying healthcare property or other property interest, all as described in more detail above. Consequently, we will be opportunistic in our evaluation of mortgages and we may invest in either first mortgages or junior mortgages. There is no assurance that we would be successful in acquiring the underlying real property interest with respect to any mortgage we purchase. Investments in real estate mortgages generally are subject to the risk that one or more borrowers may default and that the collateral securing mortgages may not be sufficient to enable us to recover our full investment.

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Securities of or Interests in Persons Primarily Engaged in Real Estate Activities and Other Issuers

Subject to the percentage of ownership limitations and the income and asset tests necessary for REIT qualification, we may in the future invest in securities of other REITs, other entities engaged in real estate activities or securities of other issuers where such investment would be consistent with our investment objectives. We may invest in the debt or equity securities of such entities, including for the purpose of exercising control over such entities. We have no current intention, however, of investing in such securities.

Investments in Other Securities

Other than as described above, we have no current intent to invest in any additional securities such as bonds, preferred shares or common stock. However, with respect to the acquisition of the Prairie Star Medical Facility II, we will initially acquire all of the Series A Bonds and Series B Bonds that were issued by the City of Shawnee, Kansas to finance the construction of the property. See "Our Business Description of Properties and Tenants Prairie Star Medical Facility II, Shawnee, Kansas" for more information.

Investment Limitations and Priorities

We may be limited in the amount or percentage of our assets that may be invested in any one entity, property or geographic area by our investment, financing and other policies or regulations.

Investment Types: Our investments shall be in developed, or to be developed, healthcare facilities and healthcare related facilities, including without limitation: acute care hospitals, rehabilitation hospitals, physician clinics, ambulatory surgery centers, clinical laboratories, ancillary hospital facilities, long-term care facilities, medical centers, comprehensive ambulatory care centers and office buildings predominantly occupied by healthcare related companies, but may also consider opportunities in other kinds of income producing real property (each investment and prospective investment shall be referred to herein individually as a "Property" and collectively as "Properties").

Operator Diversification: In general, no Property, when aggregated with all other Properties operated by, managed by or related to the same or affiliated operator(s) or manager(s), shall represent in excess of twenty percent (20%) of all of our Properties. On a short term basis, based upon the level of proposed transactions, our management may decide to invest in a property or properties that will temporarily exceed this level. However, in no event will this amount exceed thirty percent (30%).

Geographic Area: Nationwide, with Metropolitan Statistical Area or Primary Metropolitan Statistical Area (MSA/PMSA), as each case may be, level limitations as outlined below. In general, no Property when aggregated with all other properties in the same MSA or PMSA, as each case may be, operated by, managed by or related to the same or affiliated operator(s) or manager(s) shall represent in excess of the percentage indicated in the table below of all of the Company's properties. On a short term basis, based upon the level of proposed transactions, our management may decide to invest in a Property or Properties that will temporarily exceed this level. However, in no event will the amounts listed be exceeded by more than ten percent (10%) of the amount listed.

MSA/PMSA Population	**Total**	**Single Provider**
< 500.000	7.5%	7.5%
500.001 - 1.000.000	12.5%	10.0%
1,000,001 - 2,000,000	20.0%	15.0%
> 2,000,001	25.0%	20.0%

Property Diversification: Our present policy is not to have any single property or other investment account for more than fifteen percent (15%) of either our assets or annualized rental revenue. On a short term basis, based upon the level of proposed transactions, our management may decide to invest in a property that will temporarily exceed this level. However, in no event will this amount exceed twenty percent (20%).

Minimum Return: The projected percentage return on the capital invested by us for the acquisition or financing of any single Property shall not be less than two hundred and fifty (250) basis points above the yield on Ten Year Treasury Securities on the day the commitment to fund is made, or the Minimum Return; provided, however, that we may invest in a Property having a return of less than the Minimum Return if, when aggregated with all the Properties by the same or affiliated operator or manager, the aggregate return on such Properties equal or exceeds the Minimum Return.

Tenant Mix: The tenant mix may vary from single tenant to multi-tenant depending upon project type and nature of investment.

Master Lease Term: The term of any master lease or similar obligation, if any, generally, shall be for a period of not less than five (5) years from lease inception.

Purchase Options: The purchase price from us generally shall not be less than our undepreciated equity of in the Property and generally shall not be exercisable for a period of not less than three (3) years from closing of an acquisition.

We have not established a specific policy regarding the relative priority of these investment objectives. We will limit our investment in such securities so that we will not fall within the definition of an "investment company" under the 1940 Act.

Dispositions

Our policy is to acquire assets primarily for generation of current income and long-term value appreciation. While our goal is to hold assets on a long-term basis, we will regularly evaluate our healthcare property portfolio to determine whether to sell a property if such property no longer fits our strategic objectives and the sale of such property would be in the best interest of our stockholders. We may sell a property if such property has significantly appreciated in value or if we determine that the funds realizable from such a sale may be reinvested in such a manner as to enhance the achievement of our investment objectives. We anticipate that the value of the properties that we intend to acquire will appreciate over the term of our ownership. In the event that we sell or otherwise dispose of any of our properties, such proceeds will be factored into our overall liquidity and sources and uses of funds.

Stock Ownership Guidelines for Executive Officers and Directors

We believe that it is in the best interests of our stockholders to encourage all executive officers and directors to increase their equity position in the Company to promote share ownership and further align employee and stockholder interests. We have adopted stock ownership guidelines applicable to our executive officers and directors. Under these guidelines, the Chief Executive Officer should hold common stock with a fair market value equal to five times his or her current base salary as of April 1 of each year. All executive vice presidents should hold common stock with a fair market value equal to three times their current base salary as of April 1 of each year. All vice presidents should hold common stock with a fair market value equal to one time their current base salary as of April 1 of each year. Each non-employee director should hold common stock with a fair market value equal to three times such director's then current annual retainer. The guidelines provide that all owned stock, both restricted and unrestricted, count toward the ownership guidelines. Executive officers and directors who

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are subject to these guidelines have five years from the date that they first become subject to the guidelines to comply with its terms.

Financings and Leverage Policy

The primary objective of our financing strategy is to maintain financial flexibility with a prudent capital structure using retained cash flows, long-term debt and the issuance of common and perpetual preferred shares to finance our growth. We will seek to manage our balance sheet by maintaining prudent financial ratios and leverage levels. We also plan to have staggered debt maturities that are aligned to our expected average lease term, positioning us to re-price parts of our capital structure as our rental rates change with market conditions.

Concurrently with or shortly following the completion of this offering, we expect to obtain the anticipated credit facility in an amount up to approximately $75.0 million. We intend to borrow funds under our anticipated credit facility to finance the acquisition of the Initial Properties in the event that the total net proceeds of this offering (inclusive of additional net proceeds, if any, from the sale of additional shares pursuant to the underwriter's option to purchase additional shares) are insufficient to purchase all of the Initial Properties and to consummate additional property acquisitions, as well as for general corporate purposes. As of the date of this prospectus, we have received a commitment letter from a lender for the anticipated credit facility. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Anticipated Credit Facility" for more detailed information concerning the terms of the commitment letter. However, there can be no assurance that we will enter into definitive documentation with regard to the anticipated credit facility on the terms of the commitment letter or at all.

In seeking to finalize such a facility, we will consider factors that we deem relevant, including, but not limited to, interest rate pricing, recurring fees, flexibility of funding, security required, maturity, restrictions on prepayment and refinancing and restrictions impacting our daily operations. The anticipated credit facility remains subject to receipt of final commitment letters, lenders' credit committee approval, customary lender due diligence, completion of this offering with minimum net proceeds in an amount to be determined, definitive closing documentation satisfactory to the lender, absence of any material litigation or other proceedings as well as borrower and guarantor compliance with customary covenants described above.

Our current policy is to limit our indebtedness to no more than 40% of our total book capitalization. However, our charter and bylaws do not limit the amount or percentage of indebtedness that we may incur nor do they restrict the form of our indebtedness (including recourse or non-recourse debt, cross collateralized debt, etc.). Furthermore, our board of directors may from time to time modify our debt policy in light of then-current economic conditions, relative costs of debt and equity capital, market values of our properties, general market conditions for debt and equity securities, fluctuations in the market price of our common stock, growth and acquisition opportunities and other factors.

To the extent that our board of directors determines to obtain additional capital, we may, without stockholder approval, issue debt or equity securities, retain earnings (subject to the REIT distribution requirements for federal income tax purposes) or pursue a combination of these methods.

Lending Policies

We have not made any loans to third parties, although we do not have a policy limiting our ability to make loans to other persons. We may consider offering purchase money financing in connection with the sale of properties where the provision of that financing will increase the value to be received by us for the property sold. We also may make loans to joint ventures in which we participate. However, we

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have no current intent to engage in significant lending activities. Any loan we make will be consistent with maintaining our status as a REIT.

Conflict of Interest Policies

Overview.

Conflicts of interest could arise in the future as a result of the relationships between us and our affiliates. Our directors and officers have duties to our company under applicable Maryland law in connection with their management of our company. However, we cannot assure you that these policies or provisions of law will always be successful in eliminating the influence of such conflicts, and if they are not successful, decisions could be made that might fail to reflect fully the interests of all stockholders.

Policies Applicable to All Directors and Officers.

Our charter and bylaws do not restrict any of our directors, officers, stockholders or affiliates from having a pecuniary interest in an investment or transaction that we have an interest in or from conducting, for their own account, business activities of the type we conduct. We intend, however, to adopt policies that are designed to eliminate or minimize potential conflicts of interest, including a policy for the review, approval or ratification of any related party transactions. This policy will provide that the audit committee of our board of directors will review the relevant facts and circumstances of each related party transaction, including if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party before approving such transaction.

Code of Business Conduct and Ethics.

We have a code of business conduct and ethics that applies to our officers, directors and employees. Among other matters, our code of business conduct and ethics is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;
- compliance with laws, rules and regulations;
- prompt internal reporting of violations of the code to appropriate persons identified in the code; and
- accountability for adherence to the code of business conduct and ethics.

Any waiver of the code of business conduct and ethics for our executive officers or directors must be approved by a majority of our independent directors, and any such waiver shall be promptly disclosed as required by law or NYSE regulations.

Interested Director and Officer Transactions

Pursuant to Maryland law, a contract or other transaction between a Maryland corporation and a director or between a Maryland corporation and any other corporation, firm or other entity in which any of its directors is a director or has a material financial interest is not void or voidable solely on the grounds of such common directorship or interest, the presence of such director at the meeting at which

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the contract or transaction is authorized, approved or ratified or the counting of the director's vote in favor thereof, provided that:

- the fact of the common directorship or interest is disclosed or known to our board of directors or a committee of the board, and the board or such committee authorizes, approves or ratifies the transaction or contract by the affirmative vote of a majority of disinterested directors, even if the disinterested directors constitute less than a quorum;

- the fact of the common directorship or interest is disclosed or known to the stockholders entitled to vote thereon, and the transaction or contract is authorized, approved or ratified by a majority of the votes cast by the stockholders entitled to vote other than the votes of shares owned of record or beneficially by the interested director or corporation, firm or other entity; or

- the transaction or contract is fair and reasonable to us at the time it is authorized, ratified or approved.

Our bylaws contain a provision making these provisions applicable to any contract or other transaction between us and any of our directors or between us and any other trust, corporation, firm or other entity in which any of our directors is a director or director or has a material financial interest.

Where appropriate, in the judgment of our disinterested directors, our board of directors may obtain a fairness opinion or engage independent counsel to represent the interests of non-affiliated security holders, although our board of directors will have no obligation to do so.

Policies With Respect To Other Activities

We will have authority to offer shares of common stock, shares of preferred stock or options to purchase shares in exchange for property and to repurchase or otherwise acquire our common stock or other securities in the open market or otherwise, and we may engage in such activities in the future. Except in connection with the initial capitalization of our company and this offering, we have not issued common stock or any other securities in exchange for property or any other purpose, and our board of directors has no present intention of causing us to repurchase any common stock. Our board of directors has the authority, without further stockholder approval, to amend our charter to increase or decrease the number of authorized common or preferred shares and authorize us to issue additional common or preferred shares, in one or more classes or series, including senior securities, in any manner, and on the terms and for the consideration, it deems appropriate. See "Description of Capital Stock" for additional information. We have not engaged in trading, underwriting or agency distribution or sale of securities of other issuers and do not intend to do so. At all times, we intend to make investments in such a manner as to qualify as a REIT, unless our board of directors determines that it is no longer in our best interest to qualify as a REIT. In addition, we intend to make investments in such a way that we will not be treated as an investment company under the 1940 Act.

Reporting Policies

We intend to make available to our stockholders annual reports, including our audited financial statements. After this offering, we will become subject to the information reporting requirements of the Exchange Act. Pursuant to those requirements, we will be required to file annual and periodic reports, proxy statements and other information, including audited financial statements, with the SEC.

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STRUCTURE AND FORMATION OF OUR COMPANY

Overview

Our Company

We are a fully-integrated healthcare real estate company that was recently organized as a Maryland corporation to acquire and own properties that are leased to hospitals, doctors, healthcare systems or other healthcare service providers in Non-Urban markets. We will conduct our business through an UPREIT structure in which our properties are owned by our operating partnership, directly or through subsidiaries, as described below under "Description of our Operating Partnership and our Partnership Agreement." We are the sole general partner of our operating partnership and, upon completion of this offering, we will own 100% of the OP units. Our board of directors will oversee our business and affairs.

Upon completion of this offering, we will issue 6,373,684 shares of common stock (7,311,184 shares of common stock if the underwriters exercise their option to purchase additional shares in full), including an aggregate of 123,684 shares to be issued in the concurrent private placements, and, as soon as practicable thereafter and subject to customary closing conditions, we will acquire the Initial Properties. These transactions are described in more detail under the caption "Our Business Initial Properties" in this prospectus.

Our Operating Partnership

Our operating partnership was formed as a Delaware limited partnership on February 12, 2015 and will commence operations upon the completion of this offering and the acquisition of the Initial Properties. Following the completion of this offering, substantially all of our assets will be held by, and our operations will be conducted through, our operating partnership. We will contribute the net proceeds from this offering to our operating partnership in exchange for OP units. Our interest in our operating partnership will generally entitle us to share in cash distributions from, and in the profits and losses of, our operating partnership in proportion to our percentage ownership, which is currently 100%. As the sole general partner of our operating partnership, we generally will have the exclusive power under the partnership agreement to manage and conduct its business and affairs, subject to certain limited approval and voting rights of the limited partners, which are described in "Description of our Operating Partnership and our Partnership Agreement". In the future, we may issue OP units from time to time in connection with property acquisitions, as compensation or otherwise.

Our Services Company

As part of our formation transactions, we have formed Community Healthcare Trust Services, Inc., which we refer to as the services company, a Tennessee corporation that will be wholly owned by our operating partnership. We will elect that our services company be treated as a taxable REIT subsidiary for federal income tax purposes. A taxable REIT subsidiary generally may provide non-customary and other services to our tenants and engage in activities that we may not engage in directly without adversely affecting our qualification as a REIT. See "U.S. Federal Income Tax Considerations Requirements for Qualification Taxable REIT Subsidiaries." We expect that our services company will employ substantially all of our employees. We may form additional taxable REIT subsidiaries in the future, and our operating partnership may contribute some or all of its interests in certain wholly owned subsidiaries or their assets to our services company. Any income earned by our taxable REIT subsidiaries will not be included in our taxable income for purposes of the 75% or 95% gross income tests, except to the extent such income is distributed to us as a dividend, in which case such dividend income will qualify under the 95%, but not the 75%, gross income test. See "U.S. Federal Income Tax Considerations Gross Income Tests." Because a taxable REIT subsidiary is subject to federal income tax and state and local income tax (where applicable) as a corporation, the income earned by our

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taxable REIT subsidiaries generally will be subject to an additional level of tax as compared to the income earned by our other subsidiaries.

The Offering and Acquisition of the Initial Properties

Upon completion of this offering, we will issue 6,373,684 shares of common stock (7,311,184 shares of common stock if the underwriters exercise their option to purchase additional shares in full), including an aggregate of 123,684 shares to be issued in the concurrent private placements, and, as soon as practicable thereafter and subject to customary closing conditions, we will acquire the Initial Properties. These transactions are described in more detail under the caption "Our Business Initial Properties" in this prospectus.

Benefits of the Offering to Related Parties

In connection with this offering, our affiliates will receive benefits described below. All amounts are based on the initial offering price per share on the front cover of this prospectus.

- We have entered into employment agreements with each of our executive officers which become effective the first day after the completion of the offering. The material terms of the agreements with our officers are described under "Management Executive Officer, Director and Other Officer Compensation Employment Agreements" and "Management Executive Officer, Director and Other Officer Compensation 2015 Compensation of Executive Officers."

- We will reimburse AFP, in which Timothy G. Wallace, our Chairman, Chief Executive Officer and President, owns 99% of the interests, for organizational, legal, accounting and other similar expenses incurred in connection with this offering and the acquisition of the Initial Properties paid by AFP. AFP will receive no compensation for providing such services or funding such costs.

- We have entered into indemnification agreements with our officers and will enter into indemnification agreements with our directors, providing for procedures for indemnification by us to the fullest extent permitted by law and advancements by us of certain expenses and costs relating to claims, suits or proceedings arising from their service to us or, at our request, service to other entities, as officers or directors.

- We have adopted our 2014 Incentive Plan, under which we may grant equity incentive awards to our directors, officers, employees and consultants. Upon completion of this offering, we will issue shares of restricted stock to our officers and independent directors. See "Management Executive Officer, Director and Other Officer Compensation 2014 Incentive Plan" for additional information.

Our Structure

Immediately following completion of this offering and the acquisition of the Initial Properties we will own directly or indirectly 100% of all subsidiaries, including our operating partnership.

Determination of Consideration Payable for Our Initial Properties

All of the Initial Properties are being acquired pursuant to contracts that were negotiated based on arm's length third party negotiations with the sellers. We did not obtain new third-party appraisals on any of the properties although we did receive previously ordered appraisals on many of the properties. However, there can be no assurance that the negotiated value of the Initial Properties, individually or in total, does not exceed the fair market value of such asset or assets.

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Determination of Offering Price

Prior to this offering, there has been no public market for our common stock. The initial public offering price for our common stock in this offering will be negotiated between the representatives of the underwriters and us. In determining the initial public offering price of our common stock, the representatives of the underwriters will consider, among other things, the history and prospects for the industry in which we compete, the ability of our management, our business potential and earnings prospects, our estimated net income, our estimated FFO, our estimated NOI, our estimated cash available for distribution as adjusted, our anticipated dividend yield, our growth prospects, the prevailing securities markets at the time of this offering, the recent market prices of, and the demand for, publicly traded shares of companies considered by us and the underwriters to be comparable to us and the current state of the commercial real estate industry and the economy as a whole. The initial public offering price does not necessarily bear any relationship to the book value of the Initial Properties, our financial condition or any other established criteria of value and may not be indicative of the market price for our common stock after this offering.

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PRINCIPAL STOCKHOLDERS

The following table presents certain information regarding the beneficial ownership of our common stock as of March 31, 2015 by (i) the only persons known by us to own beneficially more than 5% of our common stock; (ii) each of our directors and named executive officers; and (iii) all of our executive officers and directors as a group. Each person named in the table has sole voting and investment power with respect to all of the common stock shown as beneficially owned by such person, except as otherwise set forth in the notes to the table.

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

Unless otherwise indicated, the business address of all the individuals and entities is c/o Community Healthcare Trust Incorporated, 354 Cool Springs Blvd., Suite 106, Franklin, Tennessee 37067. No shares beneficially owned by any director or executive officer have been pledged as security for a loan.

Name of Beneficial Owner	Number of Common Shares Beneficially Owned Immediately Before the Offering (#)	Percentage of All Shares Before the Offering (%)(1)	Number of Common Shares Beneficially Owned Immediately After the Offering (#)(2)	Percentage of All Shares After the Offering (%)(2)
5% Stockholders				
Athena Funding Partners, LLC	120,000(3)(4)	60.00%	120,000	1.8%
Named Executive Officers and Directors				
Timothy G. Wallace	120,000(5)	60.00%	225,263	3.4%
W. Page Barnes	25,000(6)	12.50%	30,263	*
Leigh Ann Stach	7,500(6)	3.75%	7,500	*
Alan Gardner		*		*
Robert Hensley		*	5,263	*
Alfred Lumsdaine		*	5,263	*
R. Lawrence Van Horn		*		*
All directors and executive officers as a group (7 persons)	152,500	76.25%	273,552	4.2%

* Represents less than 1% of the outstanding shares of common stock.

(1) Based on 200,000 shares of common stock outstanding on March 31, 2015.

(2) Assumes an aggregate of 6,573,684 shares of common stock are outstanding immediately after the offering, which does not reflect (i) shares of common stock reserved for issuance upon exercise of the underwriters' option to purchase 937,500 additional shares and (ii) shares of common stock to be issued pursuant to the 2014 Incentive Plan because the amount of shares to be issued thereunder in connection with this offering are not currently ascertainable.

(3) Mr. Wallace owns 99% of the interests of AFP, and these shares are deemed to be beneficially owned by him.

(4) AFP has entered into a lock-up agreement with the Company pursuant to which AFP has agreed not to sell its shares of common stock until five years following the closing of this offering.

(5) Includes 120,000 shares of common stock owned by AFP, of which Mr. Wallace is deemed to be the beneficial owner.

(6) The shares held by each of Mr. Barnes and Ms. Stach are subject to a repurchase option held by the Company upon the voluntary or involuntary termination of employment with the Company of such person, or the Repurchase Option, at a repurchase price equal to the original purchase price per share. One-third of the total shares will be released from the Repurchase Option on January 1, 2016, and an additional one-third of the total shares will

be released from the Repurchase Option on January 1, 2017. The remaining one-third of the total shares will be released from the Repurchase Option on January 1, 2018. The shares held by each of Mr. Barnes and Ms. Stach are also subject to a right of first refusal granted to the Company, which terminates five years following the completion of this offering.

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DESCRIPTION OF CAPITAL STOCK

The following is a summary of the material terms of our shares of capital stock and certain terms of our charter and bylaws. The following summary is not complete and is subject to and qualified in its entirety by reference to the MGCL and to our charter and bylaws, copies of which are filed as exhibits to the registration statement of which this prospectus is part. See "Where You Can Find More Information."

General

Our charter provides that we may issue up to 450,000,000 shares of common stock, $0.01 par value per share, or common stock, and up to 50,000,000 shares of preferred stock, $0.01 par value per share, or preferred stock. Our charter authorizes our board of directors, with the approval of a majority of the entire board of directors and without any action by our common stockholders, to amend our charter to increase or decrease the aggregate number of authorized shares of stock or the number of authorized shares of any class or series of our stock. Upon completion of this offering, 6,706,104 shares of our common stock will be issued and outstanding (7,643,604 shares if the underwriters' option to purchase additional shares is exercised in full), including an aggregate of 123,684 shares to be issued in the concurrent private placements, and no shares of preferred stock will be issued and outstanding.

Under Maryland law, stockholders generally are not personally liable for our debts or obligations solely as a result of their status as stockholders.

Common Stock

All of the shares of our common stock offered in this offering will be duly authorized, validly issued, fully paid and nonassessable. Subject to the preferential rights of any other class or series of our stock and to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, holders of shares of our common stock are entitled to receive dividends and other distributions on such shares if, as and when authorized by our board of directors out of assets legally available therefor and declared by us and to share ratably in the assets of our company legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up after payment or establishment of reserves for all known debts and liabilities of our company.

Subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock and except as may otherwise be specified in the terms of any class or series of our common stock, each outstanding share of our common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors, and, except as provided with respect to any other class or series of stock, the holders of shares of common stock will possess the exclusive voting power. There is no cumulative voting in the election of our directors. Directors are elected by a plurality of all of the votes cast in the election of directors.

Holders of shares of our common stock have no preference, conversion, exchange, sinking fund or redemption rights and have no preemptive rights to subscribe for any securities of our company. Our charter provides that our common stockholders generally have no appraisal rights unless our board of directors determines prospectively that appraisal rights will apply to one or more transactions in which holders of our common stock would otherwise be entitled to exercise appraisal rights. Subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, holders of our common stock will have equal dividend, liquidation and other rights.

Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge, consolidate, sell all or substantially all of its assets or engage in a statutory share exchange unless declared advisable by its board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of all of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth

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in the corporation's charter. Our charter provides for approval of any of these matters by the affirmative vote of stockholders entitled to cast a majority of the votes entitled to be cast on such matters, except that the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast generally in the election of directors is required to remove a director (and such removal must be for cause) and the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on such matter is required to amend the provisions of our charter relating to the removal of directors or the vote required to amend such provisions. Maryland law also permits a Maryland corporation to transfer all or substantially all of its assets without the approval of the stockholders of the corporation to an entity if all of the equity interests of the entity are owned, directly or indirectly, by the corporation. Because our operating assets may be held by our subsidiaries, these subsidiaries may be able to merge or transfer all or substantially all of their assets without the approval of our stockholders.

Our charter authorizes our board of directors to reclassify any unissued shares of our common stock into other classes or series of stock, to establish the designation and number of shares of each class or series and to set, subject to the provisions of our charter relating to the restrictions on ownership and transfer of our stock, the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of each such class or series.

Preferred Stock

Our charter authorizes our board of directors to classify any unissued shares of preferred stock and to reclassify any previously classified but unissued shares into one or more classes or series of preferred stock. Prior to issuance of shares of each new class or series, our board of directors is required by the MGCL and our charter to set, subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of each such class or series. As a result, our board of directors could authorize the issuance of shares of preferred stock that have priority over shares of our common stock with respect to dividends or other distributions or rights upon liquidation, exclusive or class voting rights or with other terms and conditions that could have the effect of delaying, deferring or preventing a transaction or a change of control of our company that might involve a premium price for holders of our common stock or that our common stockholders otherwise believe to be in their best interests. As of the date hereof, no shares of preferred stock are outstanding and we have no present plans to issue any preferred stock.

Power to Increase or Decrease Authorized Shares of Common Stock and Issue Additional Shares of Common and Preferred Stock

We believe that the power of our board of directors to amend our charter to increase or decrease the aggregate number of authorized shares of stock, to authorize us to issue additional authorized but unissued shares of our common stock or preferred stock and to classify or reclassify unissued shares of our common stock or preferred stock and thereafter to authorize us to issue such classified or reclassified shares of stock will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise. The additional classes or series, as well as the additional authorized shares of common stock, will be available for issuance without further action by our stockholders, unless such action is required by applicable law, the terms of any class or series of preferred stock we may issue in the future or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Although our board of directors does not currently intend to do so, it could authorize us to issue a class or series of stock that could, depending upon the terms of the particular class or series, delay, defer or prevent a transaction

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or a change of control of our company that might involve a premium price for holders of our common stock or that our common stockholders otherwise believe to be in their best interests. See "Material Provisions of Maryland Law and of Our Charter and Bylaws Anti-takeover Effect of Certain Provisions of Maryland Law and of Our Charter and Bylaws" for additional information.

Restrictions on Ownership and Transfer

In order for us to qualify as a REIT under the Code, our stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the outstanding shares of stock (after taking into account options to acquire shares of stock) may be owned, directly, indirectly or through application of certain attribution rules by five or fewer individuals (as defined in the Code to include certain entities such as qualified pension plans) at any time during the last half of a taxable year (other than the first year for which an election to be a REIT has been made).

Our charter contains restrictions on the ownership and transfer of our stock that are intended to assist us in complying with these requirements and continuing to qualify as a REIT. The relevant sections of our charter provide that, subject to the exceptions described below, no person or entity may actually or beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% (in value or in number of shares, whichever is more restrictive) of the outstanding shares of our common stock, or 9.8% in value of the outstanding shares of all classes and series of our stock. We refer to each of these restrictions as an "ownership limit" and collectively as the "ownership limits." A person or entity that would have acquired actual, beneficial or constructive ownership of our stock but for the application of the ownership limits or any of the other restrictions on ownership and transfer of our stock discussed below is referred to as a "prohibited owner."

The constructive ownership rules under the Code are complex and may cause stock owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% of our capital or common stock (or the acquisition of an interest in an entity that owns, actually or constructively, our stock) by an individual or entity, could, nevertheless cause that individual or entity, or another individual or entity, to own constructively in excess of 9.8% of such stock and thereby violate the applicable ownership limit.

Our board of directors, in its sole and absolute discretion, prospectively or retroactively, may exempt a person from either or both of the ownership limits if doing so would not result in us being "closely held" within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify as a REIT and our board of directors determines that:

- such exemption will not cause any individual to actually or beneficially own more than 9.8% in value of the outstanding shares of all classes and series of our stock; and

- subject to certain exceptions, the person does not and will not own, actually or constructively, an interest in a tenant of ours (or a tenant of any entity owned in whole or in part by us) that would cause us to own, actually or constructively, more than a 9.9% interest (as set forth in Section 856(d)(2)(B) of the Code) in such tenant.

As a condition of the exception, our board of directors may require an opinion of counsel or ruling of the United States Internal Revenue Service, in either case in form and substance satisfactory to our board of directors, in its sole and absolute discretion, in order to determine or ensure our status as a REIT and representations and undertakings from the person seeking the exemption or excepted

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holder limit in order to make the determinations above. Our board of directors may impose such conditions or restrictions as it deems appropriate in connection with such an exception.

Our board of directors may, in its sole and absolute discretion, increase or decrease one or both of the ownership limits for one or more persons, except that a decreased ownership limit will not be effective for any person whose actual, beneficial or constructive ownership of our stock exceeds the decreased ownership limit at the time of the decrease until the person's actual, beneficial or constructive ownership of our stock equals or falls below the decreased ownership limit, although any further acquisition of shares of our stock or beneficial or constructive ownership of our stock will violate the decreased ownership limit. Our board of directors may not increase or decrease any ownership limit if, among other limitations, the new ownership limit would allow five or fewer persons to actually or beneficially own more than 49% in value of our outstanding stock, could cause us to be "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or could otherwise cause us to fail to qualify as a REIT.

Our charter further prohibits:

- any person from actually, beneficially or constructively owning shares of our stock that could result in us being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise cause us to fail to qualify as a REIT (including, but not limited to, actual, beneficial or constructive ownership of shares of our stock that could result in us owning (actually or constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income we derive from such tenant, taking into account our other income that would not qualify under the gross income requirements of Section 856(c) of the Code, would cause us to fail to satisfy any such gross income requirements imposed on REITs); and

- any person from transferring shares of our stock if such transfer would result in shares of our stock being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution).

Any person who acquires or attempts or intends to acquire actual, beneficial or constructive ownership of shares of our stock that will or may violate the ownership limits or any of the other restrictions on ownership and transfer of our stock described above must give written notice immediately to us or, in the case of a proposed or attempted transaction, provide us at least 15 days prior written notice, and provide us with such other information as we may request in order to determine the effect of such transfer on our status as a REIT.

The ownership limits and other restrictions on ownership and transfer of our stock described above will not apply until the completion of this offering and will not apply if our board of directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT or that compliance is no longer required in order for us to qualify as a REIT.

Pursuant to our charter, if any purported transfer of our stock or any other event would otherwise result in any person violating the ownership limits or such other limit established by our board of directors, or could result in us being "closely held" within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify as a REIT, then that number of shares causing the violation (rounded up to the nearest whole share) will be automatically transferred to, and held by, a trust for the exclusive benefit of one or more charitable organizations selected by us. The prohibited owner will have no rights in shares of our stock held by the trustee. The automatic transfer will be effective as of the close of business on the business day prior to the date of the violative transfer or other event that results in the transfer to the trust. Any dividend or other distribution paid to the prohibited owner, prior to our discovery that the shares had been automatically transferred to a trust as described above, must be

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repaid to the trustee upon demand. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent violation of the applicable restriction on ownership and transfer of our stock, then that transfer of the number of shares that otherwise would cause any person to violate the above restrictions will be void. If any transfer of our stock would result in shares of our stock being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution), then any such purported transfer will be void and of no force or effect and the intended transferee will acquire no rights in the shares.

Shares of our stock transferred to the trustee are deemed offered for sale to us, or our designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in the transfer of the shares to the trust (or, in the event of a gift, devise or other such transaction, the last reported sale price on the day of the transfer or other event that resulted in the transfer of such shares to the trust) and (ii) the last reported sale price on the date we accept, or our designee accepts, such offer. We must reduce the amount payable to the prohibited owner by the amount of dividends and distributions paid to the prohibited owner and owed by the prohibited owner to the trustee and pay the amount of such reduction to the trustee for the benefit of the charitable beneficiary. We have the right to accept such offer until the trustee has sold the shares of our stock held in the trust. Upon a sale to us, the interest of the charitable beneficiary in the shares sold terminates and the trustee must distribute the net proceeds of the sale to the prohibited owner and any dividends or other distributions held by the trustee with respect to such stock will be paid to the charitable beneficiary.

If we do not buy the shares, the trustee must, within 20 days of receiving notice from us of the transfer of shares to the trust, sell the shares to a person or persons designated by the trustee who could own the shares without violating the ownership limits or other restrictions on ownership and transfer of our stock. Upon such sale, the trustee must distribute to the prohibited owner an amount equal to the lesser of (i) the price paid by the prohibited owner for the shares (or, if the prohibited owner did not give value in connection with the transfer or other event that resulted in the transfer to the trust (e.g., a gift, devise or other such transaction), the last reported sale price on the day of the transfer or other event that resulted in the transfer of such shares to the trust) and (ii) the sales proceeds (net of commissions and other expenses of sale) received by the trustee for the shares. The trustee will reduce the amount payable to the prohibited owner by the amount of dividends and other distributions paid to the prohibited owner and owed by the prohibited owner to the trustee. Any net sales proceeds in excess of the amount payable to the prohibited owner will be immediately paid to the charitable beneficiary, together with any dividends or other distributions thereon. In addition, if prior to our discovery that shares of our stock have been transferred to the trustee, such shares of stock are sold by a prohibited owner, then such shares shall be deemed to have been sold on behalf of the trust and, to the extent that the prohibited owner received an amount for or in respect of such shares that exceeds the amount that such prohibited owner was entitled to receive, such excess amount shall be paid to the trustee upon demand.