

# COMMUNITY HEALTHCARE TRUST

April 3, 2017

Dear Stockholder:

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

1. Elect five directors, each to serve a one-year term expiring in 2018;
2. Approve Amendment No. 2 to the Company's 2014 Incentive Plan that will allow continuation of the significant participation in our Alignment of Interest Program by providing for automatic annual increases in the number of shares of common stock available for grant, award or issuance under the 2014 Incentive Plan;
3. Ratify the appointment of BDO USA, LLP as our independent registered public accountants for 2017; and
4. Transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

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

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

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

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

Sincerely,



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

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

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

# Community Healthcare Trust Incorporated

3326 Aspen Grove Drive, Suite 150  
Franklin, Tennessee 37067

## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

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

By Order of the Board of Directors,



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

COMMUNITY HEALTHCARE TRUST INCORPORATED

PROXY STATEMENT

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**COMMUNITY HEALTHCARE TRUST INCORPORATED**  
**PROXY STATEMENT**  
**ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD ON TUESDAY, MAY 30, 2017**

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

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

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

## **QUESTIONS AND ANSWERS REGARDING THE 2017 ANNUAL MEETING OF STOCKHOLDERS**

### **Who is soliciting proxies from the stockholders?**

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

### **What will be voted on at the annual meeting?**

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

1. The election of five directors, who are each to serve a one-year term expiring in 2018 or until his successor is elected and qualified;
2. The approval of Amendment No. 2 to the Company's 2014 Incentive Plan that will allow continuation of the significant participation in our Alignment of Interest Program by providing for automatic annual increases in the number of shares of common stock available for grant, award or issuance under the 2014 Incentive Plan; and
3. The ratification of the appointment of BDO USA, LLP as our independent registered public accountants for 2017.

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

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

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

### **Who can vote at the annual meeting?**

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

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

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

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

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

**How many votes does a stockholder have per share?**

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

**What is the required vote on each proposal?**

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

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

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

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

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

1. **"FOR"** the election of nominees Alan Gardner, Robert Z. Hensley, Alfred Lumsdaine, R. Lawrence Van Horn, and Timothy G. Wallace.
2. **"FOR"** the approval of Amendment No. 2 to the Company's 2014 Incentive Plan that will allow continuation of the significant participation in our Alignment of Interest Program by providing for automatic annual increases in the number of shares of common stock available for grant, award or issuance under the 2014 Incentive Plan.
3. **"FOR"** the ratification of the appointment of BDO USA, LLP as our independent registered public accountants for 2017.

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

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

**Can a proxy be revoked?**

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

**PROPOSAL 1  
ELECTION OF DIRECTORS**

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

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



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

| <u>Name</u>                | <u>Age</u> | <u>Background, Qualification and Skills</u>   |
|----------------------------|------------|---|
| Alfred Lumsdaine . . . . . | 51         | <p>Mr. Lumsdaine currently serves as President of Population Health for Sharecare, a leading digital health company, joining Sharecare in connection with its acquisition of the population health business of Healthways, Inc. (“Healthways”) in 2016. Mr. Lumsdaine joined Healthways in 2002 as Controller and Chief Accounting Officer, and became Chief Financial Officer in 2011. Mr. Lumsdaine’s nearly 30 years of professional experience have been focused in healthcare services. Prior to joining Healthways, from 2001 to 2002, he was Treasurer and Controller for Logisico, 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 &amp; 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&amp;A activity and capital market transactions and his financial leadership experience spans from small fast-growing privately-held entities to larger public companies with complex accounting and financial reporting requirements. Mr. Lumsdaine earned his B.S. in Accounting and Masters of Accountancy from the University of Tennessee and is a Certified Public Accountant. Mr. Lumsdaine’s public company management, healthcare industry and financial accounting experience makes him a valuable resource to our Board of Directors.</p> |

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

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

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

**Required Vote**

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

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

## CORPORATE GOVERNANCE

### Board Leadership Structure

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

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

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

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

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

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

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

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

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

### **The Board's Role in Risk Oversight**

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

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

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

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

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

## **Committees of the Board of Directors**

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

### *Audit Committee*

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

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

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

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

### *Compensation Committee*

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

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

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

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

#### *Corporate Governance Committee*

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

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



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

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

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

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

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

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

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

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

## Director Compensation

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

### *Cash compensation*

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

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

| <u>Duration of Restriction Period</u> | <u>Restriction Multiple</u> |
|---------------------------------------|-----------------------------|
| 1 year . . . . .                      | 0.2x                        |
| 2 years . . . . .                     | 0.4x                        |
| 3 years . . . . .                     | 0.6x                        |

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

### Stock Awards

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

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

### 2016 Director Compensation

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

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

- (1) Mr. Wallace is our other director and is also a full-time employee whose compensation is discussed below under the section titled "Executive Compensation" and "Summary Compensation Table". Mr. Wallace receives no additional compensation for his service as a director.
- (2) This column represents non-employee director annual retainer and additional annual retainer amounts, approximately 93% of which was paid in shares of our restricted common stock in lieu of cash. All of the shares are subject to a three-year cliff vesting schedule whereby no shares vest until the third anniversary of the date of grant, at which time 100% of the shares of restricted stock will vest, subject to the director's continuing service as a director of the Company.
- (3) Represents the grant date fair value computed in accordance with FASB ASC Topic 718 of awards of restricted stock to the non-employee directors under the 2014 Incentive Plan, or the 2016 Director Awards. The dollar value of the 2016 Director Awards was based upon the grant date price of our common stock, which was \$18.28 on May 18, 2016. This column also includes the amount of the grant date value of the shares received in accordance with the restriction multiples with respect to the deferral of director retainer and additional retainer amounts based on the price of our common stock of \$19.76 on the determination date. All of the shares are subject to a three-year cliff vesting schedule whereby no shares vest until the third anniversary of the date of grant, at which time 100% of the shares of restricted stock will vest, subject to the director's continuing service as a director of the Company.

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

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

**Introduction**

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

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

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

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

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

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

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

### **Summary of the 2014 Incentive Plan, as Amended**

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

#### **Federal Tax Effects**

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

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

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

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

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

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

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

#### **Required Vote**

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

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



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

**General**

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

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

**Audit and Non-Audit Services**

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

|   | <u>2016</u>      | <u>2015</u>      |
|---|------------------|------------------|
| Audit Fees <sup>(1)</sup> . . . . .         | \$395,238        | \$414,716        |
| Audit-Related Fees <sup>(2)</sup> . . . . . | 49,652           | —                |
| Tax Fees <sup>(3)</sup> . . . . .           | —                | 9,264            |
| All Other Fees . . . . .                    | —                | —                |
| Total . . . . .                             | <u>\$444,890</u> | <u>\$423,980</u> |

- (1) Audit fees include fees and expenses associated with the audit of our financial statements, the reviews of the financial statements in our quarterly reports on Form 10-Q, and services provided in connection with registration statements and periodic reports filed with the Securities and Exchange Commission. Audit fees for 2016 include fees associated with registration statements totaling \$165,302. Audit fees for 2015 include fees associated with our IPO of \$221,489.
- (2) Audit-related fees for 2016 included fees associated with Rule 3-14 audits.
- (3) Tax fees for 2015 included fees associated with planning and consulting with respect to the Company's corporate structure.

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

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

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

**Required Vote**

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

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

## REPORT OF THE AUDIT COMMITTEE

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

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

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

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

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

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

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

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

Audit Committee:

Robert Z. Hensley (Chairman)  
Alfred Lumsdaine  
Alan Gardner

## BENEFICIAL OWNERSHIP OF SHARES OF COMMON STOCK

### Directors, Executive Officers and Other Stockholders

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

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

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

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

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

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

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

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

- (3) Based on a Schedule 13G filed with the SEC on February 10, 2017, Systematic Financial Management, L.P. has sole voting with respect to 513,959 shares of common stock, sole dispositive power with respect to 670,434 shares of common stock and shared voting and dispositive power with respect to 0 shares of common stock. Systematic Financial Management, L.P. is located at 300 Frank W. Burr Boulevard, Glenpointe East, 7th Floor, Teaneck, New Jersey 07666.
- (4) Includes 120,000 shares of common stock owned by Athena Funding Partners, LLC, of which Mr. Wallace is deemed to be the beneficial owner.

## EXECUTIVE OFFICERS

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

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

## EXECUTIVE COMPENSATION

### Executive Compensation Objectives

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

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

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

### Determination of Executive Compensation

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

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

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



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

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

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

### **Compensation Components**

Our compensation program consists of three elements:

#### *Base Salary*

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

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

#### *Equity Awards*

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

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

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

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

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

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

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

| <u>Duration of Restriction Period</u> | <u>Restriction Multiple</u> |
|---------------------------------------|-----------------------------|
| 3 years . . . . .                     | 0.3x                        |
| 5 years . . . . .                     | 0.5x                        |
| 8 years . . . . .                     | 1.0x                        |

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

*Discretionary and Incentive Awards*

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

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

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

*Stock Ownership Guidelines*

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

| <u>Position</u>                    | <u>Common Stock<br/>Ownership Multiple</u> |
|------------------------------------|--|
| Chief Executive Officer . . . . .  | 5x Current Base Salary                     |
| Executive Vice President . . . . . | 3x Current Base Salary                     |
| Vice President . . . . .           | 1x Current Base Salary                     |
| Non-Employee Director . . . . .    | 3x Annual Retainer                         |

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

*Employment Agreements of our Named Executive Officers*

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

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

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

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

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

## COMPENSATION TABLES

### Summary Compensation Table

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

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

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

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



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

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

### Outstanding Equity Awards at December 31, 2016

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

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

- (1) The market value of unvested restricted common stock is calculated by multiplying the number of unvested shares of restricted common stock held by the applicable named executive officer by the closing price of our common stock on December 30, 2016, which was \$23.03.
- (2) These shares of restricted common stock are subject to eight-year cliff vesting through 2024, subject to continued employment with the Company on the vesting date.

## EQUITY COMPENSATION PLAN INFORMATION

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

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

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

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

### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

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

### CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

#### **Policies and Procedures for Related Person Transactions**

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



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

### **Related Party Transactions**

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

### **Legal Proceedings**

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

### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

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

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

## STOCKHOLDER PROPOSALS FOR THE 2018 ANNUAL MEETING

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

### Proposals for Inclusion in Our Proxy Statement

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

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

### OTHER MATTERS

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

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

### AVAILABILITY OF ANNUAL REPORT ON FORM 10-K

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

By Order of the Board of Directors,



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

**APPENDIX A**  
**2014 INCENTIVE PLAN, AS AMENDED**

**COMMUNITY HEALTHCARE TRUST  
INCORPORATED**

**2014 INCENTIVE PLAN**

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

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

**1. PURPOSE OF THE PLAN.**

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

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

**2. DEFINITIONS.**

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

“Award” means an award of Cash and/or Restricted Stock under the Plan.

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

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

“Board” means the Board of Directors of CHCT.

“Change in Control” shall have the meaning specified in Article 8 hereof.

“CHCT” means Community Healthcare Trust Incorporated and its successors.

“Code” means the Internal Revenue Code of 1986, as amended.

“Committee” means the compensation committee of the Board, subject to the provisions of Article 4 hereof.

“Common Stock” means the common stock, \$.01 par value per share, of CHCT.

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

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

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

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

“Employee” means any person who is employed as a common law employee.

“Exchange Act” means the Securities and Exchange Act of 1934.

“Participant” means any Eligible Person who holds an outstanding Award under the Plan.

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

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

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

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

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

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

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

#### **4. ADMINISTRATION OF THE PLAN.**

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

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

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

#### **5. AWARD ELIGIBILITY, FEATURES AND RESTRICTIONS.**

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

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

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

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

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

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

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

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

## **6. RESTRICTED STOCK AWARDS.**

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



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

## 7. *CHANGE IN CONTROL.*

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

- (a) In the event that any surviving corporation or entity or acquiring corporation or entity in a Change in Control, or affiliate of such corporation or entity, does not assume such Awards and does not substitute similar awards for those outstanding under the Plan, then all Awards outstanding shall, immediately prior to the Change in Control event, become fully vested to the extent not previously forfeited.
- (b) In the event that any surviving corporation or entity or acquiring corporation or entity in a Change in Control, or affiliate of such corporation or entity, assumes Awards outstanding under the Plan at the time of the Change in Control, or substitutes Awards with similar stock awards (including an award to acquire the same consideration paid to the stockholders in the transaction described in this Article 8 for those outstanding under the Plan), and the employment of a Participant is terminated without Cause or for Good Reason within 18 months after the effective date of the Change in Control event, all Awards held by such Participant shall become fully vested to the extent not previously forfeited. The terms “Cause” and “Good Reason” shall have the same meanings as the same or similar terms in any written employment agreement between the Participant and CHCT or Subsidiary or as specified in an Award Agreement. In the absence of such a written agreement, such terms shall be defined as follows for purposes of this Section 8.1:
  - (1) “Cause” means involuntary termination of employment due to: (i) conviction of a crime of moral turpitude that adversely affects the reasonable business interests of CHCT, (ii) commission of an act of fraud, embezzlement, or material dishonesty against CHCT or any Subsidiary, or (iii) intentional neglect of the responsibilities of employment, and such neglect remains uncorrected for more than 30 days following written notice from CHCT detailing the acts of neglect.
  - (2) “Good Reason” means voluntary termination of employment by the Participant because the terms of employment are modified so that the position is not substantially equivalent to the position held immediately prior to the time of the Change in Control. A position is “substantially equivalent” if it is the same or better than the position to which it is being compared. A position is not substantially equivalent unless (i) the cash compensation offered is the same or higher than that earned immediately prior to the Change in Control, (ii) deferred compensation, incentive and equity compensation, and health and welfare benefits are, in the aggregate, similar to those provided immediately prior to the Change in Control, (iii) the duties are similar to the duties performed prior to the

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

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

- (a) a dissolution or liquidation of CHCT;
- (b) a reorganization, merger or consolidation of CHCT in which CHCT is not the surviving organization;
- (c) the sale of all or substantially all of the assets of CHCT;
- (d) a pending or threatened takeover bid or tender offer pursuant to which 10% or more of the outstanding securities of CHCT is acquired, whether or not deemed a tender offer under applicable state or federal laws; or
- (e) an acquisition (other than directly from CHCT) of beneficial ownership, within the meaning of Rule 13d-3 promulgated under the Exchange Act ("Beneficial Ownership"), of voting securities of CHCT (the "Voting Securities") by any person, individual, entity or group, within the meaning of section 13(d)(3) or 14(d)(2) of the Exchange Act (each, a "Person"), immediately following which such Person has Beneficial Ownership of 50% or more of the combined voting power of the then outstanding Voting Securities.

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

## **8. GENERAL PROVISIONS.**

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

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

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

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

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

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

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

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

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

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

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

## **9. EFFECTIVE DATE, TERMINATION AND AMENDMENT.**

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

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

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

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

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

**COMMUNITY HEALTHCARE TRUST  
INCORPORATED**

/s/ TIMOTHY WALLACE

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By: Timothy Wallace

Title: *Chairman of the Board and Chief Executive  
Officer*