

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

**American Realty Capital Healthcare Trust III, Inc.**

CIK: [1609234](#) | IRS No.: [383930747](#) | State of Incorporation: **MD** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: [000-55625](#) | Film No.: [171273701](#)  
SIC: **6798** Real estate investment trusts

Mailing Address  
405 PARK AVENUE  
NEW YORK NY 10022

Business Address  
405 PARK AVENUE  
NEW YORK NY 10022  
212-415-6500

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

**FORM 8-K**

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **December 21, 2017**

**American Realty Capital Healthcare Trust III, Inc.**

(Exact Name of Registrant as Specified in Charter)

**Maryland**

(State or other jurisdiction  
of incorporation)

**000-55625**

(Commission File Number)

**38-3930747**

(I.R.S. Employer  
Identification No.)

**405 Park Avenue, 4<sup>th</sup> Floor  
New York, New York 10022**

(Address, including zip code, of Principal Executive Offices)

**Registrant's telephone number, including area code: (212) 415-6500**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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## **Item 1.01. Entry into a Material Definitive Agreement.**

### ***Advisory Agreement and Partnership Agreement Amendments***

On December 22, 2017, American Realty Capital Healthcare Trust III, Inc. (the “Company”), the Company’s operating partnership, American Realty Capital Healthcare III Operating Partnership, L.P. (the “OP”), and the Company’s advisor, American Realty Capital Healthcare Trust III Advisors, LLC (the “Advisor”), entered into an amendment (the “Advisory Agreement Amendment”) to the Company’s existing advisory agreement dated as of August 20, 2014 (the “Advisory Agreement”) and a related amendment (the “LPA Amendment” and, together with the Advisory Agreement Amendment, the “Amendments”) to the amended and restated operating partnership agreement of the OP dated as of August 10, 2015.

The Amendments were entered into pursuant to a letter agreement among the Company, the Advisor, the Company’s property manager and AR Global Investments, LLC, the parent of the Company’s sponsor (the “Letter Agreement”), dated as of June 16, 2017, as amended September 28, 2017. The Letter Agreement was entered into in connection with the Company’s entry into a purchase agreement (the “Purchase Agreement”), dated as of June 16, 2017, with Healthcare Trust, Inc. (“HTI”), Healthcare Trust Operating Partnership, L.P. (“HTI OP”) and ARHC TRS Holdco II, LLC (“HTI Holdco”). Pursuant to the Purchase Agreement, at a closing that occurred on December 22, 2017 (the “Closing”), HTI, the HTI OP and HTI Holdco purchased all of the membership interests in the Company’s indirect subsidiaries that own the 19 properties comprising substantially all of the Company’s assets (together with the other transactions contemplated by the Purchase Agreement, the “Asset Sale”).

The Amendments became effective upon the occurrence of the Closing and are effective as of October 1, 2017. The Amendments facilitate the establishment of a value for limited partnership units of the OP designated as “Class B Units” (“Class B Units”) consistent with the applicable provisions of the Letter Agreement and certain of the other payments contemplated by the Letter Agreement. In connection with the Closing and pursuant to the Letter Agreement, the Advisor surrendered 95,642 Class B Units and the independent directors on the Company’s Board of Directors (the “Board”) established the value of these Class B Units as \$1.7 million in the aggregate (\$17.64 per Class B Unit) consistent with the estimated net asset value per share of the Company’s common stock of \$17.64 per share approved by the independent directors on the Company’s board of directors on July 18, 2017 and published by the Company in its Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on July 19, 2017. The aggregate value of the Class B Units reduced the total amount otherwise due and payable by the Advisor to the Company following the Closing in accordance with the terms of the Letter Agreement. This total amount of \$0.6 million is payable in two equal installments, the first of which was paid on December 26, 2017 and the second of which will be due within six months following the Closing. Pursuant to the Letter Agreement, following the Closing, no other fees or expense reimbursements will be paid by or to the Advisor and its affiliates, on the one hand, or the Company, on the other hand. The terms of the Letter Agreement are more fully described in the Company’s Current Reports on Form 8-K filed with the SEC on June 19, 2017 and October 4, 2017 and the Company’s definitive proxy statement (the “Proxy Statement”) filed with the SEC on October 23, 2017.

The Advisory Agreement Amendment also extends the term of the Advisory Agreement to expire on August 20, 2018 and gives the Company the right, upon written notice to the Advisor, to renew for an unlimited number of successive one-year terms; provided, however, the Advisory Agreement will automatically terminate upon the later of (x) the dissolution of the Company and (y) 30 days following the 14-month anniversary of the Closing.

The foregoing description of the Advisory Agreement and the LPA Amendment does not purport to be complete and is qualified in its entirety by reference to the full texts of the Advisory Agreement Amendment and the LPA Amendment, which are attached hereto as Exhibits 10.1 and 10.2, respectively, and are incorporated herein by reference.

## **Item 2.01. Completion of Acquisition or Disposition of Assets.**

### ***Closing of the Asset Sale***

On December 22, 2017, the Asset Sale was completed at the Closing and HTI paid the Company \$108.4 million, representing the purchase price under the Purchase Agreement of \$120.0 million, less, (i) \$0.7 million, reflecting prorations and closing adjustments pursuant to the Purchase Agreement, (ii) \$4.9 million, reflecting the outstanding principal amount of the loan secured by the Company’s Philip Center property assumed by HTI at the Closing in accordance with the Purchase Agreement, and (iii) \$6.0 million deposited by HTI into an escrow account in accordance with the Purchase Agreement. This escrow amount, less any amounts paid or reserved for pending or unsatisfied indemnification claims that HTI may make pursuant to the Purchase Agreement, will be released to the Company

in installments over a period of 14 months following the Closing. In addition, the Company incurred \$1.3 million in closing and other transaction costs.

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Both the Advisor and HTI's advisor, as well as the property managers of the Company and HTI, are indirectly owned and controlled by AR Global Investments, LLC ("AR Global"). Edward M. Weil, Jr., the executive chairman of the Board, is also a member of the HTI's Board of Directors. Mr. Weil owns a non-controlling interest in the parent of AR Global and is also the chief executive officer of AR Global. In addition, the Company, HTI, the Advisor, HTI's advisor, and the property managers of the Company and HTI have the same executive officers, W. Todd Jensen and Katie P. Kurtz.

**Item 5.07. Submission of Matters to a Vote of Security Holders.**

***Results of Stockholder Vote at Annual Meeting***

On December 21, 2017, the Company held its 2017 annual meeting of stockholders (the "Annual Meeting"). At the Annual Meeting, the stockholders voted on: (i) the approval of the Asset Sale; (ii) the approval of the Company's plan of liquidation and dissolution (the "Plan of Liquidation"); (iii) the election of three directors to serve for one year, until the Company's 2018 annual meeting of stockholders and their successors are duly elected and qualified; and (iv) the ratification of KPMG LLP ("KPMG") as the Company's independent registered public accounting firm for the year ending December 31, 2017.

The Proxy Statement describes in detail each of the proposals submitted to stockholders at the Annual Meeting.

At the Annual Meeting, there were present, in person or by proxy, stockholders holding an aggregate of 4,519,621 shares of the Company's common stock, representing approximately 64.97% of the total number of 6,956,304 shares of the Company's common stock issued and outstanding as of the record date for the Annual Meeting and entitled to vote on each proposal.

The stockholders approved all proposals at the Annual Meeting. The full results of the following matters voted on at the Annual Meeting are set forth below. Stockholder action on Proposal No. 5, to approve the adjournment of the Annual Meeting, if necessary or appropriate, for the purpose of soliciting additional votes for the approval of Proposal Nos. 1 through 4, was not required and no vote was taken on that proposal.

*Proposal No. 1 – Approval of the Asset Sale.<sup>†</sup>*

<b>Votes For</b>	<b>Votes Against</b>	<b>Abstain</b>	<b>Broker Non-Votes</b>
3,767,770 (83.6%)	643,049 (14.3%)	96,716 (2.2%)	*

*Proposal No. 2 – Approval of the Plan of Liquidation:*

<b>Votes For</b>	<b>Votes Against</b>	<b>Abstain</b>	<b>Broker Non-Votes</b>
3,760,112 (83.2%)	642,469 (14.2%)	117,040 (2.6%)	*

*Proposal No. 3 – Election of Directors:*

<b>Nominee</b>	<b>Votes For</b>	<b>Votes Against</b>	<b>Abstain</b>	<b>Broker Non-Votes</b>
Edward M. Weil, Jr.	3,485,852 (77.1%)	607,346 (13.4%)	426,423 (9.4%)	*
P. Sue Perrotty	3,498,065 (77.4%)	598,103 (13.2%)	423,453 (9.4%)	*
B.J. Penn	3,483,817 (77.1%)	597,177 (13.2%)	438,627 (9.7%)	*

*Proposal No. 4 – Ratification of the Appointment of KPMG as the Company's Independent Registered Public Accounting Firm for the Fiscal Year Ending December 31, 2017:*

<b>Votes For</b>	<b>Votes Against</b>	<b>Abstain</b>	<b>Broker Non-Votes</b>
3,847,046 (85.1%)	431,439 (9.5%)	241,136 (5.3%)	*

<sup>†</sup> Proposal No. 1 excludes shares of the Company's common stock beneficially owned by the Advisor, any director of the Company or any of their respective affiliates, including AR Global.

\* No broker non-votes were recorded in connection with Proposal Nos. 1 through 4.



## **Item 7.01. Regulation FD Disclosure**

### ***Press Release***

On December 26, 2017, the Company issued a press release announcing the closing of the Asset Sale, a copy of which is furnished as Exhibit 99.1 to this Current Report on Form 8-K. The press release shall not be deemed “filed” for any purpose, including for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section. The information in Item 7.01, including Exhibit 99.1, shall not be deemed incorporated by reference into any filing under the Exchange Act or the Securities Act of 1933, as amended, regardless of any general incorporation language in such filing

## **Item 8.01. Other Events.**

### ***Initial Liquidating Distribution***

Pursuant to the Plan of Liquidation, which became effective at the Closing, the Company will be required to pay or provide for its liabilities and expenses, distribute the remaining proceeds of the liquidation of the Company’s assets to its stockholders, wind up the Company’s operations, and dissolve.

On December 21, 2017, immediately following the Annual Meeting and subject to the Closing, the independent directors on the Board unanimously approved an initial liquidating distribution (the “Initial Liquidating Distribution”) pursuant to the Plan of Liquidation of \$15.75 per share of the Company’s common stock. The Initial Liquidating Distribution, which represents a portion of the proceeds from the Asset Sale, will be paid on January 5, 2018 to stockholders of record at the close of business on December 22, 2017.

### ***Notice of Termination of Distribution Reinvestment Plan***

In connection with the Asset Sale and Plan of Liquidation, on December 21, 2017, immediately following the Annual Meeting, the Board terminated the Company’s distribution reinvestment plan (the “DRIP”). The DRIP had previously been suspended. The termination will become effective upon the mailing of a notice, a copy of the form of which is attached hereto as Exhibit 99.2, to each participant in the DRIP.

### ***Notice of Termination of Share Repurchase Program***

In connection with the Asset Sale and Plan of Liquidation, on December 21, 2017, immediately following the Annual Meeting, the Board terminated the Company’s share repurchase program (the “SRP”). The SRP had previously been suspended. The termination will become effective on December 27, 2017.

## **Forward-Looking Statements**

The statements in this Current Report on Form 8-K that are not historical facts may be forward-looking statements. These forward-looking statements involve substantial risks and uncertainties. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements the Company makes. Forward-looking statements may include, but are not limited to, statements regarding stockholder liquidity and investment value and returns. The words “anticipates,” “believes,” “expects,” “estimates,” “projects,” “plans,” “intends,” “may,” “will,” “would,” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Factors that might cause such differences include, but are not limited to: unexpected costs or unexpected liabilities; the inability to retain key personnel; future regulatory or legislative actions that could adversely affect the Company; and other factors, many of which are beyond Company’s control, including other factors included in the Company’s reports filed with the SEC, particularly in the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of the Proxy Statement and the Company’s latest Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on March 9, 2017 as amended on April 28, 2017, as such Risk Factors may be updated from time to time in subsequent reports. The Company does not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

**Item 9.01. Financial Statements and Exhibits.**

**(b) Pro forma financial information**

Unaudited pro forma consolidated financial statements for the nine months ended September 30, 2017 and the year ended December 31, 2016 reflecting the Asset Sale are attached hereto as Exhibit 99.3 to this Current Report on Form 8-K and incorporated by reference herein.

**(d) Exhibits**

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">10.1</a>	<a href="#">Second Amendment to Advisory Agreement, dated as of December 22, 2017, by and among American Realty Capital Healthcare Trust III, Inc., American Realty Capital Healthcare Trust III Operating Partnership, L.P. and American Realty Capital Healthcare III Advisors, LLC</a>
<a href="#">10.2</a>	<a href="#">First Amendment to Amended and Restated Agreement of Limited Partnership of American Realty Capital Healthcare III Operating Partnership, L.P. dated as of December 22, 2017</a>
<a href="#">99.1</a>	<a href="#">Press Release dated December 26, 2017</a>
<a href="#">99.2</a>	<a href="#">Form of Notice to Participants</a>
<a href="#">99.3</a>	<a href="#">Unaudited pro forma consolidated financial statements for the nine months ended September 30, 2017 and the year ended December 31, 2016</a>

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## SIGNATURES

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

**American Realty Capital Healthcare Trust III, Inc.**

Date: December 26, 2017

By: /s/ W. Todd Jensen

Name: W. Todd Jensen

Title: *Interim Chief Executive Officer and President*

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**SECOND AMENDMENT TO ADVISORY AGREEMENT**

This SECOND AMENDMENT TO ADVISORY AGREEMENT (this "Amendment"), dated as of December 22, 2017 and effective as of October 1, 2017, is entered into by and among American Realty Capital Healthcare Trust III, Inc. (the "Company"), American Realty Capital Healthcare III Operating Partnership, L.P. (the "Operating Partnership") and American Realty Capital Healthcare III Advisors, LLC (the "Advisor").

**RECITALS**

**WHEREAS**, the Company, the Operating Partnership and the Advisor are parties to that certain Advisory Agreement, dated as of August 20, 2014, and amended by that certain First Amendment to Advisory Agreement, dated as of June 16, 2017 (as amended, the "Advisory Agreement");

**WHEREAS**, the Company, the Operating Partnership, ARHC TRS Holdco III, LLC ("Holdco Seller"), Healthcare Trust Inc. ("HTI"), Healthcare Trust Operating Partnership, L.P. ("HTI's Operating Partnership"), and ARHC TRS Holdco II, LLC ("Holdco Buyer") have entered into that certain Purchase Agreement dated as of June 16, 2017 (the "Purchase Agreement"), whereby the Company, through the Operating Partnership and Holdco Seller, has agreed to sell substantially all of its assets to HTI, through HTI's Operating Partnership and Holdco Buyer (the "Sale"), as more particularly described in the Purchase Agreement;

**WHEREAS**, on June 16, 2017, the Company, the Advisor, American Realty Capital Healthcare III Properties, LLC, and AR Global Investments, LLC entered into that certain letter agreement, and, on September 28, 2017, an amendment thereto (such letter agreement as so amended, the "Letter Agreement");

**WHEREAS**, the Letter Agreement relates to the amounts that may become payable to and from the Advisor and its affiliates, on the one hand, and the Company, on the other hand, if the Sale closes and as the Advisor thereafter continues to provide services to the Company as the Company's plan of liquidation is implemented, as more particularly described in the Letter Agreement;

**WHEREAS**, pursuant to the Letter Agreement, the Company and the Advisor agreed, prior to the Closing (as defined in the Purchase Agreement), to further amend the Advisory Agreement and amend the Amended and Restated Agreement of Limited Partnership of the Operating Partnership dated as of August 10, 2015, effective as of October 1, 2017, to effectuate the certain matters contemplated by the Letter Agreement; and

**WHEREAS**, the Company, the Operating Partnership and the Advisor desire to amend the Advisory Agreement to give effect to the provisions of the Letter Agreement and to confirm and clarify the term and termination provisions of the Advisory Agreement contemplated by the First Amendment to the Advisory Agreement and the Letter Agreement.

**NOW, THEREFORE**, in consideration of the premises made hereunder, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Amendment to Section 1 of the Advisory Agreement. Section 1 of the Advisory Agreement is hereby supplemented by the addition of the following new definitions:

“**Asset Management Fee**” means the fees payable to the Advisor pursuant to Section 11(h).”

“**Closing Date**” has the meaning ascribed to such term in that certain Purchase Agreement, dated as of June 16, 2017, by and among the Company, the Operating Partnership, ARHC TRS Holdco III, LLC, Healthcare Trust Inc., Healthcare Trust Operating Partnership, L.P., and ARHC TRS Holdco II, LLC, as such Purchase Agreement may be amended from time to time.”

“**Cost of Assets**” means, with respect to a Real Estate Asset, the purchase price, Acquisition Expenses, capital expenditures and other customarily capitalized costs, but shall exclude Acquisition Fees associated with such Real Estate Asset.”

2. Amendment to Section 11(g) of the Advisory Agreement. Section 11(g) of the Advisory Agreement is hereby replaced in its entirety with the following:

“(g) **Subordinated Participation Interests.** The Company shall cause the Operating Partnership to periodically issue Subordinated Participation Interests in the Operating Partnership to the Advisor or its assignees, pursuant to the terms and conditions contained in the Operating Partnership Agreement, in connection with the Advisor’s (or its assignees’) management of the Operating Partnership’s assets for any period ending prior to or as of September 30, 2017.”

3. Addition of Section 11(h) of the Advisory Agreement. The Advisory Agreement is supplemented by the addition of the following new Section 11(h):

“(h) **Asset Management Fee.** Commencing on or after October 1, 2017, and in lieu of any Subordinated Participation Interests, the Company shall pay an Asset Management Fee to the Advisor or its assignees as compensation for services rendered in connection with the management of the Company’s assets. The Asset Management Fee is payable on the first business day of each quarter for the preceding quarterly period in an amount equal to the excess of (A) the product of (x) 0.1875% multiplied by (y) the lower of the Cost of Assets and the fair market value of the Company’s assets as reported in the applicable Quarterly Report on Form 10-Q or Annual Report on Form 10-K filed with the Securities and Exchange Commission with respect to such quarterly period over (B) any amounts payable as an Oversight Fee (as defined in the Management Agreement) for such quarterly period. The Advisor shall submit a computation of the Asset Management Fee to the Company for the applicable quarterly period.”

4. Amendment to Section 17 of the Advisory Agreement. Section 17 of the Advisory Agreement is hereby replaced in its entirety with the following:

“**17. TERM OF AGREEMENT.** This Agreement shall continue in force through August 20, 2018; provided, however that the Company may, by providing timely notice thereof to the Advisor, renew this Agreement for an unlimited number of successive one-year terms; provided, further that, this Agreement shall automatically terminate upon the later of (x) the dissolution of the Company and (y) 30 days following the fourteen-month anniversary of the Closing Date.”

Acknowledgments. The Advisor and the Company agree that, as set forth in the Letter Agreement, (i) the Asset Management Fee payable to the Advisor under Section 11(h) of the Advisory Agreement (as amended by Section 2 of this Amendment) and Section 3 of the Letter Agreement, will no longer accrue after the Closing, and (ii) no other fees or reimbursements that are not expressly set forth in this Amendment or the Letter Agreement are payable, or will become payable, from the Company to the Advisor.

5. Effectiveness and Termination. Subject to the occurrence of the Closing and conditioned thereon, this Amendment shall become effective as of October 1, 2017. Notwithstanding anything in this Amendment, in the event of a termination under Article 9 of the Purchase Agreement, this Amendment shall be null and void.

6. Miscellaneous. The provisions of this Amendment are independent of and severable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part. The provisions of this Agreement shall be construed and interpreted in accordance with the internal laws of the State of New York as at the time in effect, without regard to the principles of conflicts of laws thereof. This Amendment may be executed (including by facsimile transmission) with counterpart signature pages or in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument.

*[Signature page follows.]*

**IN WITNESS WHEREOF**, the undersigned, intending to be legally bound hereby, have duly executed this Second Amendment to Advisory Agreement as of the date first set forth above.

**AMERICAN REALTY CAPITAL HEALTHCARE TRUST III,  
INC.**

By: /s/ W. Todd Jensen  
Name: W. Todd Jensen  
Title: President and Interim Chief Executive Officer

**AMERICAN REALTY CAPITAL HEALTHCARE TRUST III  
OPERATING PARTNERSHIP, L.P.**

By: American Realty Capital Healthcare Trust III, Inc., its General  
Partner

By: /s/ W. Todd Jensen  
Name: W. Todd Jensen  
Title: President and Interim Chief Executive Officer

**AMERICAN REALTY CAPITAL HEALTHCARE III  
ADVISORS, LLC**

By: /s/ Michael Anderson  
Name: Michael Anderson  
Title: Authorized Signatory

*[Signature Page to Second Amendment to Advisory Agreement]*

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**FIRST AMENDMENT  
TO  
AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP  
OF  
AMERICAN REALTY CAPITAL HEALTHCARE TRUST III OPERATING PARTNERSHIP, L.P.**

This FIRST AMENDMENT TO AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF AMERICAN REALTY CAPITAL HEALTHCARE TRUST III OPERATING PARTNERSHIP, L.P. (this "Amendment"), dated December 22, 2017 and effective as of October 1, 2017, is entered into by American Realty Capital Healthcare Trust III, Inc., a Maryland corporation, in its capacity as the general partner (the "General Partner") of American Realty Capital Healthcare Trust III Operating Partnership, L.P., a Delaware limited partnership (the "Partnership"), and American Realty Capital Healthcare III Advisors, LLC (the "Advisor"). Capitalized terms used but not otherwise defined in this Amendment shall have the meanings given to such terms in the Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of August 10, 2015 (as amended, the "Partnership Agreement").

**RECITALS:**

**WHEREAS**, the General Partner, the Operating Partnership, ARHC TRS Holdco III, LLC ("Holdco Seller"), Healthcare Trust Inc. ("HTI"), Healthcare Trust Operating Partnership, L.P. ("HTI's Operating Partnership"), and ARHC TRS Holdco II, LLC ("Holdco Buyer") have entered into that certain Purchase Agreement dated as of June 16, 2017 (the "Purchase Agreement"), whereby the General Partner, through the Operating Partnership and Holdco Seller, has agreed to sell substantially all of its assets to HTI, through HTI's Operating Partnership and Holdco Buyer (the "Sale"), as more particularly described in the Purchase Agreement;

**WHEREAS**, on June 16, 2017, the General Partner, the Advisor, American Realty Capital Healthcare III Properties, LLC, and AR Global Investments, LLC entered into that certain letter agreement, and, on September 28, 2017, an amendment thereto (such letter agreement as so amended, the "Letter Agreement");

**WHEREAS**, the Letter Agreement relates to the amounts that may become payable to and from the Advisor and its affiliates, on the one hand, and the General Partner, on the other hand, if the Sale closes and as the Advisor thereafter continues to provide services to the General Partner as the General Partner's plan of liquidation is implemented, as more particularly described in the Letter Agreement;

**WHEREAS**, pursuant to the Letter Agreement, the Company and the Advisor agreed, prior to the Closing (as defined in the Purchase Agreement), to further amend the Advisory Agreement and amend the Partnership Agreement effective as of July 1, 2017 to effectuate certain matters contemplated by the Letter Agreement; and

**WHEREAS**, the General Partner and the Advisor desire to amend the provisions of the Partnership Agreement to give effect to the provisions of the Letter Agreement.

**NOW THEREFORE**, in consideration of the premises made hereunder, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Article 1 of the Partnership Agreement is hereby revised by deleting the following defined terms in their entirety:

*"Adjustment Event"*

*"Constituent Person"*

*"Conversion Date"*

*"NAV Pricing Start Date"*

2. Article 1 of the Partnership Agreement is hereby revised by replacing the following defined terms in their entirety with the following new defined terms:

““*Class B Economic Capital Account Balances*” means the Capital Account balances of the Class B Unit holders to the extent attributable to their ownership of Class B Units reduced by any forfeiture allocations due to the forfeiture or surrender of any Class B Units.”

““*OP Unit Economic Balance*” means the quotient of (a) the aggregate Capital Account balance attributable to the OP Units outstanding, plus the amount of any Partner Minimum Gain or Partnership Minimum Gain, in either case to the extent attributable to the ownership of OP Units and computed on a hypothetical basis after taking into account all allocations through the date on which such determination is made, divided by (b) the number of OP Units outstanding on that date.”

““*OP Unit Transaction*” means, in connection with a Class B Unit, a transaction to which the Partnership or the General Partner shall be a party, including a merger, consolidation, unit exchange, self-tender offer for all or substantially all OP Units or other business combination or reorganization, or sale of all or substantially all the Partnership’s assets in each case as a result of which OP Units shall be exchanged for or converted into the right, or the holders of such OP Units shall otherwise be entitled, to receive cash, securities or other property or any combination thereof, which for the avoidance of doubt shall include the consummation of the sale of all or substantially all the Partnership’s assets pursuant to that certain Purchase Agreement, dated as of June 16, 2017, by and among the General Partner, the Partnership, ARHC TRS Holdco III, LLC, Healthcare Trust Inc., Healthcare Trust Operating Partnership, L.P., and ARHC TRS Holdco II, LLC, as such Purchase Agreement may be amended from time to time.”

3. Section 13.3 of the Partnership Agreement is hereby replaced in its entirety with the following new Section 13.3:

“13.3 No Obligation to Contribute Deficit

If any Partner or the Special Limited Partner has a deficit balance in his Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs), such Partner and the Special Limited Partner shall have no obligation to make any contribution to the capital of the Partnership with respect to such deficit, and such deficit shall not be considered a debt owed to the Partnership or to any other Person for any purpose whatsoever.”

4. Article 16 of the Partnership Agreement is hereby replaced in its entirety with the following new Article 16:

“16.1 Designation and Number

A series of Partnership Units in the Partnership, designated as the “Class B Units,” is hereby established. Except as set forth in this Article 16, Class B Units shall have the same rights, privileges and preferences as the OP Units. Subject to the provisions of this Article 16 and the special provisions of subparagraph 1(c)(ii) of Exhibit B, Class B Units shall be treated as Partnership Units, with all of the rights, privileges and obligations attendant thereto. In connection with services provided by the Advisor under the Advisory Agreement, the General Partner shall cause the Partnership to issue to the Initial Limited Partner within forty-five (45) days after the end of each Quarter until and including the Quarter ending September 30, 2017 a number of Class B Units equal to the quotient of: (i) the excess of (A) the product of (y) the lower of the Cost of Assets and the fair market value of the Partnership’s assets as reported in the applicable Quarterly Report on Form 10-Q or Annual Report on Form 10-K filed by the General Partner with the Securities and Exchange Commission with respect to such Quarter multiplied by (z) 0.1875% over (B) any amounts payable as an Oversight Fee (as defined in the Management Agreement) for such Quarter divided by (ii) the NAV per share of Common Stock as of the last day of such Quarter; provided, that if the amounts payable as an Oversight Fee for such Quarter exceed the amount determined under clause (A) for such Quarter (an “Excess Oversight Fee”), no Class B Units shall be issued for such Quarter and the Excess Oversight Fee shall be carried forward to the next succeeding Quarter and included with and treated as amounts payable as an Oversight Fee for such Quarter for purposes of determining the amount of Class B Units issuable for such Quarter; provided further, that the sum of (I) the amounts determined under clause (i) for a calendar year plus (II) the amounts payable as an Oversight Fee for such calendar year, shall not be less than 0.75% of the lower of the Cost of Assets and the fair value of the Partnership’s assets for such calendar year; provided further, that each quarterly issuance of Class B Units shall be subject to the approval of the General Partner’s board of directors.

## 16.2 Special Provisions

Class B Units shall be subject to the following special provisions:

(a) Restrictions and Forfeiture.

(i) All Class B Units when issued shall be subject to forfeiture and shall constitute “Restricted Class B Units” and shall remain subject to forfeiture as provided in this Section 16.2(a) until the requirements of this Section 16.2(a) have been satisfied.

(ii) One hundred percent (100%) of the outstanding Restricted Class B Units shall no longer be subject to forfeiture and shall constitute “Unrestricted Class B Units” at such time as a Liquidity Event occurs; *provided*, that the Advisor pursuant to the Advisory Agreement is providing services to the Partnership immediately prior to the occurrence of an event of the type described therein, unless the failure to provide such services is attributable to a Termination Without Cause.

(iii) If the Advisory Agreement is terminated for any reason other than pursuant to a Termination Without Cause, any outstanding Restricted Class B Units shall be forfeited immediately. Upon such forfeiture, such Restricted Class B Units shall immediately, and without any further action, be treated as cancelled and no longer outstanding for any purpose. No consideration or other payment shall be due with respect to any Class B Units that have been forfeited. In connection with any forfeiture of Class B Units, the balance of the Capital Account of a holder of Class B Units, if any, shall be reduced by the amount of the Capital Account attributable to the forfeited Class B Units, and such reduction shall be reallocated to all holders of OP Units, pro rata in accordance with their respective Percentage Interests with respect to OP Units.

(iv) The General Partner may in its sole discretion provide for the acceleration, waiver or change of the forfeiture provisions contained in this Section 16.2(a), in whole or in part, based on such factors or criteria as the General Partner may determine.

(b) Distributions. The holders of Class B Units shall be entitled to (i) current distributions of Cash Available for Distribution pursuant to Section 5.1(a); (ii) distributions, if any, of Net Sales Proceeds pursuant to Section 5.1(b)(iii); and (iii) distributions in liquidation of the Partnership pursuant to Section 13.2.

## 16.3 Voting

Holders of Class B Units shall (a) have the same voting rights as the Limited Partners, with the Class B Units voting as a single class with the OP Units and having one vote per Class B Unit; and (b) have the additional voting rights that are expressly set forth below. So long as any Class B Units remain outstanding, the Partnership shall not, without the affirmative vote of the holders of at least a majority of the Class B Units outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting separately as a class), amend, alter or repeal, whether by merger, consolidation or otherwise, the provisions of this Agreement applicable to Class B Units so as to materially and adversely affect any right, privilege or voting power of the Class B Units or the holders of Class B Units as such, unless such amendment, alteration, or repeal affects equally, ratably and proportionately the rights, privileges and voting powers of the Limited Partners; provided, that any creation or issuance of any Partnership Units or of any class or series of Partnership Interest including additional OP Units or Class B Units whether ranking senior to, junior to, or on a parity with the Class B Units with respect to distributions and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the Class B Units or the holders of Class B Units as such.”



5. Subparagraph 1(c)(ii) of Exhibit B of the Partnership Agreement is hereby replaced in its entirety with the following new subparagraph 1(c)(ii):

“(ii)[Intentionally Omitted]”

6. Effectiveness and Termination. Subject to the occurrence of the Closing and conditioned thereon, this Amendment shall become effective as of October 1, 2017. Notwithstanding anything in this Amendment, in the event of a termination under Article 9 of the Purchase Agreement, this Amendment shall be null and void.

7. Miscellaneous. If any provision of this Amendment is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby. This Amendment shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of laws thereof. This Amendment may be executed (including by facsimile transmission) with counterpart signature pages or in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

**IN WITNESS WHEREOF**, the undersigned, intending to be legally bound hereby, have duly executed this Amendment as of the date and year first aforesaid.

GENERAL PARTNER:

**AMERICAN REALTY CAPITAL HEALTHCARE TRUST III,  
INC.**

By: /s/ W. Todd Jensen  
Name: W. Todd Jensen  
Title: President and Interim Chief Executive Officer

LIMITED PARTNER:

**AMERICAN REALTY CAPITAL HEALTHCARE III  
ADVISORS, LLC**

By: /s/ Michael Anderson  
Name: Michael Anderson  
Title: Authorized Signatory

[Signature Page to First Amendment to Amended and Restated Agreement of Limited Partnership]

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**FOR IMMEDIATE RELEASE****American Realty Capital Healthcare Trust III, Inc.  
Completes Asset Sale to Healthcare Trust, Inc.**

*Stockholders Approve Asset Sale and Plan of Liquidation*

*Initial Liquidation Distribution to Stockholders Approved*

**New York, New York, December 26, 2017** – American Realty Capital Healthcare Trust III, Inc. (the “Company”) announced today that, following the approval of a majority of its stockholders at its annual meeting of stockholders convened on December 21, 2017, the Company closed on the sale of substantially all of its assets to Healthcare Trust, Inc. (“HTI”) on December 22, 2017.

Pursuant to the Company’s plan of liquidation also approved by its stockholders at the annual meeting, the Company will distribute a portion of the net cash proceeds from the asset sale to its stockholders. Accordingly, the Company’s board has approved an initial liquidating distribution amount of \$15.75 per share of common stock, to be paid on or about January 5, 2018 to stockholders of record at the close of business on December 22, 2017.

Pursuant to the plan of liquidation, the final liquidation distribution will not occur earlier than the end of the 14-month survival period of the representations and warranties under the purchase agreement with HTI and will not occur prior to final resolution of any unsatisfied indemnification claims or other claims that are first made prior to the end of that period.

**Financial Advisors**

SunTrust Robinson Humphrey, Inc. served as exclusive financial advisor to the Company’s special committee of independent directors. Shapiro Sher Guinot & Sandler served as legal counsel to the Company’s special committee.

KeyBanc Capital Markets Inc. served as exclusive financial advisor to HTI’s special committee of independent directors. Arnold & Porter Kaye Scholer LLP served as legal counsel to HTI’s special committee.

Proskauer Rose LLP served as outside legal counsel to both the Company and HTI.

**Important Notice**

The statements in this press release that are not historical facts may be forward-looking statements. These forward-looking statements involve risks and uncertainties that could cause the outcome to be materially different. In addition, words such as “anticipate,” “believe,” “expect” and “intend” indicate a forward-looking statement, although not all forward-looking statements include these words.

**Contacts**

Todd Jensen  
Interim Chief Executive Officer and President  
American Realty Capital Healthcare Trust III, Inc.  
(212) 415-6500

Investor Relations  
[info@ar-global.com](mailto:info@ar-global.com)  
(866) 902-0063



January 5, 2018

Notice to Participants:

American Realty Capital Healthcare Trust III, Inc. (the “Company”) hereby notifies you, as a participant in the Company’s distribution reinvestment plan (the “DRIP”), that, pursuant to the terms of the DRIP and in connection with the closing of the sale of all or substantially all of the Company’s assets to Healthcare Trust, Inc. and the Company’s plan of liquidation and dissolution, the Company has terminated the DRIP, effective as of the date of this notice. The termination was first announced in the Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on December 26, 2017, which also contains additional information regarding the closing and related matters. At the time of termination, the DRIP was suspended. All distributions you receive from the Company prior to its dissolution pursuant to the plan of liquidation and dissolution will be paid to you in cash.

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## Introduction

On June 16, 2017, American Realty Capital Healthcare Trust III, Inc. (the “Company”), American Realty Capital Healthcare III Operating Partnership, L.P. (the “OP”), and ARHC TRS Holdco III, LLC, a subsidiary of the OP (“HTIII Holdco”), entered into a purchase agreement (the “Purchase Agreement”) with Healthcare Trust, Inc. (“HTI”), Healthcare Trust Operating Partnership, L.P. (“HTI OP”) and ARHC TRS Holdco II, LLC (“HTI Holdco”), pursuant to which HTI, the HTI OP, and HTI Holdco agreed to purchase all of the membership interests in the Company’s indirect subsidiaries which own the 19 properties comprising substantially all of the Company’s assets (together with the other transactions contemplated by the Purchase Agreement, the “Asset Sale”). The closing of the Asset Sale was conditioned upon stockholder approval of both the Asset Sale and the Company’s plan of liquidation and dissolution (the “Plan of Liquidation”).

On December 21, 2017, the Asset Sale and Plan of Liquidation was approved by the requisite vote of the Company’s stockholders. On December 22, 2017 (the “Closing Date”), the Asset Sale was completed, and HTI paid the Company \$108.4 million, representing the purchase price under the Purchase Agreement of \$120.0 million, less (i) \$0.7 million, reflecting prorations and closing adjustments pursuant to the Purchase Agreement, (ii) \$4.9 million, reflecting the outstanding principal amount of the loan secured by HT III’s Philip Center property (the “Philip Center Loan”) assumed by HTI on the Closing Date in accordance with the Purchase Agreement, and (iii) \$6.0 million deposited by HTI into an escrow account in accordance with the Purchase Agreement. This escrow amount, less any amounts paid or reserved for pending or unsatisfied indemnification claims that HTI may make pursuant to the Purchase Agreement, will be released to the Company in installments over a period of 14 months following the Closing Date. In addition, the Company incurred \$1.3 million in closing costs and other transaction costs.

Pursuant to the Plan of Liquidation, the Company will pay or provide for its liabilities and expenses, distribute the remaining proceeds of the liquidation of the Company’s assets to its stockholders, wind up the Company’s operations, and dissolve. The Company expects that effectiveness of the Plan of Liquidation will cause the Company’s basis of accounting to change from the going-concern basis to the liquidation basis of accounting, which requires the Company’s assets to be measured at the estimated amounts of consideration the Company expects to collect in settling and disposing of its assets and liabilities. The Company purchased its first property and commenced real estate operations in March 2015. Prior to the Asset Sale being completed, the Company owned 19 properties located in 10 states comprised of 0.5 million rentable square feet.

### *AR Global Arrangements*

In connection with the execution of the Purchase Agreement, the Company, the Company’s advisor, American Realty Capital Healthcare III Advisors, LLC (the “Advisor”), the Company’s property manager, American Realty Capital Healthcare III Properties, LLC (the “Property Manager”), and AR Global Investments, LLC, as guarantor, entered into a letter agreement (the “Letter Agreement”), dated as of June 16, 2017, as amended September 28, 2017. In connection with the closing and pursuant to the Letter Agreement, the total amount that became due and payable by the Advisor to the Company following the Closing Date in accordance with the terms of the Letter Agreement was \$0.6 million. This total amount is payable in two equal installments, the first of which was paid on December 26, 2017 and the second of which will be due within six months following the Closing Date. Pursuant to the Letter Agreement, following the Closing, no other fees or expense reimbursements will be paid by or to the Advisor and its affiliates, on the one hand, or the Company, on the other hand. The terms of the Letter Agreement are more fully described in the Company’s Current Reports on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on June 19, 2017 and October 4, 2017 and the Company’s definitive proxy statement filed with the SEC on October 23, 2017.

## Pro Forma Information

The following unaudited pro forma consolidated financial statements present the Company’s previously filed consolidated financial statements as if the Asset Sale had occurred on the dates specified below (the “Pro Forma Periods”):

- The accompanying unaudited pro forma consolidated balance sheet as of September 30, 2017 has been prepared as if the Asset Sale had closed as of that date.

- The accompanying unaudited pro forma consolidated statements of operations and comprehensive income (loss) for the nine months ended September 30, 2017 and the year ended December 31, 2016 have been prepared as if the Asset Sale closed as of January 1, 2016.
- The Asset Sale closed on December 22, 2017 and as such was used for the purposes of estimating applicable prorations.

The pro forma adjustments, and the assumptions on which they are based, are described in the accompanying notes to the unaudited pro forma consolidated financial statements. The unaudited pro forma consolidated financial statements do not include adjustments reflective of adoption of the liquidation basis of accounting, which the Company expects to adopt commencing with the Company's annual Report on Form 10-K for the year ending December 31, 2017. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

The pro forma information has been prepared in accordance with the rules and regulations of the SEC. All significant adjustments necessary to reflect the effects of the Asset Sale that can be factually supported within the SEC regulations covering the preparation of pro forma financial statements have been made. The pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the Asset Sale had been consummated on the dates and in accordance with the assumptions described herein, nor is it necessarily indicative of future operating results or financial position. The unaudited pro forma consolidated financial statements reflect the best estimates of the management of the Company based on available information and may be revised as additional information becomes available and as additional analyses are performed.

You are urged to read the pro forma information below together with the Company's publicly available information.

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**AMERICAN REALTY CAPITAL HEALTHCARE TRUST III, INC.**  
**UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET**  
**SEPTEMBER 30, 2017**  
(In thousands)

	<u>Historical September 30, 2017</u>	<u>Pro Forma Asset Sale Adjustments (a)</u>	<u>Pro Forma September 30, 2017</u>
<b>ASSETS</b>			
Real estate investments, at cost:			
Land	\$ 10,225	\$ (10,225)	\$ —
Buildings, fixtures and improvements	101,226	(101,226)	—
Acquired intangible lease assets	<u>18,450</u>	<u>(18,450)</u>	<u>—</u>
Total real estate investments, at cost	129,901	(129,901)	—
Less: accumulated depreciation and amortization	<u>(12,326)</u>	<u>12,326</u>	<u>—</u>
Total real estate investments, net	117,575	(117,575)	—
Cash	12,970	108,127(b)	121,097
Restricted cash	114	(114)(c)	—
Straight-line rent receivable	812	(812)	—
Prepaid expenses and other assets	937	5,394(d)	6,331
Deferred costs, net	<u>14</u>	<u>(14)</u>	<u>—</u>
Total assets	<u>\$ 132,422</u>	<u>\$ (4,994)</u>	<u>\$ 127,428</u>
<b>LIABILITIES AND EQUITY</b>			
Mortgage note payable, net of deferred financing costs	\$ 4,866	\$ (4,866)(e)	\$ —
Mortgage premium, net	81	(81)(e)	—
Market lease intangible liabilities, net	1,590	(1,590)	—
Accounts payable and accrued expenses	3,325	496(f)	3,821
Deferred rent	453	(453)	—
Distributions payable	<u>1</u>	<u>—</u>	<u>1</u>
Total liabilities	<u>10,316</u>	<u>(6,494)</u>	<u>3,822</u>
Common stock	70	—	70
Additional paid in capital	149,693	—	149,693
Accumulated deficit	<u>(28,118)</u>	<u>1,961(g)</u>	<u>(26,157)</u>
Total stockholders' equity	121,645	1,961	123,606
Non-controlling interests	<u>461</u>	<u>(461)</u>	<u>—</u>
Total equity	<u>122,106</u>	<u>1,500</u>	<u>123,606</u>
Total liabilities and equity	<u>\$ 132,422</u>	<u>\$ (4,994)</u>	<u>\$ 127,428</u>
Book Value per Share	<u>\$ 17.49</u>		<u>\$ 17.77</u>

**AMERICAN REALTY CAPITAL HEALTHCARE TRUST III, INC.**  
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2017**  
(In thousands, except share and per share data)

	<b>Historical September 30, 2017</b>	<b>Pro Forma Disposition Adjustments (a)</b>	<b>Pro Forma September 30, 2017</b>
<b>Revenues:</b>			
Rental income	\$ 6,830	\$ (6,830)	\$ —
Operating expense reimbursement	1,950	(1,950)	—
Resident services and fee income	2,081	(2,081)	—
Total revenues	<u>10,861</u>	<u>(10,861)</u>	<u>—</u>
<b>Expenses:</b>			
Property operating and maintenance	4,144	(4,144)	—
Operating fees to related party	42	(42)	—
Acquisition and transaction related	1,727	(1,727)(b)	—
General and administrative	2,087	—	2,087
Depreciation and amortization	3,939	(3,939)	—
Total expenses	<u>11,939</u>	<u>(9,852)</u>	<u>2,087</u>
Operating loss	(1,078)	(1,009)	(2,087)
<b>Other income (expense):</b>			
Interest expense	(139)	139(c)	—
Total other expense	(139)	139	—
Loss before income taxes	(1,217)	(870)	(2,087)
Income tax expense	32	(32)	—
Net loss	(1,185)	(902)	(2,087)
Net loss attributable to non-controlling interests	(12)	12	—
Net loss attributable to stockholders	(1,197)	(890)	(2,087)
Comprehensive loss attributable to stockholders	<u>\$ (1,197)</u>	<u>\$ (890)</u>	<u>\$ (2,087)</u>
Basic and diluted net loss per share	<u>\$ (0.17)</u>		<u>\$ (0.30)</u>



**AMERICAN REALTY CAPITAL HEALTHCARE TRUST III, INC.**  
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME**  
**(LOSS)**  
**YEAR ENDED DECEMBER 31, 2016**  
(In thousands, except share and per share data)

	<b>Historical December 31, 2016</b>	<b>Pro Forma Disposition Adjustments (a)</b>	<b>Pro Forma December 31, 2016</b>
<b>Revenues:</b>			
Rental income	\$ 9,093	\$ (9,093)	\$ —
Operating expense reimbursement	2,651	(2,651)	—
Resident services and fee income	2,878	(2,878)	—
Total revenues	<u>14,622</u>	<u>(14,622)</u>	<u>—</u>
<b>Expenses:</b>			
Property operating and maintenance	5,269	(5,269)	—
Operating fees to related party	31	(31)	—
Acquisition and transaction related	350	(350)(b)	—
General and administrative	1,898	—	1,898
Depreciation and amortization	5,976	(5,976)	—
Total expenses	<u>13,524</u>	<u>(11,626)</u>	<u>1,898</u>
Operating income (loss)	1,098	(2,996)	(1,898)
<b>Other income (expense):</b>			
Interest expense	(189)	189(c)	—
Interest and other income	2	—	2
Total other expense	<u>(187)</u>	<u>189</u>	<u>2</u>
Income (loss) before income taxes	911	(2,807)	(1,896)
Income tax expense	(149)	149	—
Net income (loss)	762	(2,658)	(1,896)
Net income (loss) attributable to non-controlling interests	(17)	17	—
Net income (loss) attributable to stockholders	<u>745</u>	<u>(2,641)</u>	<u>(1,896)</u>
Comprehensive income (loss) attributable to stockholders	<u>\$ 745</u>	<u>\$ (2,641)</u>	<u>\$ (1,896)</u>
Basic net income (loss) per share	<u>\$ 0.11</u>		<u>\$ (0.28)</u>
Diluted net income (loss) per shares	<u>\$ 0.09</u>		<u>\$ (0.28)</u>

**AMERICAN REALTY CAPITAL HEALTHCARE TRUST III, INC.**  
**NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 1 - Basis of Presentation**

The accompanying unaudited pro forma consolidated financial statements have been prepared in accordance with Article 11 of Regulation S-X and do not include all of the information and note disclosures required by generally accepted accounting principles of the United States. Pro forma financial information is intended to provide information about the continuing impact of a transaction by showing how a specific transaction or group of transactions might have affected historical financial statements. Pro forma financial information illustrates only the isolated and objectively measurable (based on historically determined amounts) effects of a particular transaction and excludes effects based on judgmental estimates of how historical management practices and operating decisions may or may not have changed as a result of the transaction. Therefore, pro forma financial information does not include information about the possible or expected impact of current actions taken by management in response to the pro forma transaction as if management's actions were carried out in previous reporting periods. The amounts included in the historical columns represent the Company's historical balance sheet and operating results for the respective pro forma periods presented as filed with the SEC.

**Note 2 - Adjustments to Unaudited Pro Forma Consolidated Balance Sheet**

The adjustments to the unaudited pro forma consolidated balance sheet represent adjustments needed in order to present the Company's historical balance sheet as if the Asset Sale had occurred as of September 30, 2017.

- These adjustments reflect the elimination of certain account balances relating to the Company's 19 properties as if the Asset Sale was consummated as of September 30, 2017. Other adjustments, as described in (b) through (g) below, reflect all significant adjustments necessary to reflect the effects of the Asset Sale that can be factually supported within the SEC regulations covering the preparation of pro forma financial statements.
- a) All significant adjustments necessary to reflect the effects of the Asset Sale that can be factually supported within the SEC regulations covering the preparation of pro forma financial statements.
  - b) Cash and cash equivalents has been increased to reflect the net cash proceeds received by the Company on the Asset Sale, calculated as follows:

**(in thousands)**

Gross Proceeds of Asset Sale	\$ 120,000
Less:	
Escrow Amount	(6,000)
Phillip Center Loan	(4,922)
Proration to Purchaser Parties <sup>(1)</sup>	(720)
Closing Costs	(344)
Restricted Cash	114
Total Proceeds, net <sup>(2)</sup>	<u>\$ 108,128</u>

- (1) Reflects management's estimate of prorations that will be due to HTI on the Closing Date. Balance includes items such as real estate taxes, property operating expenses, rents and other revenues and tenant deposits.
- (2) Excludes transaction costs which are included in (f).
- c) Reflects the removal of \$0.1 million restricted cash included in the Company's historical consolidated balance sheet, which is included in the proration to HTI in (b) above.
- d) Reflects the adjustment of historical prepaid expense and other assets balance to increase the balance for the Escrow Amount and to decrease the balance for items that are included in the proration to HTI in (b) above.
- e) Reflects the removal of the historical balance of the Philip Center Loan, which was assumed by HTI on the Closing Date. The difference between the Philip Center Loan principal balance in (b) above and the historical balance sheet balance net

of deferred financing costs, plus the mortgage premium, net is reflected through an adjustment to accumulated deficit for pro forma consolidated balance sheet purposes.

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**AMERICAN REALTY CAPITAL HEALTHCARE TRUST III, INC.**  
**NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

- Reflects the adjustment of historical accounts payable and accrued balances to decrease the balance for items that are no longer the obligation of the Company upon the consummation of the Asset Sale or in the proration to HTI in (b) above. Also, reflects an increase of \$2.1 million for non-recurring transaction and other costs incurred in connection with the Asset Sale, relating primarily to advisory, legal, accounting and other professional services, which are factually supportable as such amounts are based on reliable, documented evidence such as invoices for costs incurred to date and estimates from third-parties for additional costs expected to be incurred until the closing of the Asset Sale. Such costs are reflected as a reduction to retained earnings and are not included in the unaudited pro forma consolidated statement of operations.
- f) Accumulated deficit has been adjusted to reflect the removal of asset, liabilities and non-controlling interest, included as a part of the Asset Sale, which is calculated as of September 30, 2017 as follows:

**(in thousands)**

Net sales proceeds	\$ 108,014
Less: Carrying value of assets	(103,019)
Plus: Carrying value of liabilities assumed	(6,495)
Plus: Carrying value of non-controlling interest	(461)
Net accumulated deficit adjustment	<u>\$ (1,961)</u>

**Note 3 - Adjustments to Unaudited Pro Forma Consolidated Statements of Operations**

The adjustments to the unaudited pro forma consolidated statements of operations represent adjustments needed to the Company's historical results in order to remove the historical operating results for the pro forma periods and present the financial statements as if the Asset Sale occurred as of January 1, 2016.

- a) Except as described in (b) and (c) below, these amounts represent the elimination of the operations of the properties sold in the Asset Sale from the historical amounts included in continuing operations for the nine months ended September 30, 2017 and for the year ended December 31, 2016, to reflect the sale of these properties as if the Asset Sale had occurred as of January 1, 2016.
- b) For the nine months ended September 30, 2017 and the year ended December 31, 2016, approximately \$1.7 million and \$0.4 million, respectively, of transaction costs were recognized and have been removed from the unaudited pro forma consolidated statement of operations as they relate directly to the Asset Sale and are non-recurring in nature.
- c) Represents the elimination of interest expense and loan cost amortization to reflect the assumption or repayment of the Philip Center Loan as of January 1, 2016.