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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31 , 2024**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

Commission file number: 001-37401

Community Healthcare Trust Inc orporated

(Exact Name of Registrant as Specified in Its Charter)

Maryland	**46-5212033**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

3326 Aspen Grove Drive
Suite 150
Franklin , Tennessee 37067
(Address of Principal Executive Offices) (Zip Code)

(615) 771-3052
(Registrant's Telephone Number, Including Area Code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common stock, $0.01 par value per share	CHCT	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act:
None
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the shares of common stock (based upon the closing price of these shares on the New York Stock Exchange, Inc. on June 30, 2024) of the Registrant held by non-affiliates (for purposes of this calculation, all of the Registrant's directors and executive officers are deemed affiliates of the Registrant) on June 30, 2024 was approximately $ 628.0 million.

The Registrant had 28,339,419 shares of common stock, $0.01 par value per share, outstanding as of February 11, 2025.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant’s Definitive Proxy Statement relating to its 2025 Annual Meeting of Stockholders are incorporated by reference into Part III of this Report. The Registrant expects to file its Definitive Proxy Statement with the Securities and Exchange Commission within 120 days after December 31, 2024.

COMMUNITY HEALTHCARE TRUST INCORPORATED

FORM 10-K

December 31, 2024

TABLE OF CONTENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

We make statements in this Annual Report on Form 10-K that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)). All statements other than statements of historical facts may be forward-looking statements. In particular, statements pertaining to our capital resources, property performance and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our funds from operations and anticipated market conditions, demographics and results of operations are forward-looking statements. When we use the words “may,” “should,” “will,” “could,” “would,” “predicts,” “potential,” “continue,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “seeks,” “assumes,” “projects,” “forecast,” “goal” or similar expressions or their negatives, as well as statements in future tense, we intend to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

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

- effects on global and national markets as well as businesses resulting from increased inflation, rising interest rates, supply chain disruptions, labor conditions, the conflict between Russia and Ukraine, and/or the conflict in the Middle East;
- defaults on or non-renewal of leases by tenants;
- adverse economic or real estate developments, either nationally or in the markets in which our properties are located;
- decreased rental rates or increased vacancy rates;
- difficulties in identifying healthcare properties to acquire and completing acquisitions;
- our ability to make distributions on our shares of stock;
- our dependence upon key personnel whose continued service is not guaranteed;
- our ability to identify, hire and retain highly qualified personnel in the future;
- the degree and nature of our competition;
- general economic conditions;
- the availability, terms and deployment of debt and equity capital;
- general volatility of the market price of our common stock;
- changes in our business or strategy;
- changes in governmental regulations, tax rates and similar matters;

- new laws or regulations or changes in existing laws and regulations that may adversely affect the healthcare industry;
- trends or developments in the healthcare industry that may adversely affect our tenants;
- competition for acquisition opportunities;
- our failure to successfully develop, integrate and operate acquired properties and operations;
- our ability to operate as a public company;
- changes in accounting principles generally accepted in the United States of America (“GAAP”);
- our failure to generate sufficient cash flows to service our outstanding indebtedness;
- fluctuations in interest rates and increased operating costs;
- our increased vulnerability economically due to the concentration of our investments in healthcare properties;
- the bankruptcy, insolvency or weakened financial position of a major tenant could seriously harm our operating results and financial condition;
- geographic concentrations in Texas, Illinois, and Ohio cause us to be particularly exposed to downturns in these local economies or other changes in local real estate market conditions;
- lack of or insufficient amounts of insurance;
- acts of God, earthquakes, hurricanes, climate change and other natural disasters, acts of war, and acts of terrorism (any of which may result in uninsured losses);
- other factors affecting the real estate industry generally;
- our failure to maintain our qualification as a real estate investment trust (“REIT”) for U.S. federal income tax purposes;
- limitations imposed on our business and our ability to satisfy complex rules in order for us to maintain our status as a REIT for U.S. federal income tax purposes; and
- changes in governmental regulations or interpretations thereof, such as real estate and zoning laws and increases in real property tax rates and taxation of REITs.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. You should not place undue reliance on any forward-looking statements, which speak only as of the date of this report. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes after the date of this Annual Report on Form 10-K, except as required by applicable law. For a further discussion of these and other factors that could impact our future results, performance or transactions, see “Part I, Item 1A. Risk Factors."

Unless the context otherwise requires or indicates, references above or in this report to "we," "us," "our," "the Company," "our Company," and "Community Healthcare Trust" refer to Community Healthcare Trust Incorporated, a Maryland corporation organized to qualify as a REIT for U.S. federal income tax purposes, together with its consolidated subsidiaries, including Community Healthcare OP, LP, a Delaware limited partnership, or our "operating partnership" or our "OP," of which we are the sole general partner and own 100% of its interests.

PART I.

ITEM 1. BUSINESS

We are a fully-integrated healthcare real estate company organized as a corporation in the State of Maryland on March 28, 2014. We own and acquire real estate properties that are leased to hospitals, doctors, healthcare systems or other healthcare service providers.

Real Estate Investments

As of December 31, 2024, we had gross investments of approximately $1.2 billion in 200 real estate properties (including a portion of one property accounted for as a sales-type lease with a gross amount totaling approximately $3.0 million and two properties classified as held for sale with an aggregate amount totaling approximately $6.8 million). The properties are located in 36 states, totaling approximately 4.4 million square feet in the aggregate and were approximately 90.9% leased, excluding real estate assets held for sale, at December 31, 2024 with a weighted average remaining lease term of approximately 6.7 years. The Company’s real estate investments by property type, geographic area, and customer are detailed in Note 2 – Real Estate Investments to the Consolidated Financial Statements. The following table shows the diversification by property types based on annualized rent.

	Number of Properties	Annualized Rent (%)
Medical Office Building (MOB)	93	36.9 %
Inpatient Rehabilitation Facilities (IRF)	9	19.2 %
Acute Inpatient Behavioral (AIB)	5	13.0 %
Specialty Centers (SC)	37	10.3 %
Physician Clinics (PC)	35	8.3 %
Behavioral Specialty Facilities (BSF)	12	6.2 %
Surgical Centers and Hospitals (SCH)	7	4.0 %
Long-term Acute Care Hospitals (LTACH)	2	2.1 %
Total real estate investments	**200**	**100.0 %**

Customer Concentrations

The Company's real estate portfolio is leased to a diverse tenant base. Our tenants include many nationally recognized healthcare providers, such as Adventist HealthCare, Inc., Hospital Corporation of America, Fresenius Medical Care AG & Co, Davita, Inc., Tenet Healthcare Corporation, Catholic Healthcare Initiatives, and Lifepoint Health. Lifepoint Health accounted for 8.7% of annualized revenues and US Healthvest accounted for 7.5% of annualized revenues as of December 31, 2024. We have no control over the success or failure of our tenants' businesses and, at any time, any of our tenants may experience a downturn in their businesses that may weaken their financial condition.

Geographic Concentrations

The Company's portfolio is currently located in 36 states with 38.4% of our annualized rent as of December 31, 2024 derived from properties located in Texas (16.7%), Illinois (11.6%), and Ohio (10.1%). Such geographic concentrations could expose the Company to certain downturns in the economies of those states or other changes in such states' respective real estate market conditions. Any material change in the current payment programs or regulatory, economic, environmental or competitive conditions in any of these areas could have an effect on our overall business results. In the event of negative economic or other changes in any of these markets, our business, financial condition and results of operations, our ability to make distributions to our shareholders and the trading price of our common shares may be adversely affected. See each of the discussions under Item 1A, "Risk Factors," under the captions "Adverse economic or other conditions in the geographic markets in which we conduct business could negatively affect our occupancy levels and rental rates and have a material adverse effect on our operating results," and "*A large percentage of our properties are located in Texas, Illinois, and Ohio*, and changes in these markets may materially adversely affect us."

2024 Real Estate Investments

During the year ended December 31, 2024, the Company acquired nine real estate properties, in seven separate transactions, as detailed in Note 4 – Real Estate Acquisitions, Disposition, and Assets Held for Sale to the Consolidated Financial Statements. Upon acquisition, the properties were 99.3% leased in the aggregate with lease expirations through 2039.

Human Capital Resource Management

As of December 31, 2024, we had 36 employees. All of our employees work at our corporate office in Franklin, Tennessee. Our employees are not members of any labor union, and we consider our relations with our employees to be excellent. We have a stable, but growing workforce with an average tenure of 3.9 years and voluntary employee turnover of approximately 3% during the year ended December 31, 2024. At December 31, 2024, 39% of our employees, 33% of our management team, and 33% of our board of directors were female.

The success of our employees drives the success of the business and supports our goal of long-term value creation for our shareholders. We offer competitive benefits and training programs to develop employees' expertise and skillsets, use training, communication, appropriate investments and clear corporate policies to strive to provide a safe, harassment-free work environment guided by principles of fair and equal treatment, and prioritize employee engagement. As a result, we believe our employees are committed to building strong, innovative and long-term relationships with each other and with our tenants.

Compensation of our board and management team is structured to closely align their interest with those of our stockholders. From our initial public offering, or IPO, in May 2015 through 2023, our executive officers elected each year to take 100% of their total compensation in restricted stock, subject to an eight-year cliff-vesting period. Beginning in 2024, our executive officers are permitted to take up to 50% of their total compensation in restricted stock. Our board has elected to take the majority of their total compensation in restricted stock, subject to a three-year cliff-vesting period. Also, all of our employees are shareholders in the Company, further aligning their interest with those of our stockholders.

We have adopted a Human Capital Support and Development Policy and a Human Rights Policy to support our employees and tenants with a safe and healthy environment. These policies are posted on the Investor Relations tab of the Company's website (www.chct.reit).

Competitive Strengths

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

- *Strong, Diversified Portfolio.* Our focus is on investing in properties where we can develop strategic alliances with financially sound healthcare providers that offer need-based healthcare services in our target markets. Our tenant base includes many nationally recognized healthcare providers (or their affiliates) and our property portfolio has significant diversification with respect to healthcare provider, industry segment, and facility type.

- *Attractive and Disciplined Investment Focus.* We focus on healthcare facilities in our target submarkets which are off-market or lightly marketed transactions at purchase prices generally between $3 million and $30 million. We believe there is significantly less competition from existing REITs and institutional buyers for assets in these target submarkets than for comparable urban assets, thereby increasing the potential for more attractive risk-adjusted returns. In addition, we believe that healthcare-related real estate rents and valuations are less susceptible to changes in the general economy than many other types of commercial real estate due to favorable demographic trends and the need-based rise in healthcare expenditures, even during economic downturns.

- *Extensive Relationships with Healthcare Providers, Intermediaries and Property Owners.* We believe that our management team has a strong reputation among, and a deep understanding of the real estate needs of, healthcare providers in our target submarkets. In addition, we have strategic relationships which we believe give us the ability to meet the needs of healthcare providers by structuring transactions that are mutually advantageous to sellers, our tenants and us. We believe this ability has led to, and will continue to lead to, strategic acquisition opportunities, which will, in turn, produce attractive risk-adjusted returns. None of our properties to date were acquired pursuant to "calls for offers" or other auction style bidding situations. We believe our relationships provide us with additional off-market or lightly marketed acquisition opportunities, thus providing us the opportunity to continue to purchase assets outside a competitive bidding process.

- *Experienced Management Team.* Our executive management team averages over 25 years of healthcare, real estate and/or public REIT management experience on average. Led by David H. Dupuy, Chief Executive Officer and President, William G. Monroe IV, our Executive Vice President and Chief Financial Officer, Leigh Ann Stach, our Executive Vice President and Chief Accounting Officer, and Timothy L. Meyer, our Executive Vice President, Asset Management, our management team has significant experience in acquiring, owning, operating and managing healthcare facilities and providing full service real estate solutions for the healthcare industry. Prior to joining the Company, Mr. Dupuy was a Managing Director at SunTrust Robinson Humphrey (Truist Securities) where he led investment banking coverage of healthcare facilities and REITs and held positions in healthcare banking at Bank of America. Mr. Monroe has experience in healthcare investment banking. Ms. Stach has experience in public healthcare REIT accounting and financial reporting. Mr. Meyer has experience in real estate and asset management in public healthcare REITs.

- *Growth Oriented Capital Structure.* At December 31, 2024, we had $212.0 million outstanding on our revolving credit facility and had $275.0 million outstanding on our term loans under our second amendment to the third amended and restated credit agreement, dated as of October 16, 2024, by and among Community Healthcare Trust Incorporated, as borrower, the several banks and financial institutions party thereto as lenders, and Truist Bank, as administrative agent (collectively, our "Credit Facility") with a 40.3% debt-to-total capitalization ratio (debt plus stockholders' equity plus accumulated depreciation). In the future, in addition to equity and debt issuances, we may also use OP units of our operating partnership as currency to acquire additional properties from owners seeking to defer their potential taxable gain and diversify their holdings. We believe that the borrowing capacity under our Credit Facility, combined with our ability to use OP units as acquisition currency, provides us with significant financial flexibility to make opportunistic investments and fund future growth.

- *Significant Alignment of Interests.* We have structured the compensation of our board and management team to closely align their interests with the interests of our stockholders. Since our IPO in May 2015, our executive officers have elected each year to take a significant portion of their total compensation in restricted stock or restricted stock units, subject to three-year to eight-year cliff-vesting periods. The Company's board of directors have also elected to take a significant portion of their total compensation in restricted stock since the Company's IPO, subject to a three-year cliff-vesting period. We believe that our board and management team receiving restricted stock and restricted stock units subject to long-term cliff-vesting periods as a material component of their total compensation effectively aligns the interests of our board and management with those of our stockholders, creating significant incentives to maximize returns for our stockholders. Finally, each executive officer and director has met stock ownership guidelines that require our executive officers and directors to continuously own an amount of our common stock based on a multiple of such officer's annual base salary or such director's annual retainer, as applicable.

Business Objective

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

Growth Strategy

We intend to continue to grow our portfolio of healthcare properties primarily through acquisitions of healthcare facilities in our target submarkets that provide stable revenue growth and predictable long-term cash flows. We generally focus on individual acquisition opportunities between $3 million and $30 million in off-market or lightly marketed transactions and do not intend to participate in competitive bidding or auctions of properties. We believe that there are abundant opportunities to acquire attractive healthcare properties in our target markets either from third-party owners of existing healthcare facilities or directly with healthcare providers through sale-leaseback transactions. We believe there is significantly less competition from existing REITs and institutional buyers for assets in these target submarkets than for comparable urban assets, thereby increasing the potential for attractive risk-adjusted returns. Furthermore, we may acquire healthcare properties on a non-cash basis in a tax efficient manner through the issuance of OP units as consideration for the transaction.

We intend for our investment portfolio to be diversified among healthcare facility type such as medical office buildings, physician clinics, surgical centers and hospitals, specialty centers, behavioral facilities, inpatient rehabilitation facilities and long-term acute care hospitals, as well as being diverse both geographically and with respect to our tenant base. We seek to invest in properties where we can develop strategic alliances with financially-sound healthcare providers that offer need-based healthcare services in our target markets.

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

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

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

We operate so as to maintain our status as a REIT for federal income tax purposes. As a REIT, we are not subject to corporate federal income tax with respect to taxable income distributed to our stockholders. We have also elected two subsidiaries to be treated as taxable REIT subsidiaries ("TRSs"), which are subject to federal and state income taxes.

Tax Status

We have qualified as a REIT for U.S. federal income tax purposes since 2015, the year we began operations, and we expect that we will remain qualified as a REIT for U.S. federal income tax purposes for the year ending December 31, 2025. Our qualification as a REIT depends upon our ability to meet, on a continuing basis, through actual investment and operating results, various complex requirements under the Internal Revenue Code of 1986, as amended, or the Code, relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels and the diversity of ownership of our capital stock. We believe that we are organized in conformity with the requirements for qualification as a REIT under the Code and that our manner of operations will enable us to continue to meet the requirements for qualification and taxation as a REIT for U.S. federal income tax purposes for the year ending December 31, 2025.

As a REIT, we generally will not be subject to U.S. federal income tax on our taxable income that we distribute currently to our stockholders. Under the Code, REITs are subject to numerous organizational and operational requirements, including a requirement that they distribute on an annual basis at least 90% of their REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gains. If we fail to qualify for taxation as a REIT in any taxable year and do not qualify for certain statutory relief provisions, our income for that year will be subject to tax at regular corporate income tax rates, and we would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT. Even if we qualify as a REIT for U.S. federal income tax purposes, we may still be subject to state and local taxes on our income and assets and to U.S. federal income and excise taxes on our undistributed income. Additionally, any income earned by Community Healthcare Trust Services, Inc. and CHCT Holdings, Inc., our TRSs, and any other TRSs that we form or acquire in the future will be fully subject to U.S. federal, state and local corporate income tax.

Government Regulation

Our healthcare tenants and their operators are subject to extensive federal, state and local government legislation and regulation. Federal laws, including but not limited to the Affordable Care Act; laws intended to combat fraud and waste such as the Anti-Kickback Statute, Stark Physician Self-Referral Law, False Claims Act; Medicare and Medicaid laws and regulations; and the Health Insurance Portability and Accountability Act of 1996 may limit our tenants operational flexibility and compensation arrangements. Many states have analogous laws which may be broader than their federal counterparts, including state licensure laws, fraud and abuse laws, privacy rules, and Medicaid requirements. Compliance with these regulatory requirements can increase operating costs and, thereby, adversely affect the financial viability of our tenants' businesses. Our tenants' failure to comply with these laws and regulations could adversely affect their ability to successfully operate our properties, which could negatively impact their ability to satisfy their contractual obligations to us. As a landlord, we intend for all of our business activities and operations to conform in all material respects with all applicable laws and regulations, including healthcare laws and regulations. Our leases require the tenants and operators to comply with all applicable laws, including healthcare laws. However, we do not have any ability to audit nor do we independently verify such compliance.

These laws subject tenant healthcare facilities and practices to requirements related to reimbursement, licensing and certification policies, ownership of facilities, addition or expansion of facilities and services, pricing and billing for services, compliance obligations (including those governing the security, use and disclosure of confidential patient information) and fraud and abuse laws. These laws and regulations are wide-ranging and complex, may vary or overlap from jurisdiction to jurisdiction, and are subject frequently to change. Healthcare facilities may also be affected by changes in accreditation standards or in the procedures of the accrediting agencies that are recognized by governments in the certification process. In addition, expansion (including the addition of new beds or services or the acquisition of medical equipment) and occasionally the discontinuation of services of healthcare facilities may be subject to state regulatory approval through certificate of need programs. This may impact the ability of our tenants to expand their businesses. Different tenants may be more or less subject to certain types of regulation, some of which are specific to the type of facility or provider. We cannot predict the degree to which these changes, or changes to the federal healthcare programs in general, may affect the economic performance of some or all of our tenants, positively or negatively. We expect healthcare providers to continue to adjust to new operating and reimbursement challenges, as they have in the past, by increasing operating efficiency and modifying their strategies to profitably grow operations.

There are various state and federal laws that may apply to investors including U.S. federal and state anti-kickback, self-referral, and fee-splitting statutes, which limit physician referrals to entities in which the physician has a financial relationship and otherwise govern financial arrangements with healthcare providers. States vary in the types of entities, if any, that their laws cover. Investment interests in those facilities may, in certain instances, prohibit referrals to the entity by physician investors. Physician investors may also face disciplinary action from licensure boards for referrals to entities in which the physician has an investment interest. Some states require disclosure of the financial relationship before referral by any physician investors, while others prohibit referrals entirely. These state laws and regulations may be broader than their federal counterparts and are the subject of state enforcement. Many state laws contain exemptions for investments in publicly traded companies provided certain requirements are met. These exemption requirements may include listing on a national stock exchange or maintaining a minimum asset value. Meeting some of these requirements may be dependent on market forces or otherwise outside our control.

Changes in laws and regulations, reimbursement enforcement activity and regulatory non-compliance by our tenants and operators can all have a significant effect on their operations and financial condition, which in turn may adversely impact us, as detailed below and set forth under Item 1A, “Risk Factors,” under the caption “The healthcare industry is heavily regulated and new laws or regulations, changes to existing laws or regulations, changes to reimbursement models or structure, loss of licensure or failure to obtain licensure could adversely impact our company and result in the inability of our tenants to make rent payments to us.” We highlight below several of the more complex laws; however, this is an overview, as the complexities of the laws impacting tenants are varied and extensive.

The Affordable Care Act has continued to change how healthcare services are covered, delivered and reimbursed. The Affordable Care Act includes payment reform provisions intended to drive Medicare towards more value-based purchasing which, in turn, increases accountability for healthcare providers for the quality and costs of the healthcare services they provide. While more individuals now carry healthcare coverage as a result of the Affordable Care Act, the full effects of the changes to reimbursement models for both public and commercial coverage continue to evolve. Each kind of healthcare provider tenant has a different and complex set of laws related to reimbursement and reimbursement models, which may affect the tenant’s ability to collect revenues and meet the terms of their leases. Such varying reimbursement models and laws impact each kind of provider as well as the healthcare system as a whole. For example, for physicians, the Centers for Medicare and Medicaid Services ("CMS") issues annual updates to the physician fee schedule that can have a material impact (either positive or negative) on the amount of reimbursement that physicians earn; for ambulatory surgery centers, the Affordable Care Act introduced provisions that reduce the annual inflation update for payment rates by a “productivity adjustment,” which may result in a decrease in Medicare payment rates for the same procedures in a given year compared to the prior year. Other changes brought about by the Affordable Care Act could negatively impact reimbursement for any one of the kind of provider tenants as outlined below. The Affordable Care Act also altered reimbursement from private insurers and managed care organizations. Networks continue to readjust, and all providers must ensure adequate market share in their respective areas to remain in the network created by many of the managed care organizations.

Section 603 of the Bipartisan Budget Act of 2015 lowered Medicare rates, effective January 1, 2017, for services provided in off-campus, provider-based outpatient departments, to the same level of rates for physician-office settings. Section 603 does not apply to facilities that billed at the lower Medicare rates on or before November 2, 2015 (the "grandfather clause") or that had a binding written agreement in place for the construction of the off-campus site before November 2, 2015 (the "mid-build exemption"). Section 603 reflects movement by the Congress and CMS toward “site-neutral reimbursement” where Medicare rates across different facility-type settings are equalized. CMS implemented these changes beginning January 1, 2017. Beginning January 1, 2019, CMS also implemented site neutral changes in Medicare reimbursement for clinic visits provided in off-campus locations that were previously exempted from payment reductions. While such site neutral changes are expected to lower overall Medicare spending, our medical office buildings located on hospital campuses could become more valuable as hospital tenants keep their higher Medicare rates for on-campus outpatient services. However, other laws may limit the extent to which higher rents may be charged based on proximity to a hospital.

Through Executive Orders issued January 28, 2021, the Biden Administration signaled its strong support for the Affordable Care Act by taking steps to reverse various actions by the first Trump Administration and to strengthen Medicaid and the Affordable Care Act. These efforts have resulted in more than 16 million Americans enrolling in ACA health plans and an additional 14 million low-income Americans being enrolled in the ACA's Medicaid expansion coverage from a pre-ACA baseline. Other Biden Administration legislative initiatives and policies were implemented in an attempt to expand access to health care coverage. For example, on August 22, 2022, the Inflation Reduction Act of 2022 was signed into law and extended increased premium subsidies available in the ACA marketplaces through 2025, which prevents an estimated 2 million individuals from losing coverage. In addition, on October 11, 2022, the IRS issued a final rule changing how affordability of coverage and minimum value is determined for an employee's relatives under the ACA. Specifically, the new rule provides for a separate affordability test where an eligible employer-sponsored plan is affordable for an employee's relative if the employee's required contribution for family coverage under the plan does not exceed 9.5% of the employee's household income. Previously, health coverage affordability and adequacy had been measured solely for the employee, but not for coverage of the employee's family. The U.S. Department of Health and Human Services' data shows continued growth in access to care under the ACA, with over 20 million people selecting an ACA Marketplace plan in the 2024 Open Enrollment Period, including over 3.7 million people who were new to ACA Marketplace plans.

While the Biden Administration supported the Affordable Care Act through legislation and Executive Orders, the Trump Administration may continue its previous legislative and regulatory efforts to limit various aspects of the ACA as indicated by its January 20, 2025 Executive Order immediately rescinding several Biden Administration health care-related Executive Orders, including Executive Order 14009 (Strengthening Medicaid and the Affordable Care Act, January 28, 2021); the Affordable Care Act (January 28, 2021); Executive Order 14070 (Continuing to Strengthen Americans' Access to Affordable, Quality Health Coverage, April 5, 2022); Executive Order 14087 (Lowering Prescription Drug Costs for Americans, October 14, 2022). It is unclear what legislative and regulatory changes will result from these initial executive actions, and we cannot predict the nature of any future legislative or regulatory actions of the current Trump Administration.

Ultimately, we cannot predict the amount of benefit from these measures or if future legislation will ultimately require similar site neutral changes in Medicare reimbursement rates for services provided in other facility-type settings.

Legislative Developments

Each year, legislative proposals for health policy are introduced in Congress and state legislatures, and regulatory changes are enacted by government agencies. These proposals, individually or in the aggregate, could significantly change the delivery of healthcare services, either nationally or at the state level, if implemented. Examples of significant legislation currently under consideration, recently enacted or in the process of implementation, include:

- the Affordable Care Act and proposed amendments and any further repeal measures and related actions at the federal and state level;
- the 2019 repeal of a portion of the Affordable Care Act for the mandate that all individuals purchase health insurance or pay a tax penalty;
- mandatory expansion of healthcare services and increased access to individual healthcare insurance through legislative initiatives, including the Inflation Reduction Act of 2022;
- quality control, cost containment, and payment system reforms for Medicaid, Medicare and other public funding, such as expansion of pay-for-performance criteria and value-based purchasing programs, bundled

provider payments, accountable care organizations, increased patient cost-sharing, geographic payment variations, comparative effectiveness research, and lower payments for hospital readmissions;

- implementation of health insurance exchanges and regulations governing their operation, whether run by the state or by the federal government, whereby individuals and small businesses purchase health insurance, including government-funded plans, many assisted by federal subsidies that are under ongoing legal challenges;

- equalization of Medicare payment rates across different facility-type settings (i.e., the Bipartisan Budget Act of 2015, Section 603, lowered Medicare payment rates, effective January 1, 2017, for services provided in off-campus, provider-based outpatient departments to the same level of rates for physician-office settings for those facilities not grandfathered-in under the current Medicare rates as of the law’s date of enactment, November 2, 2015 and beginning January 1, 2019, CMS implemented site neutral changes in Medicare reimbursement for clinic visits provided in off-campus locations that were previously exempted from payment reductions);

- the continued adoption by providers of federal standards for, and the associated audits of, the meaningful-use of electronic health records and the transition to ICD-10 coding;

- federal and sate legislative changes requiring advance notice and approval of health care provider material change transactions, including sale or transfers of assets involving equity investors, and otherwise limiting or prohibiting arrangements between health care providers and private equity investors, including REITs;

- the continued effort to expand the utilization of telehealth services;

- implementation of federal rules requiring healthcare providers and third party payors to comply with electronic health system interoperability rules intended to allow for more efficient sharing of healthcare data;

- changes made by the Trump Administration to reverse actions taken by the Biden Administration that impacted enrollment in health insurance exchanges and Medicaid;

- a continuing trend of provider consolidation and associated antitrust scrutiny;

- tax law changes affecting non-profit providers;

- legislation modifying the rules for determining Medicare coverage, including efforts to promote home health care services;

- regulatory changes designed to address health equity and disparities as a critical aspect of health and health care; and

- regulatory and legislative changes related to the use of artificial intelligence in healthcare.

Environmental Matters

As an owner of real estate, we are subject to various federal, state and local environmental laws, regulations and ordinances and also could be liable to third parties as a result of environmental contamination or noncompliance at our properties even if we no longer own such properties. See the discussion under Item 1A, “Risk Factors,” under the caption “Environmental compliance costs and liabilities associated with owning and leasing our properties may affect our results of operations.”

We have adopted a Corporate Environmental Policy, which sets forth our commitment to implementing environmentally sustainable best practices for our own operations, and to assist our tenants in their efforts to address their environmental concerns. Implementation of our Corporate Environmental Policy is the responsibility of our executive management and is overseen by our Board of Directors. As an owner of real estate, we recognize the physical risk to our assets stemming from climate change. We cannot predict the rate at which climate change will progress. However, the physical effects of climate change could have a material adverse effect on our properties, operations, and business. To the extent that climate change impacts weather patterns, our markets could experience severe weather, including hurricanes, severe winter storms, wildfires, droughts, and tornadoes due to increases in storm intensity and unpredictable weather patterns. Over time, these conditions could result in declining demand for space at our properties, delays in construction and resulting increased construction costs, or in our inability to operate the buildings at all. Climate change and severe weather may also have indirect effects on our business by increasing the cost of, or decreasing the availability of, property insurance on terms we find acceptable, and by increasing the costs of energy, maintenance, repair of water and/or wind damage, and snow removal at our properties. We continue to evaluate our asset base for potential exposure to the following climate-related risks: increases in heavy rain, flood, drought, extreme heat, tornadoes and wildfire. As a part of our risk management program, we purchase property insurance to mitigate the risk of extreme weather events and natural disasters. However, our insurance may not adequately cover all of our potential losses. As a result, there can be no assurance that climate change and severe weather will not have a material adverse effect on our properties, operations, or business. As such, executive management reports to the Board of Directors on a regular basis, addressing policy and disclosure changes including environmental and climate-related risks and opportunities. Our Corporate Environmental Policy is posted on the Investor Relations tab of our website (www.chct.reit).

Competition

We compete with many other entities engaged in real estate investment activities for acquisitions of healthcare properties, including national, regional and local operators, acquirers and developers of healthcare-related real estate properties. The competition for healthcare-related real estate properties may significantly increase the price that we must pay for healthcare properties or other assets that we seek to acquire, and our competitors may succeed in acquiring those properties or assets themselves. In addition, our potential acquisition targets may find our competitors to be more attractive because they may have greater resources, may be willing to pay more for the properties or may have a more compatible operating philosophy. In particular, larger REITs that target healthcare properties may enjoy significant competitive advantages that result from, among other things, a lower cost of capital, enhanced operating efficiencies, more personnel and market penetration and familiarity with markets. In addition, the number of entities and the amount of funds competing for suitable investment properties may increase. Increased competition would result in increased demand for the same assets and therefore increase prices paid for them. Those higher prices for healthcare properties or other assets may adversely affect our returns from our investments.

Insurance

We carry comprehensive liability insurance and property insurance covering our properties. In addition, tenants under long-term single-tenant net leases are required to carry property insurance covering our interest in the buildings.

Seasonality

Our business has not been, and we do not expect it to become, subject to material seasonal fluctuations.

Available Information

The Company makes available to the public free of charge through its internet website the Company’s Definitive Proxy Statement, Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after the Company electronically files such reports with, or furnishes such reports to, the Securities and Exchange Commission ("SEC"). The Company’s internet website address is www.chct.reit.

Corporate Governance Guidelines

The Company has adopted Corporate Governance Guidelines relating to the conduct and operations of the Board of

Directors. The Corporate Governance Guidelines are posted on the Company’s website (www.chct.reit) and are available in print to any stockholder who requests a copy.

Committee Charters

The Board of Directors has an Audit Committee, Compensation Committee and Environmental, Social, and Governance Committee. The Board of Directors has adopted written charters for each committee which are posted on the Company’s website (www.chct.reit) and are available in print to any stockholder who requests a copy.

Corporate Responsibility

The Company is committed to conducting its business according to the highest ethical standards and upholding its corporate responsibilities as a public company operating for the benefit of its stockholders. To that end, the Company modified its Governance Committee to be the Environmental, Social, and Governance (“ESG”) Committee with a revised charter included on the Company’s website at www.chct.reit. Among other duties, the ESG Committee meets at least annually to review and recommend to the Board the general strategy and initiatives regarding ESG matters, including the Company’s internal and external communications and disclosures.

The Company’s Board of Directors has adopted a revised Code of Ethics and Business Conduct that not only applies to its directors, officers, and other employees but also extends the Company's expectations that its vendors, service providers, contractors, and consultants will embrace the Company's commitment to integrity and personal responsibility by complying with this Code at all times. The Code of Ethics and Business Conduct includes the Company’s commitment to promote high standards of integrity by conducting its affairs honestly and ethically and to include in its periodic reports or other publicly available documents information and metrics related to internal monitoring, whistleblower, or reporting systems.

The Company’s whistleblower policy prohibits the Company and its affiliates and their officers, employees and agents from discharging, demoting, suspending, threatening, harassing or in any other manner discriminating against any employee for raising a concern. If an employee desires to raise a concern in a confidential or anonymous manner, the concern may be directed to the whistleblower officer at the Company’s whistleblower hotline. During the year ended December 31, 2024, the whistleblower officer received no whistleblower complaints.

ITEM 1A. RISK FACTORS

Risk Factor Summary

Investing in our common stock involves a degree of risk. You should carefully consider all information in this Annual Report on Form 10-K prior to investing in our common stock. These risks are discussed more fully below in the section titled “Risk Factors.” These risks and uncertainties include, but are not limited to, the following:

- General economic conditions can have a material adverse effect on our business, financial conditions and results of operations.

- Failure to implement strategies to enhance our performance could have a material adverse effect on our business, results of operations and financial conditions.

- Our success depends, in part, on our ability to continue to make successful real estate acquisitions at fair prices and to integrate these acquisitions into our operations, and the failure to do so can have a material adverse effect on our business, financial conditions and results of operations.

- If we sell properties by providing financing to purchasers, defaults by the purchasers would adversely affect our cash flows.

- Our ability to perform depends on keeping and hiring exceptionally talented management and employees, and our failure to do so could have a material adverse effect on our business, revenues, results of operations and financial condition.

- Our tenants are subject to significant regulatory oversight, and changes in any of the laws and regulations applicable to their business could adversely impact our tenants' ability to make rent payments to us, which, in turn, could have a material adverse effect on our business, revenues, results of operations and financial conditions.

- Climate change may adversely affect our business due to new weather patterns or the occurrence of significant weather events which could impact economic activity or the value of our properties in specific markets.

- Our properties generate rent revenue, and any adverse impacts on our properties, including, but not limited to, inability to secure funds for future tenant or other capital improvements or payment of leasing commissions, a requirement to make rent or other concessions and significant capital expenditures to improve our properties in order to retain and attract tenants, property vacancies, increases in property taxes, uninsured damages to or total losses of our properties, or health and safety or environmental violations, could have a material adverse effect on our properties, revenues, results of operations and financial condition.

- We primarily fund our acquisitions through our Credit Facility and equity offerings, and any inability to utilize our Credit Facility or access capital markets at favorable terms and rates could have a material adverse effect on our business, results of operations and financial conditions.

- Risks associated with a pandemic, epidemic or outbreak of a contagious disease, such as the COVID-19 pandemic's impact on global markets, may adversely affect our revenues, results of operations and financial condition.

- We qualify as a REIT under the Code, and the failure to remain qualified as a REIT would have a material adverse effect on our business, cash flows, ability to pay distributions and the market price of our common stock.

The following discussion of risk factors contains forward-looking statements. These risk factors may be important to understanding other statements in this Annual Report on Form 10-K, and we direct you to read our statement about forward-looking statements under the title "Cautionary Statements Regarding Forward-Looking Statements" in this Annual Report on Form 10-K. The following information should be read in conjunction with Part II, Item 7, "Management's Discussion And Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K. The risks and uncertainties described below are not the only ones we face. Additional risk and uncertainties not presently known to us or that we presently deem less significant may also impair our business operations. If any of the events or circumstances described in the following risk factors actually occur, our business, operating results, financial condition, cash flows, and prospects could be materially and adversely affected. In that event, the market price of our common stock could decline, and you could lose part or all of your investment.

The business, financial condition and operating results of the Company can be affected by a number of factors, whether currently known or unknown, including but not limited to those described below, any one or more of which could, directly or indirectly, cause the Company's actual financial condition and operating results to vary materially from past, or from anticipated future, financial condition and operating results. Any of these factors, in whole or in part, could materially and adversely affect the Company's business, financial condition, operating results and stock price.

Because of the following factors, as well as other factors affecting the Company's financial condition and operating results, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.

Risks Related to Our Business

Inflation and the U.S. government's response thereto could adversely impact our tenants and our operations.

Inflation, both real or anticipated, could adversely affect the economy and the costs of labor, goods and services to our tenants. While inflation has shown signs of moderating, it remains uncertain whether substantial inflation in the United States will be sustained over an extended period of time. Increased operating costs resulting from inflation could have an adverse impact on our tenants if increases in their operating expenses exceed increases in their revenue, which may adversely affect our tenants' ability to pay rent or other obligations owed to us. In response to inflationary pressures, the Federal Reserve raised the benchmark federal funds rate in 2022 and 2023, which led to increases in interest rates in the credit markets. Although the Federal Reserve lowered the benchmark federal funds rate in September 2024 and November 2024, it may raise the federal funds rate in the future, which would likely lead to higher interest rates in the credit markets and the possibility of slowing economic growth. Increases in interest rates will increase interest cost on existing variable rate debt, including our Credit Facility. Such increases in the cost of capital could adversely impact our ability to finance operations and acquire properties. Increased interest rates may also result in less liquid property markets, limiting our ability to sell existing assets.

Our real estate investments are concentrated in healthcare properties, making us more vulnerable economically than if our investments were diversified in other segments of the economy.

We acquire, own, manage, operate and selectively develop properties for lease primarily to physicians and healthcare delivery systems. We are subject to risks inherent in concentrating investments in real estate, and the risks resulting from a lack of diversification is even greater as a result of our business strategy to concentrate our investments in the healthcare sector. Any adverse effects that result from these risks could be more pronounced than if we diversified our investments outside of healthcare properties. Given our concentration in this sector, our tenant base is especially concentrated and dependent upon the healthcare industry generally, and any industry downturn could adversely affect the ability of our tenants to make lease payments and our ability to maintain current rental and occupancy rates. Our tenant mix could become even more concentrated if a significant portion of our tenants practice in a particular medical field or are reliant upon a particular healthcare delivery system. Accordingly, a downturn in the healthcare industry generally, or in the healthcare related facility specifically, could adversely affect our business, financial condition and results of operations, our ability to make distributions to our shareholders and the market price of our common shares.

Given our dependence on rental revenue, failure by our major tenants to make rental payments to us, because of a deterioration of their financial condition, a termination of their leases, a non-renewal of their leases or otherwise, could have a material adverse effect on our results of operations.

Our income is derived from rental revenue from real property. As a result, our performance depends on our ability to collect rents from tenants. At any time, our tenants may experience a downturn in their businesses that may significantly weaken their financial condition, whether as a result of general economic conditions or otherwise. As a result, our tenants may fail to make rental payments when due, delay lease commencements, decline to extend or renew leases upon expiration or declare bankruptcy or be subject to involuntary insolvency proceedings. Any of these actions could result in the termination of the tenants' leases or the failure to renew a lease and the loss of rental income attributable to the terminated leases. The occurrence of any of the situations described above could have a material adverse effect on our financial condition, results of operations, cash flows, or the market price of our common stock.

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

A key component of our investment strategy is to acquire additional healthcare properties in off-market or lightly marketed transactions, relying on our officers' relationships with healthcare providers and real estate brokers. We seek to acquire properties before they are widely marketed by real estate brokers. As we expect to compete with many national, regional and local acquirers of healthcare properties, properties that are acquired in off-market or lightly marketed transactions are typically more attractive to us as a purchaser because of the absence of a formal sales process, which could lead to higher prices. In the formal sales process, our potential acquisition targets may find our competitors to be more attractive because they may have greater resources, may be willing to pay more for the properties or may have a more compatible operating philosophy. In particular, larger REITs, including publicly traded and privately held REITs, private equity investors or institutional investment funds who are targeting healthcare properties may enjoy significant competitive advantages that result from, among other things, a lower cost of capital, enhanced operating efficiencies, more risk tolerance, more personnel and market penetration and familiarity with markets. As such, if we do not have access to off-market or lightly marketed deal flow in the future, our ability to locate and acquire additional properties in our target submarkets at attractive prices could be materially and adversely affected, which could materially impede our growth, and, as a result, adversely affect our operating results.

We depend on the continued services and performance of our senior management and other key employees, the loss of any of whom could adversely affect our business, operating results, financial condition, and stock price.

Our success depends, to a significant extent, on the continued services of Mr. David H. Dupuy, our Chief Executive Officer and President, Mr. William G. Monroe IV, our Executive Vice President and Chief Financial Officer, Ms. Leigh Ann Stach, our Executive Vice President and Chief Accounting Officer, and Mr. Timothy L. Meyer, our Executive Vice President, Asset Management. Each executive officer has significant experience in the healthcare and/or real estate industry and has developed significant relationships with various healthcare providers and real estate brokers throughout the United States. Our ability to continue to acquire and develop healthcare properties in off-market or lightly marketed transactions depends upon the significant relationships that our senior management team has developed over many years. The loss of services of our senior management or other key employees for any reason or for any amount of time could significantly delay or prevent the achievement of our strategic objectives and negatively impact our business, financial condition, results of operations, and stock price.

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

In addition, we have recently observed an overall tightening and increasingly competitive labor market. Our business could be adversely affected by an inability to retain personnel or upward pressure on wages as a result of the competitive labor market.

We may be unable to complete any pending acquisitions, which would adversely affect our ability to make distributions to our stockholders and could have a material adverse impact on our results of operations, earnings and cash flow, and even if acquisitions are completed, we may fail to successfully operate acquired properties.

We cannot assure you that we will complete any pending acquisitions on the terms described in this report or other reports the Company may file or furnish in future SEC filings, because these transactions are subject to a variety of conditions, including, in the case of properties under contract, the execution of a mutually agreed-upon lease between us and the proposed tenant, our satisfactory completion of due diligence and the satisfaction of customary closing conditions. We may determine through due diligence that the prospective facility does not meet our investment standards and there is no assurance that we will successfully close an acquisition once a purchase agreement has been signed. These transactions, whether or not successful, require substantial time and attention from management. Furthermore, the pending acquisitions require significant expense, including expenses for due diligence, legal and accounting fees and other costs. If we are unable to complete any potential acquisitions, we would still incur the costs associated with pursuing those investments but would not generate the revenues and net operating income that we currently anticipate, which would adversely affect our ability to make distributions to our stockholders and could have a material adverse impact on our financial condition, results of operations and the market price of our common shares. Additionally, failure to close acquisitions under contract or in our investment pipeline could restrict our growth opportunities.

In addition, there is no assurance that we will fully realize the potential benefits of any past or future acquisition or strategic transaction. We are exposed to the risk that our future acquisitions may not prove to be successful. We could encounter unanticipated difficulties and expenditures relating to any acquired properties, including contingent liabilities, and newly acquired properties might require significant attention of the Company's management that would otherwise be devoted to our existing business.

We may obtain only limited warranties when we purchase a property, which, in turn, would only provide us with limited recourse against the seller if issues arise after our purchase of a property.

The seller of a property often sells such property in its “as is” condition on a “where is” basis and “with all faults,” without any warranties of merchantability or fitness for a particular use or purpose. In addition, purchase and sale agreements may contain only limited warranties, representations and indemnifications that will only survive for a limited period after the closing. The purchase of properties with limited warranties increases the risk of having little or no recourse against a seller if issues were to arise at such property. This, in turn, could cause us to have to write off our investment in the property, which could negatively affect our business, results of operations, our ability to pay distributions to our stockholders and the trading price of our common stock.

We may be unable to successfully acquire properties and expand our operations into new or existing target submarkets.

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

A pandemic, epidemic, outbreak of a contagious disease, or other health crisis may adversely affect our tenants' financial condition and the profitability of our properties.

Our business and the businesses of our tenants could be materially and adversely affected by the risks, or the public perception of the risks, related to another pandemic or other health crisis, similar to the prior novel coronavirus (COVID-19) pandemic. Such events could result in the complete or partial closure of one or more of our tenants' facilities, severely disrupt our tenants' operations, and have a material adverse effect on our business, financial condition and results of operations. In addition, if such events lead to a significant or prolonged impact on capital or credit markets or economic growth, then our business, financial condition and results of operations could be adversely affected.

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

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

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

For example, in June 2023, one of our tenants, GenesisCare and certain of its affiliates ("GenesisCare") filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. Two of GenesisCare's leases with the Company's subsidiaries were rejected pursuant to requests to reject such leases that were approved by the U.S. Bankruptcy Court for the Southern District of Texas during 2023.

We may have difficulty finding suitable replacement tenants in the event of non-renewal of our leases or a tenant default.

We cannot predict whether our tenants will renew existing leases beyond their current terms. At December 31, 2024, we had 68 leases scheduled to expire in 2025 and 72 leases scheduled to expire in 2026, which represent 9.6% and 11.3% of our total annualized lease revenue, respectively, for the year ended December 31, 2024. If any of our leases are not renewed, or are terminated prior to the contractual expiration date, we would attempt to lease those properties to another tenant at then-current market rates. However, following expiration of a lease term or if we exercise our right to replace a tenant in default, rental payments on the related properties could decline or cease altogether while we reposition the properties with a suitable replacement tenant. As such, we may be required to fund certain expenses and obligations (e.g., real estate taxes, debt costs and maintenance expenses) to preserve the value of, and avoid the imposition of liens on, our properties while they are being repositioned. Furthermore, our ability to reposition our properties with a suitable tenant could be significantly delayed or limited by state licensing, receivership, certificate of need, or CON, or other laws, as well as by the Medicare and Medicaid change-of-ownership rules. We could also incur substantial additional expenses in connection with any licensing, receivership or change-of-ownership proceedings. In addition, our ability to locate suitable replacement tenants could be impaired by the specialized healthcare uses or contractual restrictions on use of the properties, and we may be required to spend substantial amounts to adapt the properties to other uses. Any such delays, limitations and expenses could adversely impact our ability to collect rent, obtain possession of leased properties or otherwise exercise remedies for tenant default and could have a material adverse effect on our business, financial condition and results of operations, our ability to make distributions to our stockholders and the market price of our common stock.

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

We may be unable to secure funds for future tenant or other capital improvements or payment of leasing commissions, which could limit our ability to attract or replace tenants and adversely impact our ability to make cash distributions to our stockholders.

When tenants do not renew their leases or otherwise vacate their space, it is common that, in order to attract replacement tenants, we will be required to expend funds for tenant improvements, payment of leasing commissions and other concessions related to the vacated space. Such tenant improvements may require us to incur substantial capital expenditures. We may not be able to fund capital expenditures solely from cash provided from our operating activities because we must distribute at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains, each year to qualify as a REIT. As a result, our ability to fund tenant and other capital improvements or payment of leasing commissions through retained earnings may be limited. If we have insufficient capital reserves, we will have to obtain financing from other sources. We may also have future financing needs for other capital improvements to refurbish or renovate our properties. If we are unable to secure financing on terms that we believe are acceptable or at all, we may be unable to make tenant and other capital improvements, payment of leasing commissions or we may be required to defer such improvements. If this happens, it may result in fewer potential tenants being attracted to the property or existing tenants not renewing their leases, causing one or more of our properties to suffer from a greater risk of obsolescence or a decline in value. If we do not have access to sufficient funding in the future, we may not be able to make necessary capital improvements to our properties, pay leasing commissions or other expenses or pay distributions to our stockholders.

We may be required to make rent or other concessions and significant capital expenditures to improve our properties in order to retain and attract tenants, which could adversely affect our financial condition, results of operations and cash flow.

In order to retain existing tenants and attract new tenants, we may be required to offer more substantial rent abatements, tenant improvement allowances and early termination rights, provide options to purchase our properties within the lease term or accommodate requests for renovations, build-to-suit remodeling and other improvements or provide additional services to our tenants. As a result, we may have to make significant capital or other expenditures in order to retain tenants whose leases expire and to attract new tenants in sufficient numbers, which could adversely affect our results of operations and cash flow. Additionally, if we need to raise capital to make such expenditures and are unable to do so, or such capital is otherwise unavailable, we may be unable to make the required expenditures. This could result in non-renewals by tenants upon expiration of their leases, which could adversely affect our financial condition, results of operations, cash flows, or the market price of our common stock or preferred stock.

Supply chain disruptions and unexpected construction expenses and delays could impact our ability to timely deliver spaces to tenants and/or our ability to achieve the expected value of a construction project or lease, thereby adversely affecting our profitability.

The construction and building industry, similar to many other industries, has experienced worldwide supply chain disruptions due to a multitude of factors that are beyond our control. Materials, parts and labor have also increased in cost over the recent past, sometimes significantly and over a short period of time. Although we are generally not engaged in large-scale development projects, small-scale construction projects, such as building renovations and maintenance and tenant improvements required under leases are a routine and necessary part of our business. We may incur costs for a property renovation or tenant buildout that exceeds our original estimates due to increased costs for materials or labor or other costs that are unexpected. We also may be unable to complete renovation of a property or tenant space on schedule due to supply chain disruptions or labor shortages, which could result in increased debt service expense or construction costs. The time frame required to recoup our renovation and construction costs and to realize a return on such costs may be significant and materially adversely affect our profitability.

Some of the leases at our properties contain “early termination” provisions which, if triggered, may allow tenants to terminate their leases without further payment to us, which could adversely affect our financial condition and results of operations and the value of the applicable property.

Certain tenants have a right to terminate their leases prior to the termination date stated in their lease upon payment of a penalty, but others are not required to pay any penalty associated with an early termination. There can be no assurance that tenants will continue their activities and continue occupancy of the premises. Any cessation of occupancy by tenants may have an adverse effect on our operations.

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

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

Climate change may adversely affect our business.

We cannot predict the rate at which climate change will progress. However, the physical effects of climate change could have a material adverse effect on our properties, operations, and business. To the extent that climate change impacts changes in weather patterns, our markets could experience severe weather, including hurricanes, severe winter storms, and tornadoes due to increases in storm intensity and unpredictable weather patterns. Over time, these weather conditions could result in declining demand for space at our properties, delays in construction, resulting in increased construction costs, or in our inability to operate the buildings at all. Climate change and severe weather may also have indirect effects on our business by increasing the cost of, or decreasing the availability of, property insurance on terms we find acceptable, by increasing the costs of energy, maintenance, repair of water and/or wind damage, and snow removal at our properties.

In recent years, the assessment of the potential impact of climate change has begun to impact the activities of government authorities and other areas that impact the business environment in the U.S., including, but not limited to, energy-efficiency measures, water use measures and land-use practices.

Various federal, state and local laws and regulations have been implemented or are under consideration to mitigate the effects of climate change caused by greenhouse gas emissions. Although these laws and regulations have not had any known material adverse effects on our business to date, changes in federal, state, and local legislation and regulation based on concerns about climate change could result in increased capital expenditures on our existing properties and our new development properties (for example, to improve their energy efficiency and/or resistance to severe weather) without a corresponding increase in revenue, which may result in adverse impacts to our net income. The impact of climate change on weather patterns or the occurrence of significant weather events could impact economic activity or the value of our properties in specific markets.

We rely on a limited number of vendors to provide key services, including, but not limited to, utilities and construction services, at certain of our properties. Our business and property operations may be adversely affected if these vendors fail to adequately provide key services at our properties as a result of unanticipated events, including those resulting from climate change. If a vendor fails to adequately provide utilities, construction, or other important services, we may experience significant interruptions in service and disruptions to business operations at our properties, incur remediation costs, and become subject to claims and damage to our reputation.

The occurrence of any of these events or conditions may result in physical damage to our properties and adversely impact our ability to lease our properties, including our or our tenants' ability to obtain property insurance on acceptable terms, which would materially and adversely affect us.

Environmental, social and governance matters may cause us to incur additional costs, make personnel changes, and affect the attractiveness of our stock to investors.

Increased scrutiny and changing expectations from shareholders, the public and governmental entities with respect to corporate responsibility, sustainability, diversity and inclusion and related ESG matters could expose us to additional risks. Shareholder advisory services and other organizations have developed and publish, and others may in the future develop and publish, rating systems and other scoring and reporting mechanisms to evaluate and compare the ESG performance of our Company and others. These ratings systems frequently change, and scores are often based on a relative ranking which may cause a company's score to deteriorate if peer companies' rankings improve. Keeping up with such changes may divert management's time and attention from other business priorities. These force us to incur additional costs for staff, systems, and board members. In addition, current shareholders and prospective investors may use these ratings and/or their own internal ESG benchmarks to determine whether and to what extent they may choose to invest in our securities, engage with us to advocate for improved ESG performance or disclosure, make voting decisions as shareholders, or take other actions to hold us and our board of directors accountable with respect to ESG matters.

Some legislatures, government agencies and listing exchanges have mandated or proposed, and others may in the future further mandate, certain ESG disclosure or performance. For example, California has enacted laws and regulations regarding disclosure of climate-related risks and greenhouse gas emissions, each of which is expected to impose meaningful compliance burdens on in-scope companies deemed to be doing business in California. While we are still assessing the impact of these requirements, additional reporting obligations could cause us to incur increased costs. There is also some indication that ESG and sustainability goals are becoming more controversial, as some governmental entities and certain investor constituencies question the appropriateness or object to ESG and sustainability initiatives. We may face reputational damage or regulatory scrutiny in the event our corporate responsibility initiatives or objectives do not meet the standards or expectations of shareholders, prospective investors, lawmakers, listing exchanges or other constituencies. Failure to comply with ESG-related laws, exchange policies or stakeholder expectations could materially and adversely impact the value of our stock and related cost of capital, and limit our ability to fund future growth.

A large percentage of our properties are located in Texas, Illinois, and Ohio, and changes in these markets may materially adversely impact our business and financial condition.

Of our investments in 200 properties, the properties located in Texas, Illinois, and Ohio provide, in the aggregate, approximately 38.4% of our annualized rent as of December 31, 2024. As a result of this geographic concentration, we are particularly exposed to downturns in the economies of those states or other changes in such states' respective real estate market conditions. Any material change in the current payment programs or regulatory, economic, environmental or competitive conditions in these states could have a disproportionate effect on our overall business results. In the event of negative economic or other changes in these markets, our business, financial condition and results of operations, our ability to make distributions to our stockholders and the market price of our common stock may be materially and adversely affected.

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

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

The capital and credit markets have experienced extreme volatility and disruption as a result of the conflict between Russia and Ukraine, the conflict in the Middle East, and the recent rise in inflation, as well as the resulting governmental policies. We believe that such volatility and disruption are likely to continue into the foreseeable future. Market volatility and disruption could hinder our ability to obtain new debt financing or refinance our maturing debt on favorable terms or at all or to raise debt and equity capital.

Covenants related to our indebtedness could limit our operations.

The terms of our current indebtedness as well as debt instruments that we entered into in the future are subject to customary financial and operational covenants. These include limitations with respect to liens, indebtedness, distributions, mergers, consolidations, investments, restricted payments and asset sales, as well as financial maintenance covenants. We may be unable to maintain compliance with these covenants and, if we fail to do so, we may be unable to obtain waivers and/or amend the covenants. If some or all of our debt is accelerated and becomes immediately due and payable, we may be unable to repay or refinance the debt. Our continued ability to incur debt and operate our business is subject to compliance with these covenants, which could limit operational flexibility.

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

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

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

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

- the extent of investor interest in our Company and our assets;
- our ability to satisfy the distribution requirements applicable to REITs;
- the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- our financial performance and that of our tenants;
- analyst reports about us and the REIT industry;

- macroeconomic conditions generally and conditions affecting the healthcare and real estate industry in particular;
- general stock and bond market conditions, including changes in interest rates on fixed income securities, which may lead prospective purchasers of our common stock to demand a higher annual yield from future distributions;
- a failure to maintain or increase our dividend which is dependent, in large part, upon funds from operations, or FFO, which, in turn, depends upon increased revenue from additional acquisitions and rental increases; and
- other factors such as governmental regulatory action and changes in REIT tax laws.

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

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

We receive a significant portion of our revenues by acquiring and leasing our assets under long-term net leases in which the rental rate is generally fixed with annual fixed rate rental rate escalations or rental rate escalators based upon changes in the Consumer Price Index, or CPI. Properties which we acquire in the future may contain CPI escalators or escalators that are contingent upon our tenant's achievement of specified revenue parameters. If, as a result of weak economic conditions or other factors, the revenues generated by our net leased properties do not meet the specified parameters or CPI does not increase, our growth and profitability may be adversely affected.

Our investments in development projects may not yield anticipated returns which could directly affect our operating results and reduce the amount of funds available for distributions.

A component of our growth strategy is exploring development opportunities, some of which may arise through strategic joint ventures. In deciding whether to make an investment in a particular development, we make certain assumptions regarding the expected future performance of that property. To the extent that we consummate development opportunities, our investment in these projects could be subject to the following risks:

- we may be unable to obtain financing for development projects on favorable terms or at all;
- we may not complete development projects on schedule or within budgeted amounts;
- we may encounter delays in obtaining or fail to obtain all necessary zoning, land use, building, occupancy, environmental and other governmental permits and authorizations, or underestimate the costs necessary to develop the property to market standards;
- development or construction delays may provide tenants the right to terminate preconstruction leases or cause us to incur additional costs;
- volatility in the price of construction materials or labor may increase our development costs;
- hospitals or health systems may maintain significant decision-making authority with respect to the development schedule;
- we may incorrectly forecast risks associated with development in new geographic regions;
- tenants may not lease space at the quantity or rental rate levels projected;

- demand for our development project may decrease prior to completion, including due to competition from other developments; and
- lease rates and rents at newly developed properties may fluctuate based on factors beyond our control, including market and economic conditions.

If our investments in development projects do not yield anticipated returns for any reason, including those set forth above, our business, financial condition and results of operations, our ability to make distributions to our shareholders and the market price of our common shares may be adversely affected.

Notes receivable in which we may invest in may be impacted by unfavorable real estate market conditions, which could decrease their value.

Investments in notes receivable involve special risks relating to the particular borrower, and we could be at risk of loss on that investment, including losses as a result of a default on the note. These losses may be caused by many conditions beyond our control, including economic conditions affecting real estate values, tenant defaults and lease expirations, interest rate levels, adverse rulings of bankruptcy courts, and the other economic and liability risks associated with real estate. We do not know whether the values of the property securing any of our real estate related investments will remain at the levels existing on the dates we initially make the related investment. If the values of the underlying properties drop, our risk will increase and the values of our interests may decrease.

During the second quarter of 2024, the Company recorded an $11 million credit loss reserve on the notes receivable with a tenant where collectibility was not reasonably assured. The tenant/borrower has experienced challenges with patient census and employee staffing, which has impacted cash flows from operations and the consistency of rent and interest payments to the Company. Changes in cash flows of the business, changes in market data, such as market multiples, and other relevant data may drive a change in the estimated value of the underlying collateral.

Delays in liquidating defaulted note investments could reduce our investment returns.

Delays in liquidating defaulted mortgage note investments could reduce our investment returns. If there are defaults under mortgage note investments, we may not be able to foreclose on or obtain a suitable remedy with respect to such investments. Specifically, we may not be able to repossess and sell the underlying properties quickly, which could reduce the value of our investment. For example, an action to foreclose on a property securing a mortgage note is regulated by state statutes and rules and is subject to many of the delays and expenses of lawsuits if the defendant raises defenses or counterclaims. Additionally, in the event of default by a mortgagor, these restrictions, among other things, may impede our ability to foreclose on or sell the mortgaged property or to obtain proceeds sufficient to repay all amounts due to us on the mortgage note.

We rely on information technology in our operations, and any material failure, inadequacy, interruption or security failure of that technology could harm our business.

We rely on information technology networks and systems, including the internet, to process, transmit and store electronic information, and to manage or support our business processes, including financial transactions and records, and maintaining personal information and tenant and lease data. We purchase some of our information technology from vendors, on whom our systems depend. We rely on commercially available systems, software, tools and monitoring to provide security for the processing, transmission and storage of confidential tenant and customer data, including financial account information. While we have taken steps to protect the security of our information systems, we have, from time to time, experienced security incidents of varying degrees, although none of these security incidents have had a material adverse impact on our business, financial condition or results of operations. It is possible that in the future our safety and security measures will not prevent the systems' improper functioning or damage, or the improper access or disclosure of personally identifiable or proprietary information and any such event could materially and adversely impact our business, financial condition or results of operations.

Due to the fast pace and unpredictability of cyber threats, measures for addressing cybersecurity risks may become obsolete quickly. Security breaches, including physical or electronic break-ins, computer viruses, malware, phishing attacks, worms, attacks by hackers or foreign governments, disruptions from unauthorized access and tampering (including through social engineering such as phishing attacks), coordinated denial-of-service attacks, impersonation of authorized users and similar incidents, can create system disruptions, shutdowns or result in a loss of company assets or unauthorized disclosure of confidential information. The risk of security incidents has generally increased as the number, intensity and sophistication of attacks (including through the use of artificial intelligence) and intrusions from around the world have increased. In some cases, it may be difficult to anticipate or immediately detect such incidents and the damage they cause. In addition, our technology infrastructure and information systems are vulnerable to damage or interruption from natural disasters, power loss and telecommunications failures. Failure to maintain proper function, security and availability of our information systems and the data maintained in those systems could interrupt our operations, damage our reputation, subject us to liability claims or regulatory penalties and could have a material adverse effect on our business, financial condition and results of operations.

Cybersecurity incidents could disrupt our business and result in the unavailability or compromise of confidential information.

Our business is at risk from and may be impacted by information security incidents, including attempts to gain unauthorized access to our confidential data, ransomware, malware, and other electronic security events. Such incidents can range from individual attempts to gain unauthorized access to our information technology systems to more sophisticated security threats. They can also result from internal compromises, such as human error or malicious acts. While we employ a number of measures to prevent, detect and mitigate these threats, there is no guarantee such efforts will be successful in preventing a cyber event. Cybersecurity incidents could disrupt our business and compromise confidential information of ours and third parties, including our tenants.

Risks Related to the Healthcare Industry

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

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

The Affordable Care Act's passage changed how healthcare services are covered, delivered and reimbursed through expanded coverage of uninsured individuals and reduced Medicare program spending. The law reformed certain aspects of health insurance, expanded existing efforts to tie Medicare and Medicaid payments to performance and quality and contained provisions intended to strengthen fraud and abuse enforcement. In addition, the law requires skilled nursing facilities and nursing facilities to implement a compliance and ethics program for all employees and agents. The complexities and ramifications of the Affordable Care Act continue to unfold within our industry. Our revenues and financial condition, and those of our tenants, could be impacted by the current law’s complexity, lack of implementing regulations or interpretive guidance, gradual implementation and possible additional changes to the law. Further, we are unable to foresee how individuals and businesses will respond to the uncertain landscape or that landscape's effect on the reimbursement rates received by our tenants, the financial success of our tenants and strategic partners, and consequently the effect on us.

While the Biden Administration supported the Affordable Care Act and various institutions designed to support increased access to care, the Trump Administration's immediate actions to rescind various Biden Administration initiatives through its January 20, 2025 "Initial Rescission of Harmful Executive Orders and Actions" may signal its intent to reignite efforts to repeal the ACA or otherwise limit it in material ways.

We cannot predict the ultimate content, timing or effect of any further healthcare reform legislation related to increasing access to healthcare or the impact of potential legislation on us. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for medical products once approved or additional pricing pressures, and may adversely affect our operating results.

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

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

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

The healthcare industry is currently experiencing, among other things:

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

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

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

Sources of revenue for our tenants typically include Medicare, Medicaid, private insurance payers and health maintenance organizations. Healthcare providers continue to face increased government and private payer pressure to control or reduce healthcare costs and significant reductions in healthcare reimbursement, including reduced reimbursements and changes to payment methodologies under the Affordable Care Act. In some cases, private insurers rely upon all or portions of the Medicare payment systems to determine payment rates which may result in decreased reimbursement from private insurers. The Affordable Care Act and associated regulations continue to encourage increasing enrollment in plans offered by private insurers who choose to participate in state-run exchanges, but potential changes by the Trump Administration affecting Medicaid and the availability of lower cost, lower coverage plans creates uncertainty around private insurer costs and, thereby, payment rates to providers.

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

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

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

These laws include without limitation:

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

- the Stark Law, which, subject to specific exceptions, restricts physicians who have financial relationships with healthcare providers from making referrals for designated health services for which payment may be made under Medicare or Medicaid programs to an entity with which the physician, or an immediate family member, has a financial relationship;

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

- the federal Civil Monetary Penalties Law, which authorizes the Department of Health and Human Services, or HHS, to impose monetary penalties for certain fraudulent acts;

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

- federal and state laws governing confidentiality, maintenance, and security issues associated with health-related information and medical records.

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

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

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

Security incidents and data breaches of personal information can result from deliberate attacks or unintentional events. More recently, there has been an increased level of attention on security incidents and cyber-attacks focused on healthcare providers because of the vast amount of personally identifiable information and protected health information that they process and maintain. Public awareness of privacy and security issues is increasing and focus of legislators and regulators has also increased. Most healthcare providers, including all who accept commercial insurance, Medicare and Medicaid, must comply with the Health Insurance Portability and Accountability Act, as amended, (HIPAA) regulations regarding the privacy and security of protected health information. The HIPAA regulations impose significant requirements on our tenants and their business associate vendors with regard to how such protected health information may be used and disclosed. Further, the regulations include extensive and complex requirements for providers to establish reasonable and appropriate administrative, technical and physical safeguards to ensure the confidentiality, integrity and availability of protected health information. The HIPAA regulations generally require notification to individuals and the Office for Civil Rights in the event of a breach affecting protected health information. HIPAA also directs the Secretary of HHS to provide for periodic audits to ensure covered entities (and their business associates, as that term is defined under HIPAA) comply with the applicable HIPAA requirements.

Additionally, all 50 states also maintain laws focused on the privacy, security and notification requirements with regard to personally identifiable information; some states include health and medical information in the definition of personally identifiable information. Providers may be obligated under state breach notification laws to notify individuals and regulators if personally identifiable information is compromised as defined by the respective law. In addition to federal regulators, state attorneys general are also enforcing information security breaches. Further, several states are now focused on expanding state privacy laws regarding personal information. For example, California maintains one of the more extensive laws in this area. California recently enacted the California Consumer Privacy Act, whose effects on our tenants' businesses vary and add to the risk profiles of those in California or who otherwise meet the law's requirements regarding revenue or California personal information metrics. Additionally, the California Privacy Rights Act passed in November 2020, with the majority of its provisions becoming operative January 1, 2023. These laws require our tenants to safeguard personal information, and potentially other information, against reasonably anticipated threats or hazards to the information.

Violations of these various privacy and security laws can result in significant civil monetary penalties, as well as the potential for criminal penalties. In addition to state data breach notification requirements, HIPAA authorizes state attorneys general to bring civil actions on behalf of affected state residents against entities that violate HIPAA privacy and security regulations or their respective state laws. These penalties could be in addition to any penalties assessed by a state for a breach which would be considered reportable under the state’s data breach notification laws. Further there are significant costs associated with a breach including investigation costs, remediation and mitigation costs, notification costs, attorney fees and the potential for reputational harm and lost revenues due to a loss in confidence in the provider. Plaintiff attorneys are increasingly developing class action litigation strategies designed to obtain settlements from healthcare providers. We cannot predict the effect of additional costs on tenants to comply with these laws nor the costs associated with a potential breach of protected health information or personally identifiable information by a tenant and what effect they might have on the expenses of our tenants and their ability to meet their obligations to us, which in turn could have a material adverse effect on our business, financial condition and results of operations, our ability to pay distributions to our stockholders and the market price of our common stock.

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

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

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

Risks Related to the Real Estate Industry

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

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

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

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

We may suffer reduced or delayed revenues for, or have difficulty selling, properties with vacancies.

We anticipate that the majority of the properties we acquire will have some level of vacancy at the time of closing either because the property is in the process of being developed and constructed, it is newly constructed and in the process of obtaining tenants, or because of economic or competitive or other factors. Shortly after a new property is opened, during a time of development and construction, or because of economic or competitive or other factors, we may suffer reduced revenues resulting in lower cash distributions to you due to a lack of an optimum level of tenants. In addition, the resale value of the real property could be diminished because the market value may depend principally upon the value of the leases of such real property. In addition, because properties' market values depend principally upon the occupancy rates, the resale value of properties with prolonged low occupancy rates could suffer, which could further reduce your return.

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

We intend to hold our various real estate investments until such time as we determine that a sale or other disposition appears to be advantageous to achieve our investment objectives. However, we also may be purchasing our properties at a time when capitalization rates are at historically low levels and purchase prices are high. Therefore, the value of our properties may not increase over time, which may restrict our ability to sell our properties, or in the event we are able to sell such property, may lead to a sale price less than the price that we paid to purchase the properties.

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

If we sell properties by providing financing to purchasers, defaults by the purchasers would adversely affect our cash flows.

If we decide to sell any of our properties, we intend to use our best efforts to sell them for cash. However, in some instances we may sell our properties by providing financing to purchasers. When we provide financing to purchasers, we will bear the risk that the purchaser may default, which could negatively impact our cash distributions to stockholders. Even in the absence of a purchaser default, the distribution of the proceeds of sales to our stockholders, or their reinvestment in other assets, will be delayed until the promissory notes or other property we may accept upon the sale are actually paid, sold, refinanced, or otherwise disposed of. In some cases, we may receive initial down payments in cash and other property in the year of sale in an amount less than the selling price and subsequent payments will be spread over a number of years. If any purchaser defaults under a financing arrangement with us, it could negatively impact our ability to make distributions to you.

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

We evaluate our insurance coverage annually in light of current industry practice through an analysis prepared by outside consultants and attempt to ensure that all of our properties are adequately insured to cover casualty losses. However, there are certain losses, including losses from floods, earthquakes, wildfires, acts of war, acts of terrorism or riots, that are not generally insured against or that are not generally fully insured against because it is not deemed economically feasible or prudent to do so. In addition, changes in the cost or availability of insurance could expose us to uninsured casualty losses. Inflation, changes in tort liability laws, changes in building codes and ordinances, environmental considerations, and other factors also might make it infeasible to use insurance proceeds to protect a tenant in a liability claim or replace a property after such property has been damaged or destroyed. In the event that any of our properties incurs a casualty loss that is not fully covered by insurance, the value of our assets will be reduced by the amount of any such uninsured loss, and we could experience a significant loss of capital invested and potential revenue in these properties and could potentially remain obligated under any recourse debt associated with the property. In addition, we may have no source of funding to repair or reconstruct the damaged property, and we cannot assure you that any such sources of funding will be available to us for such purposes in the future.

We have obtained title insurance policies for each of our properties typically in an amount equal to its original price. However, these policies may be for amounts less than the current or future values of our properties. In such an event, if there is a title defect relating to any of our properties, we could lose some of our investment in and anticipated profits from such property.

If one of our tenants experiences a material general or professional liability loss that is uninsured or exceeds policy coverage limits, it may be unable to satisfy its lease payment obligations to us. If one of our properties experiences a loss that is uninsured or that exceeds policy coverage limits, we could lose the capital invested in the damaged property as well as the anticipated future cash flows from the property.

Furthermore, we, as the general partner of our operating partnership, generally will be liable for all of our operating partnership’s unsatisfied recourse obligations. Any such losses could materially adversely affect our financial condition, results of operations, cash flows and ability to pay distributions, and the market price of our common stock.

Rising expenses could reduce cash flow and funds available for future acquisitions.

If any property is not fully occupied or if rents are being paid in an amount that is insufficient to cover operating expenses, we could be required to expend funds for that property’s operating expenses. Our properties will be subject to increases in tax rates, utility costs, operating expenses, insurance costs, repairs, and maintenance and administrative expenses.

If we are unable to offset such cost increases through rent increases, we could be required to fund those increases in operating costs which could adversely affect funds available for future acquisitions or cash available for distribution.

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

Even if we qualify as a REIT for federal income tax purposes, we will be required to pay some state and local taxes on our properties. The real property taxes on our properties may increase as property tax rates change or as our properties are assessed or reassessed by taxing authorities. The amount of property taxes we pay in the future may increase substantially from what we have paid in the past. If the property taxes we pay increase, our cash flow would be adversely impacted to the extent that we are not reimbursed by tenants for those taxes, and our ability to pay any expected dividends to our stockholders could be materially adversely affected.

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

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

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

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

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

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

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

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

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

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

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

Our assets may be subject to impairment charges.

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

Risks Related to our Corporate Structure and the Acquisition of Properties

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

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

Under Delaware law, a general partner of a Delaware limited partnership has fiduciary duties of loyalty and care to the partnership and its limited partners and must discharge its duties and exercise its rights as general partner consistent with the obligation of good faith and fair dealing. Our partnership agreement provides that, in the event of a conflict between the interests of our operating partnership or any limited partner, on the one hand, and the company or our stockholders, on the other hand, we, as the general partner of our operating partnership, may give priority to the separate interests of the company or our stockholders (including with respect to tax consequences).

Further, any action or failure to act on our part or on the part of our directors that gives priority to the interests of the company or our stockholders and does not result in a violation of our partnership agreement does not violate the duty of loyalty or any other duty that we, in our capacity as the general partner of our operating partnership, owe to our operating partnership and its limited partners or violate the obligation of good faith and fair dealing.

Additionally, our partnership agreement provides that we generally will not be liable to our operating partnership or any limited partner for any action or omission taken in our capacity as general partner, for the debts or liabilities of our operating partnership or for the obligations of our operating partnership under the partnership agreement, except for liability for our fraud, willful misconduct or gross negligence, pursuant to any express indemnity we may give to our operating partnership or in connection with a redemption. Our operating partnership must indemnify us, our directors and officers, officers of our operating partnership and our designees from and against any and all claims that relate to the operations of our operating partnership, unless (1) an act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (2) the person actually received an improper personal benefit in violation or breach of the partnership agreement or (3) in the case of a criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful. Our operating partnership must also pay or reimburse the reasonable expenses of any such person in advance of a final disposition of the proceeding upon its receipt of a written affirmation of the person's good faith belief that the standard of conduct necessary for indemnification has been met and a written undertaking to repay any amounts paid or advanced if it is ultimately determined that the person did not meet the standard of conduct for indemnification.

We are subject to the requirements of the Sarbanes-Oxley Act and are obligated to obtain an audit opinion on the effectiveness of internal control over financial reporting. These internal controls may not be determined to be effective, and our business could be adversely impacted if there are deficiencies in our disclosure controls and procedures or internal control over financial reporting.

The Sarbanes-Oxley Act requires our auditors to deliver an attestation report on the effectiveness of our internal control over financial reporting in conjunction with their opinion on our audited financial statements. Substantial work on our part is required to implement appropriate processes, document the system of internal control over key processes, assess their design, remediate any deficiencies identified and test their operation. This process is both costly and challenging. We cannot give any assurances that material weaknesses will not be identified in the future in connection with our compliance with the provisions of the Sarbanes-Oxley Act. The existence of any material weakness would preclude a conclusion by management and our independent auditors that we maintained effective internal control over financial reporting. Our management may be required to devote significant time and expense to remediate any material weaknesses that may be discovered and may not be able to remediate any material weakness in a timely manner. The existence of any material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause investors to lose confidence in our reported financial information, all of which could lead to a decline in the market price of our common stock.

We may have assumed unknown liabilities in connection with our acquisitions which could result in unexpected liabilities and expenses.

As part of our acquisitions, we (through our operating partnership) received certain assets or interests in certain assets subject to existing liabilities, some of which may be unknown to us. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims of tenants, vendors or other persons dealing with the entities prior to this report (including those that had not been asserted or threatened prior to this report), tax liabilities, and accrued but unpaid liabilities incurred in the ordinary course of business. Our recourse with respect to such liabilities may be limited. Depending upon the amount or nature of such liabilities, our business, financial condition and results of operations, our ability to make distributions to our shareholders and the market price of our shares may be adversely affected.

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

As of December 31, 2024, we had $487.0 million outstanding under our Credit Facility, including our term loans. We do not anticipate that our internally generated cash flow will be adequate to repay our anticipated indebtedness upon maturity and, therefore, we expect to repay indebtedness through refinancings and future offerings of equity and debt securities, either of which we may be unable to secure on favorable terms or at all. Our level of debt and any limitations imposed upon us by our debt agreements could have adverse consequences, including the following:

- our cash flow may be insufficient to meet required principal and interest payments;
- we may be unable to borrow additional funds as needed or on favorable terms, including to make acquisitions;
- we may be unable to refinance indebtedness at maturity or the refinancing terms may be less favorable than the terms of the original indebtedness;
- because a portion of our debt bears interest at variable rates, an increase in interest rates could materially increase our interest expense;
- we may fail to effectively hedge against interest rate volatility;
- we may be forced to dispose of properties, possibly on disadvantageous terms if we are able to do so at all, in order to repay indebtedness;
- after debt service, the amount available for distributions to our stockholders may be reduced;
- we may default on our debt obligations, which could restrict our ability to make any distributions to our stockholders;
- our ability to make distributions to our stockholders could be restricted by our debt agreements;
- our leverage could place us at a competitive disadvantage compared to our competitors who have less debt;
- we may experience increased vulnerability to economic and industry downturns, reducing our ability to respond to changing business and economic conditions;
- we may default on our obligations and the lenders may foreclose on properties that secure their loans and receive an assignment of rents and leases;
- we may violate financial covenants, which would cause a default on our obligations and result in the acceleration of our payment obligations;
- we may inadvertently violate non-financial restrictive covenants in our loan documents, such as covenants that require us to maintain the existence of entities, maintain insurance policies and provide financial statements, which would entitle the lenders to accelerate our debt obligations; and
- our default under any loan with cross-default or cross-collateralization provisions could result in default on other indebtedness or result in the foreclosures of other properties.

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

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

At December 31, 2024, our debt to total capitalization ratio (debt plus stockholders' equity plus accumulated depreciation) was approximately 40.3%. Our current financing policy prohibits aggregate debt (secured or unsecured) in excess of 40% of the Company's total capitalization, except for short-term transitory periods. However, this debt limitation policy can be changed by our board of directors without stockholder approval and there are no provisions in our bylaws that limit our ability to incur indebtedness. We could alter the balance between our total outstanding indebtedness and the value of our properties at any time. If we become more highly leveraged, the resulting increase in outstanding debt could adversely affect our ability to make debt service payments, to pay our anticipated distributions and to make the distributions required to qualify as a REIT. The occurrence of any of the foregoing risks could adversely affect our business, financial condition and results of operations, our ability to make distributions to our stockholders and the market price of our common stock.

Increases in interest rates may increase our interest expense and adversely affect our cash flows and our ability to service our indebtedness and to make distributions to our shareholders.

As of December 31, 2024, we had $137.0 million of variable-rate indebtedness outstanding that had not been swapped for a fixed interest rate. We expect that more of our indebtedness in the future, including borrowings under our Credit Facility, may be subject to variable interest rates. Increases in interest rates on any variable rate indebtedness will increase our interest expense, which could adversely affect our cash flow and our ability to pay distributions.

The Company may enter into swap agreements from time to time that may not effectively reduce its exposure to changes in interest rates.

The Company may enter into swap agreements from tim e to time that may not effectively reduce its exposure to changes in interest rates. As of December 31, 2024, the Company had 15 outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk for notional amounts totaling $350.0 million. The Company may enter into additional swap agreements in the future to manage some of its exposure to interest rate volatility. These swap agreements involve risks, such as the risk that counterparties may fail to honor their obligations under these arrangements. In addition, these arrangements may not be effective in reducing the Company's exposure to changes in interest rates and no hedging activity can completely insulate us from the risks associated with changes in interest rates. Moreover, interest rate hedging could fail to protect us or adversely affect us because, among other things:

- available interest rate hedging may not correspond directly with the interest rate risk for which we seek protection;
- the duration of the hedge may not match the duration of the related liability;
- the party owing money in the hedging transaction may default on its obligation to pay;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs our ability to sell or assign our side of the hedging transaction; and
- the value of derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value, such as downward adjustments, or “mark-to-market losses,” which would reduce our stockholders’ equity.

In addition, we may be limited in the type and amount of hedging transactions that we may use in the future by our need to satisfy the REIT income tests under the Code. Failure to hedge effectively against interest rate changes may have an adverse effect on our business, financial condition, results of operations, our ability to make distributions to our shareholders and the market price of our common shares.

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

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

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

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

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

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

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

- "control share" provisions that provide that holders of "control shares" of our company (defined as shares that, when aggregated with all other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of issued and outstanding "control shares," subject to certain exceptions) have no voting rights with respect to their control shares, except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

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

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

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

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

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

Provisions of the partnership agreement of our operating partnership may delay or make more difficult unsolicited acquisitions of us or changes of our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some stockholders or limited partners might consider such proposals, if made, desirable. These provisions include, among others:

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

Our charter and bylaws, the partnership agreement of our operating partnership and Maryland law also contain other provisions that may delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest.

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

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

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

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

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

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

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

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

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

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

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

Risks Related to Our Qualification and Operation as a REIT

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

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

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

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

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

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

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

We may face other tax liabilities that reduce our cash flows.

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

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

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

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

To maintain our status as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our shares. In order to meet these tests, we may be required to forego investments we might otherwise make or liquidate otherwise attractive investments. Compliance with the REIT requirements may reduce our income and amounts available for distribution to our stockholders and otherwise hinder our performance.

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

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

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

We have two TRSs, and in the future, may form other TRSs for various reasons, including for the purpose of leasing "qualified healthcare properties" from us pursuant to the provisions of the REIT Investment Diversification and Empowerment Act of 2007, or RIDEA, although we currently have no intention of investing in companies that provide healthcare services structured to comply with RIDEA. Overall, no more than 20% of the value of a REIT's assets may consist of stock or securities of one or more TRSs. The Code also imposes a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. We will monitor the value of our respective investments in our TRSs for the purpose of ensuring compliance with the TRS ownership limitation and will structure any future transactions with any TRS on terms that we believe are arm's length to avoid incurring the 100% excise tax described above. However, there can be no assurance that we will be able to comply with such TRS ownership limitation or to avoid application of the 100% excise tax.

TRSs will be subject to federal and state income taxes.

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

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

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

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

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

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

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

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

In order to maintain our status as a REIT each taxable year, five or fewer individuals, as defined in the Code, may not own, beneficially or constructively, more than 50% in value of our issued and outstanding shares at any time during the last half of each taxable year. Attribution rules in the Code determine if any individual or entity beneficially or constructively owns our shares under this requirement. Additionally, at least 100 persons must beneficially own our shares during at least 335 days of a taxable year for each taxable year. To help insure that we meet these tests, our charter restricts the acquisition and ownership of shares.

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

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

The maximum tax rate applicable to “qualified dividend income” payable to U.S. stockholders that are taxed at individual rates is 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates on qualified dividend income. The more favorable rates applicable to regular corporate qualified dividends could cause investors who are taxed at individual rates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our common stock. However, for tax years beginning after December 31, 2017, but before January 1, 2026, certain stockholders may be able to deduct up to 20% of "qualified REIT dividends" pursuant to Section 199A of the Code subject to certain limitations set forth in the Code.

Distributions to tax-exempt stockholders may be classified as unrelated business tax income.

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

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

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

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

A non-U.S. stockholder generally is subject to U.S. income tax on our capital gain distributions attributable to our sales of U.S. real property interests under FIRPTA. However, if our common stock is regularly traded on an established securities market, such distributions will not be subject to such tax if such stockholder did not, at any time during the one-year period preceding the distribution, directly or indirectly own more than 5% of the value of our outstanding common stock. While we expect our stock will be regularly traded on an established securities market, if it is not so traded, or if we are unable to determine the level of ownership of a particular non-U.S. stockholder, we may be required to withhold 21% of any distribution to such stockholder that we designate as a capital gain dividend.

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

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

Risks Related to our Common Stock

The trading volume of our common stock may be volatile, and you may not be able to resell shares of our common stock at prices equal to or greater than the price you paid or at all.

Our common stock is listed on the NYSE. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur, and investors in our common stock may from time to time experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. If the market price of our common stock declines significantly, you may be unable to resell your shares at or above the price at which you purchased such shares. We cannot assure you that the market price of our common stock will not fluctuate or decline significantly in the future.

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

- actual or anticipated variations in our quarterly operating results or dividends;
- changes in our FFO or earnings estimates;
- publication of research reports about us or the real estate industry;
- increases in market interest rates that lead purchasers of our shares to demand a higher yield;
- changes in market valuations of similar companies;
- adverse market reaction to any additional debt we incur in the future;
- additions or departures of key management personnel;
- actions by institutional stockholders;
- speculation in the press or investment community;
- the realization of any of the other risk factors presented in this report;

- the extent of investor interest in our securities;
- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- our underlying asset value;
- investor confidence in the stock and bond markets generally;
- changes in tax laws;
- future equity issuances by us;
- failure to meet earnings estimates;
- failure to meet and maintain REIT qualification;
- changes in our credit ratings;
- the impact of a pandemic, epidemic or outbreak of a contagious disease on our business, financial condition, results of operations, cash flows, and global financial markets; and
- general market and economic conditions.

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

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

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

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

Restricted stock or restricted stock units granted to our directors, executive officers and other employees under our 2024 Incentive Plan, and our various compensation plans, or the issuance of our common stock or OP Units in connection with future property, portfolio or business acquisitions and other issuances of our common stock could have an adverse effect on the market price of our common stock. Also, the existence of common stock issuable under our 2024 Incentive Plan may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. In addition, future issuances of our common stock may be dilutive to existing stockholders.

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

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

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

Any sales of a substantial number of shares of our common stock, or the perception that those sales might occur, may cause the market price of our common stock to decline. After the expiration of any applicable transfer restrictions imposed by our 2024 Incentive Plan, stock purchase agreements or lockup agreements with us, our executive officers and directors will have the ability to sell all of any portion of the applicable common stock which could cause the market price of our common stock to decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk management and strategy

The Company recognizes the critical importance of developing, implementing, and maintaining robust cybersecurity measures to safeguard our information systems and protect the confidentiality, integrity, and availability of our data. Our policies, standards, processes and practices for assessing, identifying, and managing material risks from cybersecurity threats are integrated into our overall risk management program and are based on the Center for Internet Security (CIS) benchmarks. CIS controls map to many established standards and regulatory frameworks, including the National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) and NIST SP 800-53, the ISO 27000 series of standards, PCI DSS, HIPAA, and others.

Managing Material Risks & Integrated Overall Risk Management

The Company has strategically integrated cybersecurity risk management into our broader risk management framework to promote a company-wide culture of cybersecurity risk management. This integration ensures that cybersecurity considerations are an integral part of our decision-making processes at every level. Our risk management team works closely with our IT department to continuously evaluate and address cybersecurity risks in alignment with our business objectives and operational needs.

Engage Third-parties on Risk Management

Recognizing the complexity and evolving nature of cybersecurity threats, the Company engages with a range of external experts, including cybersecurity assessors, consultants, and auditors in evaluating and testing our risk management systems. These partnerships enable us to leverage specialized knowledge and insights, ensuring our cybersecurity strategies and processes remain at the forefront of industry best practices. Our collaboration with these third-parties includes real-time Company endpoint scanning, detection, prevention, and remediation; regular audits; threat assessments; and consultation on security enhancements.

Oversee Third-party Risk

Because we are aware of the risks associated with third-party service providers, the Company implements stringent processes to oversee and manage these risks. We conduct thorough security assessments of all third-party providers before engagement and maintain ongoing review to ensure compliance with our cybersecurity standards. This approach is designed to mitigate risks related to data breaches or other security incidents originating from third-parties.

Risks from Cybersecurity Threats

We have not encountered cybersecurity challenges that have materially impaired our operations or financial standing.

Governance

The Board of Directors is acutely aware of the critical nature of managing risks associated with cybersecurity threats. The Board has established robust oversight mechanisms to ensure effective governance in managing risks associated with cybersecurity threats because we recognize the significance of these threats to our operational integrity and stakeholder confidence.

Board of Directors Oversight

Management has formed an IT Committee consisting of the Chief Executive Officer, Chief Financial Officer, and the Vice President of Information Technology to review and discuss information security matters and cyber security risks. The committee meets at least twice a year and reports to the Board of Directors as needed.

Management's Role Managing Risk

The Chief Executive Officer and Chief Financial Officer play a pivotal role in serving on the IT Committee, which meets at least twice a year and discusses a broad range of topics, including:

- Current cybersecurity landscape and emerging threats;
- Status of ongoing cybersecurity initiatives and strategies;
- Incident reports and learnings from any cybersecurity events; and
- Compliance with regulatory requirements and industry standards.

In addition, the IT Committee and the Board maintain an ongoing dialogue regarding emerging or potential cybersecurity risks, ensuring the Board's oversight is proactive and responsive. The IT Committee actively participates in strategic decisions related to cybersecurity, offering guidance and approval for major initiatives. This involvement ensures that cybersecurity considerations are integrated into the broader strategic objectives of the Company.

Risk Management Personnel

Primary responsibility for assessing, monitoring and managing our cybersecurity risks rests with the Vice President of Information Technology. Our Vice President of Information Technology has over 25 years of experience in the information technology field and has been a member of and led numerous teams responsible for cybersecurity operations. In addition, all Company employees are required to complete mandatory cybersecurity training each year.

Monitor Cybersecurity Incidents

The Vice President of Information Technology is continually informed about the latest developments in cybersecurity, including potential threats and innovative risk management techniques. This ongoing knowledge acquisition is crucial for the effective prevention, detection, mitigation, and remediation of cybersecurity incidents. The Vice President of Information Technology implements and oversees processes for the regular monitoring of our information systems. This includes the deployment of advanced security measures and regular system audits to identify potential vulnerabilities. In the event of a cybersecurity incident, the Vice President of Information Technology is equipped with a well-defined incident response plan. This plan includes immediate actions to mitigate the impact and long-term strategies for remediation and prevention of future incidents. As part of the managed monitoring and remediation platform, the Company benefits from a $100,000 breach prevention warranty. Since its inception, the Company has not had a security breach, and has not incurred any resulting expenses, penalties or settlements.

Reporting to the Board of Directors

The Vice President of Information Technology, in his capacity, regularly informs the Chief Executive Officer and Chief Financial Officer of all aspects related to cybersecurity risks and incidents. This ensures that the highest levels of management are kept abreast of the cybersecurity posture and potential risks facing the Company. Furthermore, significant cybersecurity matters, and strategic risk management decisions are escalated to the Board of Directors, ensuring that they have comprehensive oversight and can provide guidance on critical cybersecurity issues.

ITEM 2. PROPERTIES

In addition to the information provided below, see Item 1, "Business," Note 2 – Real Estate Investments to the Consolidated Financial Statements in Item 8 "Financial Statements and Supplementary Data," and Schedule III of Item 15 of this Annual Report on Form 10-K for more detailed information about the Company's properties as of December 31, 2024.

Scheduled Lease Expirations

As of December 31, 2024, the weighted average remaining years to maturity pursuant to the leases with our tenants was approximately 6.7 years, with expirations through 2044. The table below details scheduled lease expirations, as of December 31, 2024, for our properties for the periods indicated.

		Total Leased Square Footage		Annualized Lease Revenue	
Year	**Number of Leases Expiring**	**Amount *(in thousands)***	**Percent (%)**	**Amount *(in thousands)***	**Percent (%)**
2025	68	402	10.0 %	$ 10,312	9.6 %
2026	72	554	13.7 %	12,162	11.3 %
2027	63	371	9.2 %	7,870	7.3 %
2028	58	386	9.6 %	8,187	7.6 %
2029	42	352	8.7 %	8,775	8.1 %
2030	20	159	3.9 %	4,148	3.8 %
2031	27	367	9.1 %	10,024	9.3 %
2032	14	148	3.7 %	2,227	2.1 %
2033	13	79	2.0 %	1,656	1.5 %
2034	23	327	8.1 %	12,151	11.3 %
Thereafter	29	870	21.6 %	29,912	27.8 %
Month-to-Month	7	18	0.4 %	314	0.3 %
Totals	**436**	**4,033**	**100.0 %**	**$ 107,738**	**100.0 %**

ITEM 3. LEGAL PROCEEDINGS

The Company may, from time to time, be involved in litigation arising in the ordinary course of business or which may be expected to be covered by insurance. The Company is not aware of any pending or threatened litigation that, if resolved against the Company, would have a material adverse effect on the Company’s consolidated financial position, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II.

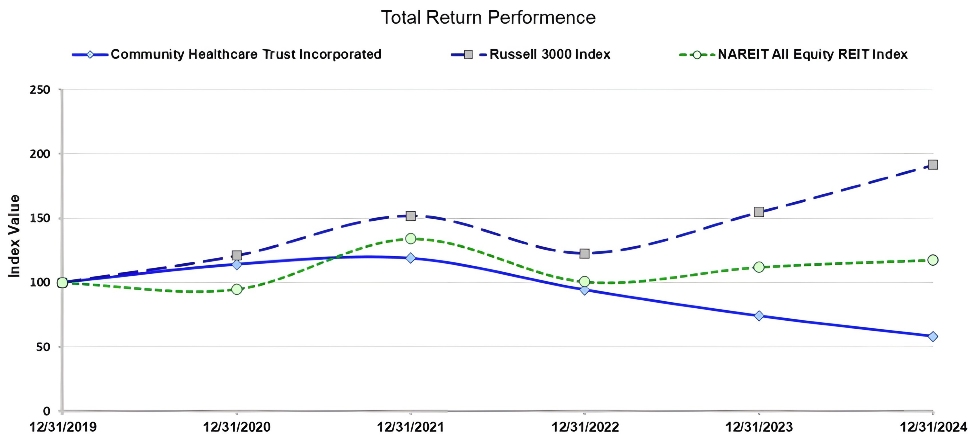
ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Shares of the Company's common stock are traded on the New York Stock Exchange under the symbol "CHCT." At February 11, 2025, there were 47 stockholders of record.

Future dividends will be declared and paid at the discretion of the Board of Directors. The Company’s ability to pay dividends is dependent upon its ability to generate funds from operations and cash flows, and to make accretive new investments.

Stock Performance Graph

The following graph compares, over a measurement period beginning December 31, 2019 and ending on December 31, 2024, the cumulative total return on our common stock with the cumulative total return on the stocks included in (i) the Russell 3000 Index and (ii) the NAREIT All Equity REIT Index. The performance graph assumes that the value of the investment in our common stock, the Russell 3000 Index and the NAREIT All Equity REIT Index was $100 at December 31, 2019 and that all dividends were reinvested. There can be no assurance that our common stock performance will continue in the future with the same or similar trends depicted in the stock performance graph below. We will not make or endorse any predictions as to future stock performance.



	Period Ending					
Index	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
Community Healthcare Trust Incorporated	$ 100.00	$ 114.20	$ 118.86	$ 94.24	$ 73.98	$ 58.09
Russell 3000 Index	$ 100.00	$ 120.89	$ 151.91	$ 122.73	$ 154.59	$ 191.39
NAREIT All Equity REIT Index	$ 100.00	$ 94.88	$ 134.06	$ 100.62	$ 112.04	$ 117.56

The information provided under the heading “Stock Performance Graph” 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 Securities Exchange Act of 1934, as amended, other than as provided in Item 201 of Regulation S-K. 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 Securities Exchange Act of 1934, as amended.

ITEM 6. [RESERVED]

Intentionally omitted.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The purpose of this Management's Discussion and Analysis ("MD&A") is to provide an understanding of the Company's consolidated financial condition, results of operations and liquidity. MD&A is provided as a supplement to, and should be read in conjunction with, the Company's Consolidated Financial Statements and accompanying notes.

Overview

We were organized in the State of Maryland in March 2014 and began operations upon the completion of our initial public offering in May 2015. We are a self-administered, self-managed healthcare REIT that acquires and owns properties that are leased to hospitals, doctors, healthcare systems or other healthcare service providers.

Trends and Matters Impacting Operating Results

Management monitors factors and trends that it believes are important to the Company and the REIT industry in order to gauge their potential impact on the operations of the Company. Certain of the factors and trends that management believes may impact the operations of the Company are discussed below.

Real estate acquisitions

During the year ended December 31, 2024, the Company acquired nine real estate properties for an aggregate purchase price of approximately $72.1 million. Upon acquisition, the properties, totaling approximately 261,000 square feet, were 99.3% leased in the aggregate with lease expirations through 2039.

Real estate dispositions

During the year ended December 31, 2024, the Company disposed of two properties in Texas and a land parcel adjacent to a property in Georgia. The Company received net proceeds of approximately $2.3 million and recognized an immaterial gain in the aggregate on the dispositions.

Acquisition pipeline

The Company has entered into a definitive purchase agreement for a residential treatment campus consisting of five buildings with an expected purchase price of approximately $9.5 million and an expected return of 9.5%. The Company expects to close on this investment during the first quarter of 2025; however, the Company cannot provide assurance as to the timing of when, or whether, the transaction will actually close.

The Company also has seven properties under definitive purchase agreements, to be acquired after completion and occupancy, for an aggregate expected purchase price of approximately $169.5 million. The Company's expected returns on these investments are approximately 9.1% to 9.75%. The Company anticipates closing on one of these properties in the first quarter of 2025 with the remainder throughout 2025, 2026 and 2027; however, the Company cannot provide assurance as to the timing of when, or whether, these transactions will actually close.

Assets Held for Sale

The Company has two properties with an aggregate carrying balance of $6.8 million classified as held for sale. See Note 4 – Real Estate Acquisitions, Disposition, and Assets Held for Sale in the Consolidated Financial Statements for more details.

Leased square footage

As of December 31, 2024, our real estate portfolio was approximately 90.9% lease d, excluding real estate assets held for sale. During the year ended December 31, 2024, we had expiring or terminated leases related to approximately 551,000 square feet, and we leased or renewed leases related to approximately 517,000 square feet.

Purchase Option Provisions

Certain of the Company's leases provide the lessee with a purchase option or a right of first refusal to purchase the leased property. The purchase option provisions generally allow the lessee to purchase the leased property at fair value or at an amount greater than the Company's gross investment in the leased property at the time of the purchase. The Company had an aggregate gross investment of approximately $31.5 million in nine real estate properties as of December 31, 2024 that were subject to exercisable purchase options.

Lease Expirations

Approximately 7.3% to 11.3% of our leases (based on annualized rent) will expire in each of the next 5 years. Management expects that many of the tenants will renew their leases, but in cases where they do not renew, the Company believes it will generally be able to re-lease the space to existing or new tenants without significant loss of rental income. See "Properties" in Item 2 for a schedule of the Company's lease expirations.

Inflation

Inflation has significantly increased during the past couple of years and a prolonged period of high and persistent inflation could cause an increase in our expenses, capital expenditures, and cost of our variable-rate borrowings which could have a material impact on our financial position or results of operations. Many of our lease agreements contain provisions designed to mitigate the adverse impact of inflation, including annual rent increases based on stated increases or CPI increases. In response to inflationary pressures, the Federal Reserve began raising interest rates in 2022. Though these higher interest rates have just begun to decline, these higher rates may adversely impact real estate asset values and increase our interest expense on our variable-rate borrowings under our revolving credit facility.

Interest Expense

During the first quarter of 2024, two interest rates swaps related to Term Loans matured and were replaced with two previously forward-starting swaps. Also, during the fourth quarter of 2024, the Company amended its Credit Facility to (i) increase the Revolving Credit Facility commitments, (ii) decrease pricing on the Revolving Credit Facility, (iii) extend maturity of the Revolving Credit Facility, and (iv) repay the $75.0 million A-3 Term loan with proceeds from the Revolving Credit Facility. Also, with the repayment of the A-3 Term loan, the interest rate swaps that previously hedged the A-3 Term Loan were reassigned to hedge $75.0 million of the Revolving Credit Facility through the swaps maturity date in 2026. During the fourth quarter of 2024, the Company's leverage ratio increased resulting in higher pricing on the Term Loans based on the pricing grid in our Credit Facility.

Executive Compensation

The Alignment of Interest Program was amended by the Board in the first quarter of 2024 to establish a maximum elective deferral percentage amount of 50% (previously 100%) of compensation allowed to be deferred and applied to the acquisition of restricted stock for certain participants in the program, and limit the duration of the restriction period election depending on each individual's retirement eligibility date. These changes were effective beginning January 1, 2024 for salary and other compensation deferrals and are effective for the annual bonus deferrals for the bonus period beginning July 1, 2024.

Further, in the first quarter of 2024, the also Board approved and adopted a new long-term incentive compensation structure for its executive officers, which includes the issuance of time-based RSUs and performance-based RSUs with three-year forward-looking performance targets. Historically, the Company had granted long-term incentive awards to its executive officers comprised of restricted stock that vested in eight years, based on backward-looking performance metrics. See Note 9 – Stock Incentive Plans for more details.

Results of Operations

The Company's consolidated results of operations for 2024 compared to 2023 were significantly impacted by acquisitions and other capital improvements in our real estate, including depreciation and amortization on our real estate portfolio, collectibility of lease payments, interest and notes receivable, general and administrative expenses, including the impact of changes to executive compensation programs and the accelerated amortization of stock-based compensation upon the passing of our former CEO in 2023, and interest expense.

Yea***r Ended December 31, 2024 Compared to December 31, 2023***

Revenues

Rental income increased approximately $5.9 million, or 5.4%, for the year ended December 31, 2024 compared to the same period in 2023 due mainly to the following:

- Income on properties acquired during 2024 and 2023 increased rental income by approximately $11.0 million; partially offset by
- A reduction in rental income related to tenants on cash basis during 2024 and 2023 totaling approximately $4.0 million (including $0.7 million of straight-line rent); and
- A reduction in rental income of $1.1 million due mainly to lease terminations, including two Genesis Care leases with the Company that were rejected in 2023 as part of the Genesis Care bankruptcy.

Other operating interest decreased approximately $2.9 million, or 70.7%, for the year ended December 31, 2024 compared to the same period in 2023 due mainly to the following:

- A reduction in interest totaling $2.7 million due to reversing interest and placing notes on nonaccrual status during 2024 related to a geriatric inpatient behavioral hospital tenant;
- A reduction in interest totaling $0.3 million due to amortizing payments on notes receivable; offset partially by
- An increase in interest totaling $0.1 million due to a new note entered into during 2024.

Expenses

Property operating expenses increased approximately $2.1 million, or 10.2%, for the year ended December 31, 2024 compared to the same period in 2023 due mainly to the following:

- Property operating expenses on properties acquired during 2024 and 2023 resulted in an increase of approximately $1.7 million;
- Property insurance expense increased approximately $0.2 million; and
- Landscaping and snow plow expense increased approximately $0.2 million.

General and administrative expenses decreased approximately $8.3 million, or 30.3%, for the year ended December 31, 2024 compared to the same period in 2023 due mainly to the following:

- The Company recorded an $11.8 million non-cash charge in 2023 due to the acceleration of unamortized deferred compensation for non-vested restricted common shares held by the Company's former CEO upon his passing; partially offset by

- An increase in the non-cash amortization of deferred compensation in 2024 compared to 2023 of approximately $1.8 million due to the issuance of additional restricted shares and from the impact of adopting the new executive compensation program in during 2024, and cash compensation of approximately $1.7 million due mainly to adopting the new executive compensation program which limited the maximum elective deferral percentages of salary and bonus for the executives as described in more detail in Note 9 – Stock Incentive Plan to the Condensed Consolidated Financial Statements.

Depreciation and amortization expense increased approximately $3.1 million, or 7.8%, for the year ended December 31, 2024 compared to the same period in 2023 due mainly to the following:

- Depreciation and amortization related to properties acquired during 2024 and 2023 accounted for an increase of approximately $5.0 million;

- Depreciation related to tenant and other improvements accounted for an increase of approximately $4.7 million; offset partially by

- Real estate intangible assets acquired prior to 2023 that became fully depreciated resulted in a decrease of approximately $3.5 million; and

- Depreciation and amortization on the properties classified as held for sale during 2023 and 2024 resulted in a decrease of approximately $1.6 million; and

- Accelerated amortization of lease intangibles on the two GenesisCare properties where the leases were rejected in their 2023 bankruptcy resulted in a decrease of approximately $1.5 million.

Interest expense

Interest expense increased approximately $5.9 million, or 33.2%, for the year ended December 31, 2024 compared to the same period in 2023. Contractual interest due under the Credit Facility increased $5.5 million due to a pricing grid increase on hedged debt in the fourth quarter of 2024 due to increased leverage ratio, a higher weighted average balance on the Revolving Credit Facility, along with a rise in interest rates during 2024 as compared to 2023. See Note 5 – Debt, net to the Consolidated Financial Statements. Also, capitalized interest decreased by $0.4 million in 2024 compared to 2023.

Credit loss reserve

A credit loss reserve totaling $11.0 million was recorded in 2024 related to notes receivable with a geriatric inpatient behavioral hospital tenant as the Company had determined that collectability of contractual amounts due was not reasonably assured.

Deferred income tax expense

Deferred income tax expense decreased approximately $0.3 million for the year ended December 31, 2024 compared to the same period in 2023. During 2023, the Company fully reserved its deferred tax asset.

Interest and other income

Interest and other income decreased approximately $0.3 million for the year ended December 31, 2024 compared to the same period in 2023. Interest and other income for 2024 included an undistributed allowance for tenant improvements totaling $0.3 million for a lease that expired and $0.2 million of earnest money on a terminated contract on a property held for sale. Interest and other income for 2023 included a net casualty gain relating to a property totaling $0.7 million.

Year Ended December 31, 2023 Compared to December 31, 2022

See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations” in our 2023 Annual Report on Form 10-K for a comparison of the year ended December 31, 2023 compared to December 31, 2022, which is incorporated by reference.

Liquidity and Capital Resources

The Company monitors its liquidity and capital resources and relies on several key indicators in its assessment of capital markets for financing acquisitions and other operating activities as needed, including the following:

- Leverage ratios and financial covenants included in our Credit Facility;
- Dividend payout percentage; and
- Interest rates, underlying treasury rates, debt market spreads and equity markets.

The Company uses these indicators and others to compare its operations to its peers and to help identify areas in which the Company may need to focus its attention.

Financing Policy

The Company’s current financing policy prohibits aggregate debt (secured or unsecured) in excess of 40% of the Company's total capitalization, except for short-term, transitory periods. At December 31, 2024, our debt to total capitalization ratio (debt plus stockholders' equity plus accumulated depreciation) was approximately 40.3%.

Sources and Uses of Cash

The Company derives most of its revenues from its real estate properties, collecting rental income and operating expense reimbursements based on contractual arrangements with its tenants. These sources of revenue represent our primary source of liquidity to fund our dividends, general and administrative expenses, property operating expenses, interest expense on our Credit Facility and other expenses incurred related to managing our existing portfolio and investing in additional properties. To the extent additional resources are needed, the Company will fund its investment activity generally with net proceeds from equity or debt issuances, including our at-the-market equity offering program, either in the public or private markets, from our Credit Facility, or from asset sales.

The Company expects to meet its liquidity needs through cash on hand, cash flows from operations and cash flows from sources discussed above. The Company believes that its liquidity and sources of capital are adequate to satisfy its cash requirements. The Company cannot, however, be certain that these sources of funds will be available at a time and upon terms acceptable to the Company in sufficient amounts to meet its liquidity needs.

Operating Activities

Cash flows provided by operating activities for the years ended December 31, 2024, 2023 and 2022 were approximately $58.9 million, $61.4 million, and $60.3 million, respectively. Cash flows provided by operating activities for the years ended December 31, 2024, 2023 and 2022 were generally provided by contractual rents and interest on notes receivables, net of property operating expenses not reimbursed by the tenants and general and administrative expenses.

Investing Activities

Cash flows used in investing activities for the years ended December 31, 2024, 2023 and 2022 were approximately $92.7 million, $113.7 million, and $113.8 million, respectively. During 2024, the Company invested in nine real estate properties for cash consideration of approximately $72.4 million, and sold two properties and a land parcel, for net proceeds of approximately $2.3 million. During 2023, the Company invested in 19 real estate properties and one land parcel for an aggregate cash consideration of approximately $98.9 million. During 2022, the Company invested in 18 real estate properties for an aggregate cash consideration of approximately $96.7 million. In addition, during 2024, 2023 and 2022, the Company funded notes receivable of approximately $3.1 million, $2.0 million, and $9.7 million, respectively, and received payments in 2024, 2023 and 2022 on notes receivable of approximately $5.1 million, $3.9 million, and $3.0 million, respectively. Also, during 2023, the Company received insurance proceeds from a casualty loss of approximately $2.3 million, and the Company funded capital expenditures, including tenant improvements, during 2024, 2023 and 2022 totaling approximately $24.6 million, $19.0 million, and $10.4 million, respectively.

Financing Activities

Cash flows provided by financing activities for the years ended December 31, 2024, 2023 and 2022 were approximately $33.5 million, $44.9 million, and $62.7 million, respectively. During 2024, 2023 and 2022, the Company paid dividends totaling approximately $51.7 million, $48.1 million and $44.5 million, respectively. During 2024, 2023 and 2022, the Company completed equity offerings under its at-the-market program, resulting in net proceeds, net of underwriters' discount and offering costs, of approximately $7.3 million, $44.0 million and $20.2 million, respectively. During 2024 and 2023, the Company borrowed, on a net basis, approximately $162.0 million and $50.0 million, respectively, and in 2022, the Company repaid, on a net basis, approximately $12.0 million respectively, on its Revolving Credit Facility. During 2024, the Company amended its Credit Facility to increase its Revolver limit and extend maturity, and repaid $75.0 million in Term Loans under its Credit Facility and incurred $3.4 million in additional debt issuance costs. In 2022, the Company amended its Credit Facility and borrowed $150.0 million in Term Loans under its Credit Facility and incurred $0.8 million in additional debt issuance costs, and repaid $50.0 million in Term Loans under its Credit Facility. During 2024, 2023 and 2022, the Company had mortgage note repayments totaling approximately $4.8 million, $0.1 million and $0.1 million, respectively. During 2024 and 2023, the Company withheld shares and paid taxes totaling approximately $0.8 million and $1.0 million upon the vesting of stock-based awards for certain employees.

Automatic Shelf Registration Statement

On November 2, 2022, the Company filed an automatic shelf registration statement on Form S-3 with the SEC. The registration statement was for an indeterminate number of securities and is effective for three years. On February 18, 2025, the Company filed Post-Effective Amendment No. 1 to its automatic registration statement on Form S-3 because the Company expected that it would no longer qualify as a well-known seasoned issuer (as such term is defined under Rule 415 of the Securities Act of 1933, as amended) upon the filing of its Annual Report on Form 10-K for the year ended December 31, 2024. Post-Effective Amendment No. 1 included disclosure required for registrants other than a well-known seasoned issuer and made certain other amendments. Under this registration statement, the Company has the capacity to offer and sell from time to time various types of securities, including common stock, preferred stock, depository shares, rights, debt securities, warrants and units. Promptly after filing of its Annual Report on Form 10-K for the year ended December 31, 2024, the Company intends to file a new non-automatic shelf registration statement on Form S-3.

ATM Program

The Company has an at-the-market offering program ("ATM Program"), with Piper Sandler & Co., Piper Sandler Financial Products II Inc., Evercore Group L.L.C., Fifth Third Securities, Inc., Huntington Securities, Inc., Janney Montgomery Scott LLC, KeyBanc Capital Markets Inc., Regions Securities LLC, Truist Bank, and Truist Securities, Inc. in their capacities as Sales Agents, Forward Purchasers and/or Forward Sellers (each, an “Agent”, and, collectively, the “Agents”). On February 18, 2025, the Company amended the ATM Program to remove/add Agents, reduce the aggregate sales price from $500.0 million to $300.0 million, and add forward sale capabilities. Under the amended ATM Program, the Company may issue and sell shares of its common stock, having an aggregate gross sales price of up to $300.0 million, exclusive of shares of Common Stock sold under its prior agreements with our Agents. The shares of common stock may be sold from time to time through or to one or more of the Agents, as may be determined by the Company in its sole discretion, subject to the terms and conditions of the agreement and applicable law. As of December 31, 2024, the Company had a $500.0 million ATM program, of which approximately $426.3 million remained available to be issued.

Security Deposits

As of December 31, 2024, the Company held approximately $2.9 million in security deposits, included in other liabilities, on the Consolidated Statement of Operations, for the benefit of the Company in the event the obligated tenant fails to perform under the terms of its respective lease. Generally, the Company may, at its discretion and upon notification to the tenant, draw upon the security deposits if there are any defaults under the leases.

Credit Facility

The Company's third amended and restated credit agreement, as amended (the "Credit Facility") provides for a $400.0 million revolving credit facility (the "Revolving Credit Facility") and $275.0 million in term loans (the "Term Loans"), as well as an accordion feature which allows borrowings up to a total of $875.0 million, including the ability to add and fund additional term loans. The Company has entered into interest rate swaps to fix the interest rates on the Term Loans and the portion of the Revolver balance that was used to repay a Term Loan. Note 5 – Debt, net to the Consolidated Financial Statements provides more details on the Credit Facility and Note 6 – Derivative Financial Instruments provides more detail on interest rate swaps entered into on the Term Loans. At December 31, 2024, the Company had borrowing capacity remaining under the Revolving Credit Facility of approximately $188.0 million.

The Company’s ability to borrow under the Credit Facility is subject to its ongoing compliance with a number of customary affirmative and negative covenants, including limitations with respect to liens, indebtedness, distributions, mergers, consolidations, investments, restricted payments and asset sales, as well as financial maintenance covenants. The Company was in compliance with its financial covenants under its Credit Facility as of December 31, 2024.

Ground Leases

At December 31, 2024, the Company was obligated, as the lessee, under four non-prepaid ground leases accounted for as operating leases with expiration dates through 2076, including renewal options, and two non-prepaid ground leases accounted for as a financing lease with an expiration date through 2109, including renewal options. Any rental increases related to the Company's ground leases are generally either stated or based on the Consumer Price Index. At December 31, 2024, the Company's aggregate obligation under these ground leases was approximately $8.7 million. See Note 3 – Real Estate Leases to the Consolidated Financial Statements.

Acquisition Pipeline

The Company has entered into a definitive purchase agreement for a residential treatment campus consisting of five buildings with an expected purchase price of approximately $9.5 million and an expected return of 9.5%. The Company expects to close on this investment during the first quarter of 2025; however, the Company cannot provide assurance as to the timing of when, or whether, the transaction will actually close.

The Company also has seven properties under definitive purchase agreements, to be acquired after completion and occupancy, for an aggregate expected purchase price of approximately $169.5 million. The Company's expected returns on these investments are approximately 9.1% to 9.75%. The Company anticipates closing on one of these properties in the first quarter of 2025 with the remainder throughout 2025, 2026 and 2027; however, the Company cannot provide assurance as to the timing of when, or whether, these transactions will actually close.

The Company anticipates funding these investments with cash from operations, or with net proceeds from equity or debt issuances, from our Credit Facility, or from asset sales.

Tenant Improvements and Capital Improvements

The Company may provide tenant improvement allowances in new or renewal leases for the purpose of refurbishing or renovating tenant space. The Company may also assume tenant improvement obligations included in leases acquired in its real estate acquisitions. As of December 31, 2024, the Company had approximately $26.5 million in commitments for tenant improvements. Four of these projects, with remaining obligations totaling $11.1 million as of December 31, 2024, represent redevelopment projects of the buildings into different healthcare uses backed by long term leases.

The Company has entered into contracts with various vendors for various capital improvement projects related to its portfolio. As of December 31, 2024, the Company had approximately $2.0 million in commitments for capital improvement projects; four of these projects totaling $0.3 million, represent redevelopment projects of the buildings into different healthcare uses backed by long-term leases.

The Company anticipates funding these investments with cash from operations, through proceeds from its Credit Facility or from net proceeds from additional debt or equity offerings.

Notes Receivable

The Company has two notes with a tenant with unfunded commitments remaining totaling approximately $6.0 million at December 31, 2024. See Note 10 – Other Assets, net to the Consolidated Financial Statements.

Dividends

The Company is required to pay dividends to its stockholders at least equal to 90% of its taxable income in order to maintain its qualification as a REIT.

During 2024, 2023 and 2022, the Company paid cash dividends in the amounts of $1.845 per share, $1.805 per share and $1.765 per share, respectively.

On February 13, 2025, the Company’s Board of Directors declared a quarterly common stock dividend in the amount of $0.4675 per share. The dividend is payable on March 5, 2025 to stockholders of record on February 24, 2025.

The ability of the Company to pay dividends is dependent upon its ability to generate cash flows and to make accretive new investments.

Non-GAAP Financial Measures and Key Performance Indicators

Management considers certain non-GAAP financial measures and key performance indicators to be useful supplemental measures of the Company's operating performance. A non-GAAP financial measure is generally defined as one that purports to measure financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable measure determined in accordance with GAAP. The Company reports non-GAAP financial measures because these measures are observed by management to also be among the most predominant measures used by the REIT industry and by industry analysts to evaluate REITs. For these reasons, management deems it appropriate to disclose and discuss these non-GAAP financial measures. Set forth below are descriptions of the non-GAAP financial measures management considers relevant to the Company's business and useful to investors, as well as reconciliations of those measures to the most directly comparable GAAP financial measure.

The non-GAAP financial measures and key performance indicators presented herein are not necessarily identical to those presented by other real estate companies due to the fact that not all real estate companies use the same definitions. These measures should not be considered as alternatives to net income, as indicators of the Company's financial performance, or as alternatives to cash flow from operating activities as measures of the Company's liquidity, nor are these measures necessarily indicative of sufficient cash flow to fund all of the Company's needs. Management believes that in order to facilitate a clear understanding of the Company's historical consolidated operating results, these measures should be examined in conjunction with net income and cash flows from operations as presented in the Consolidated Financial Statements and other financial data included elsewhere in this Annual Report on Form 10-K.

Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO")

FFO is an operating performance measure adopted by the National Association of Real Estate Investment Trusts, Inc. (“NAREIT”). NAREIT defines FFO as the most commonly accepted and reported measure of a REIT’s operating performance equal to net income (calculated in accordance with GAAP), excluding gains or losses from the sale of certain real estate assets, gains and losses from change in control, impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity, plus depreciation and amortization related to real estate properties, and after adjustments for unconsolidated partnerships and joint ventures. NAREIT also provides REITs with an option to exclude gains, losses and impairments of assets that are incidental to the main business of the REIT from the calculation of FFO.

In addition to FFO, the Company presents AFFO and AFFO per share. The Company defines AFFO as FFO, excluding certain expenses related to closing costs of properties acquired accounted for as business combinations and mortgages funded, excluding straight-line rent and the amortization of stock-based compensation, and including or excluding other non-cash items from time to time. AFFO presented herein may not be comparable to similar measures presented by other real estate companies due to the fact that not all real estate companies use the same definition.

Management believes that net income, as defined by GAAP, is the most appropriate earnings measurement. However, management believes FFO, AFFO, FFO per share and AFFO per share provide an understanding of the operating performance of the Company’s properties without giving effect to certain significant non-cash items, primarily depreciation and amortization expense. Historical cost accounting for real estate assets in accordance with GAAP assumes that the value of real estate assets diminishes predictably over time. However, real estate values instead have historically risen or fallen with market conditions. The Company believes that by excluding the effect of depreciation, amortization, impairments and gains or losses from sales of real estate, losses and impairment of incidental assets, all of which are based on historical costs and which may be of limited relevance in evaluating current performance, FFO, AFFO, FFO per share and AFFO per share can facilitate comparisons of operating performance between periods.

The table below reconciles net income to FFO and AFFO for the years ended December 31, 2024, 2023, and 2022.

	Year Ended December 31,		
(Amounts in thousands, except per share amounts)	2024	2023	2022
Net (loss) income	$ (3,181)	$ 7,714	$ 22,019
Real estate depreciation and amortization	43,277	40,103	32,602
Credit loss reserve [1]	11,000	—	—
Impairments, net of net gains on the sales of depreciable real estate assets	121	102	—
Total adjustments	54,398	40,205	32,602
FFO	$ 51,217	$ 47,919	$ 54,621
Straight-line rent	(1,942)	(3,052)	(3,444)
Stock-based compensation	9,987	8,166	9,415
Accelerated amortization of stock-based compensation [2]	—	11,799	—
Net gain from insurance recovery on casualty loss	—	(706)	—
AFFO	$ 59,262	$ 64,126	$ 60,592
FFO per diluted common share	**$ 1.91**	**$ 1.86**	**$ 2.24**
AFFO per diluted common share	**$ 2.21**	**$ 2.49**	**$ 2.49**
Weighted Average Common Shares Outstanding-Diluted [3]	26,843	25,752	24,379

[1] During the second quarter of 2024, the Company recorded an $11.0 million credit loss reserve on notes receivable with a geriatric inpatient behavioral hospital tenant where collectibility was not reasonably assured. The Company's notes receivable are considered incidental to the Company's main business.

[2] Non-cash accelerated amortization of stock-based compensation totaling $11.8 million was recorded in 2023 upon the passing of the Company's former CEO.

[3] Diluted weighted average common shares outstanding for FFO are calculated based on the treasury method, rather than the 2-class method used to calculate earnings per share.

Net Operating Income ("NOI")

NOI is a key performance indicator. NOI is defined as net income or loss, computed in accordance with GAAP, generated from our total portfolio of properties and other investments before general and administrative expenses, depreciation and amortization expense, gains or losses on the sale of real estate properties or other investments, interest expense, deferred income tax expense, and interest and other income, net. We believe that NOI provides an accurate measure of operating performance of our operating assets because NOI excludes certain items that are not associated with management of the properties. The Company's use of the term NOI may not be comparable to that of other real estate companies as they may have different methodologies for computing NOI.

The table below reconciles net income to NOI for the years ended December 31, 2024, 2023, and 2022.

	Year Ended December 31,		
(In thousands)	**2024**	**2023**	**2022**
Net (loss) income	$ (3,181)	$ 7,714	$ 22,019
General and administrative [(1)]	19,058	15,539	14,837
Accelerated amortization of deferred compensation	—	11,799	—
Depreciation and amortization	42,778	39,693	32,339
Credit loss reserve	11,000	—	—
Impairments, net of net gains on the sales of depreciable real estate assets	121	102	—
Interest expense	23,706	17,792	11,873
Deferred income taxes	—	306	41
Interest and other income, net	(530)	(813)	(66)
NOI	**$ 92,952**	**$ 92,132**	**$ 81,043**

[(1)] 2023 excludes accelerated amortization of stock-based compensation shown separately below.

EBITDA*re* and Adjusted EBITDA*re*

The Company uses the NAREIT definition of EBITDA *re* which is net income plus interest expense, income tax expense, and depreciation and amortization, plus losses or minus gains on the disposition of depreciable property, including losses/gains on change of control, plus impairment write-downs of depreciable property and of investments in unconsolidated affiliates caused by a decrease in value of depreciable property in the affiliate, plus or minus adjustments to reflect the entity's share of EBITDA*re* of unconsolidated affiliates and consolidated affiliates with non-controlling interest. The Company also presents Adjusted EBITDA*re* which is EBITDA*re* before non-cash items, such as stock-based compensation expense and other such items.

We consider EBITDA*re* and Adjusted EBITDA *re* important measures because they provide additional information to allow management, investors, and our current and potential creditors to evaluate and compare our core operating results and our ability to service debt.

The table below reconciles net income to EBITDA*re* and Adjusted EBITDA*re* for the years ended December 31, 2024, 2023, and 2022.

	Year Ended December 31,		
(In thousands)	**2024**	**2023**	**2022**
Net income	$ (3,181)	$ 7,714	$ 22,019
Interest expense	23,706	17,792	11,873
Depreciation and amortization	42,778	39,693	32,339
Deferred income tax expense	—	306	41
Impairments, net of net gains on the sales of depreciable real estate assets	121	102	—
EBITDA*re*	**$ 63,424**	**$ 65,607**	**$ 66,272**
Non-cash stock-based compensation expense [1]	9,987	8,166	9,415
Credit loss reserve	11,000	—	—
Accelerated amortization of deferred compensation	—	11,799	—
Net gain from insurance recovery on casualty loss	—	(706)	—
Adjusted EBITDA*re*	**$ 84,411**	**$ 84,866**	**$ 75,687**

[1] 2023 excludes accelerated amortization of stock-based compensation shown separately below.

Critical Accounting Policies and Estimates

Our Consolidated Financial Statements are prepared in conformity with GAAP and the rules and regulations of the SEC. In preparing the Consolidated Financial Statements, management is required to exercise judgment and make assumptions and estimates that may impact the carrying value of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates. Set forth below is a summary of our accounting policies and estimates that we believe are critical to the preparation of our Consolidated Financial Statements. Our accounting policies are more fully discussed in Note 1 – Summary of Significant Accounting Policies to the Consolidated Financial Statements.

Principles of Consolidation

Our Consolidated Financial Statements may include the accounts of the Company, its wholly owned subsidiaries, joint ventures, partnerships and variable interest entities, or VIEs, where the Company controls the operating activities. All material intercompany accounts, transactions, and balances have been eliminated.

Management must make judgments regarding the Company's level of influence or control over an entity and whether or not the Company is the primary beneficiary of a variable interest entity. Consideration of various factors include, but is not limited to, the Company's ability to direct the activities that most significantly impact the entity's governing body, the size and seniority of the Company's investment, the Company's ability and the rights of other investors to participate in policy making decisions, the Company's ability to replace the manager and/or liquidate the entity. Management's ability to correctly assess its influence or control over an entity when determining the primary beneficiary of a VIE affects the presentation of these entities in the Company's Consolidated Financial Statements. If it is determined that the Company is the primary beneficiary of a VIE, the Company's Consolidated Financial Statements would consolidate the VIE rather than the Company's pro rata results of its variable interest in the VIE. The Company would depend on the VIE to provide timely financial information and would rely on the interest control of the VIE to provide accurate financial information. Untimely or inaccurate financial information provided to the Company or deficiencies in the VIE's internal controls over financial reporting could impact the Company's Consolidated Financial Statements and its internal control over financial reporting.

Accounting for Acquisitions of Real Estate Properties

Real estate property acquisitions are accounted for as a business combination or an asset acquisition. An acquisition accounted for as a business combination is recorded at fair value and related closing costs are expensed as incurred. An acquisition accounted for as an asset acquisition is recorded at its purchase price, inclusive of acquisition costs, which is allocated among the acquired assets and assumed liabilities based upon their relative fair values at the date of acquisition. The Company expects that substantially all of its acquisitions will be accounted for as asset acquisitions.

The acquisition date fair values of the tangible and intangible assets and acquired liabilities are estimated based on information obtained from multiple sources as a result of pre-acquisition due diligence, tax records, and other sources, including third-party valuations. Based on these estimates, we recognize the acquired assets and liabilities based on their estimated fair values. We expense transaction costs associated with business combinations in the period incurred. The fair value of tangible property assets acquired considers the value of the property as if vacant determined by a combination of comparable sales, replacement cost, income valuation approach and other relevant data. The determination of fair value involves the use of significant judgment and estimation. We value land based on various inputs, which may include internal analysis of recently acquired properties, existing comparable properties within our portfolio, or third party appraisals or valuations based on comparable sales.

In recognizing identified intangible assets and liabilities of an acquired property, the value of above- or below-market leases is estimated based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between contractual amounts to be received pursuant to the leases and management’s estimate of market lease rates measured over a period equal to the estimated remaining term of the lease. In the case of a below-market lease, we also evaluate any renewal options associated with that lease to determine if the intangible should include those periods. The capitalized above-market or below-market lease intangibles are amortized as a reduction from or an addition to rental income over the estimated remaining term of the respective leases.

In determining the value of in-place leases and tenant relationships, we consider current market conditions and costs to execute similar leases in arriving at an estimate of the carrying costs during the expected lease-up period from vacant to existing occupancy. In estimating carrying costs, we include real estate taxes, insurance, other property operating expenses, estimates of lost rental revenue during the expected lease-up periods, and costs to execute similar leases, including leasing commissions. The values assigned to in-place leases and tenant relationships are amortized over the estimated remaining term of the lease. If a lease terminates prior to its scheduled expiration, all unamortized costs related to that lease are written off.

Long-lived Asset Impairments

The Company assesses the potential for impairment of identifiable, definite-lived, intangible assets and long-lived assets, including real estate properties, whenever events occur or a change in circumstances indicates that the carrying value might not be fully recoverable. Indicators of impairment may include significant under-performance of an asset relative to historical or expected operating results; significant changes in the Company’s use of assets or the strategy for its overall business; plans to sell an asset before its depreciable life has ended; the expiration of a significant portion of leases in a property; or significant negative economic trends or negative industry trends for the Company or its operators. In addition, the Company’s review for possible impairment may include those assets subject to purchase options and those impacted by casualties, such as tornadoes and hurricanes.

In addition, the Company assesses whether there were other indicators, including property operating performance, occupancy, changes in holding periods, and other market conditions, that would suggest that the value of the Company's investment may have been impaired.
If management determines that the carrying value of the Company’s assets may not be fully recoverable based on the existence of any of the factors above, or others, management would measure and record an impairment charge based on the estimated fair value of the property or the estimated fair value less costs to sell the property.

Revenue Recognition

The primary source of revenue for the Company is generated through its leasing arrangements with its tenants which is accounted for under Accounting Standards Codification Topic 842 ("ASC Topic 842"), or through notes with its borrowers which is covered under ASC 310. The Company's rental income and interest income are recognized based on contractual arrangements with its tenants and borrowers. From the inception of a lease, if collection of substantially all of the lease payments is probable for a tenant, then rental income is recognized as earned over the life of the lease agreement on a straight-line basis. Management's judgment is necessary if or when it determines that collection of substantially all of a lessee’s payments is not probable, upon which time, the Company will revert to recognizing such lease payments on a cash basis and will reverse any recorded receivables related to that lease. In the event that management subsequently determines collection of substantially all of that lease’s receivable is probable, management will reinstate and record all such receivables for the lease in accordance with the lease.

Allowance for Credit Losses

Credit losses on financial instruments are measured using an expected credit loss ("CECL") model in evaluating the collectability of notes receivable and other financial instruments. The CECL impairment model requires an estimate of expected credit losses, measured over the contractual life of an instrument, that considers forecasts of future economic conditions in addition to information about past events and current conditions. Under the CECL model, the Company estimates credit losses over the entire contractual term of the instrument from the date of initial recognition of that instrument and is required to record a credit loss expense (or reversal) in each reporting period.

The Company evaluates factors such as its historical credit loss experience with the borrower or similar financial assets, current economic conditions, current and expected future financial condition of the borrower, as well as payment history of the borrower, along with other relevant factors for each borrower or similar instruments. If a sale of the borrower's collateral, such as the underlying business or real estate, is expected to repay amounts due to the Company, the Company will also evaluate the value of the underlying collateral in measuring any expected credit loss which may include, but is not limited to, the borrower's current or projected operating cash flows and financial performance, the borrower's ability to refinance the loan, market liquidity and/or other circumstances that could impact the borrower's ability to satisfy its obligations under its notes with the Company.

Use of Estimates in the Consolidated Financial Statements

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk in the form of changing interest rates on its debt and mortgage note receivable. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. Management uses regular monitoring of market conditions and analysis techniques to manage this risk.

As of December 31, 2024, the Company's Revolving Credit Facility and Term Loans were based on variable interest rates while its notes receivable bore interest at fixed rates. The Company has entered into interest rate swaps to fix the interest rates on its Term Loans and $75.0 million of the $212.0 million Revolver Credit Facility borrowings outstanding as of December 31, 2024.

The following table provides information regarding the sensitivity of certain of the Company’s financial instruments, reflecting the effect of hedging instruments, as described above, to market conditions and changes resulting from changes in interest rates. For purposes of this analysis, sensitivity is demonstrated based on hypothetical 10% changes in the underlying market interest rates.

			Impact on Earnings and Cash Flows	
(Dollars in thousands)	Outstanding Principal Balance at December 31, 2024	Calculated Annual Interest Expense	Assuming 10% Increase in Market Interest Rates	Assuming 10% Decrease in Market Interest Rates
Variable Rate Debt:				
Revolving Credit Facility, unhedged	$ 137,000	$ 8,790	$ (879)	$ 879
Revolving Credit Facility, hedged (1)	$ 75,000	$ 3,406	$ —	$ —
A-4 Term Loan (1)	$ 125,000	$ 4,494	$ —	$ —
A-5 Term Loan (1)	$ 150,000	$ 8,423	$ —	$ —

(1) The Company has interest rate swaps that fix the interest rates for $75 million of the Revolving Credit Facility and all of the A-4 Term Loan and the A-5 Term Loan; therefore, changes in the interest rates will not impact our earnings or cash flows.

		Fair Value			
(Dollars in thousands)	Outstanding Principal Balance at December 31, 2024	December 31, 2024	Assuming 10% Increase in Market Interest Rates	Assuming 10% Decrease in Market Interest Rates	December 31, 2023
Fixed Rate Receivables/Payable:					
Notes Receivable, Level 2 (1)	$ 7,180	$ 7,248	$ 7,208	$ 7,281	$ 13,161
Notes Receivable (2)	$ 21,547	$ 10,547	$ 10,547	$ 10,547	$ 22,435
Mortgage Note Payable (1)	$ —	$ —	$ —	$ —	$ 4,821

(1) Level 2 - Fair value based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which significant inputs and significant value drivers are observable in active markets.

(2) Calculated using Level 3 inputs at December 31, 2024 and Level 2 inputs at December 31, 2023. At December 31, 2024, the carrying amount, net of credit loss reserve, was $10,547.

Inflation

Inflation has significantly increased during the past couple of years and a prolonged period of high and persistent inflation could cause an increase in our expenses, capital expenditures, and cost of our variable-rate borrowings which could have a material impact on our financial position or results of operations. Many of our lease agreements contain provisions designed to mitigate the adverse impact of inflation, including annual rent increases based on stated increases or CPI increases. In response to inflationary pressures, the Federal Reserve raised interest rates in 2022 and 2023, however, the Federal Reserve lowered interest rates in 2024 and may provide additional rate cuts during 2025. Higher interest rates may adversely impact real estate asset values and increase our interest expense on our variable-rate borrowings under our revolving credit facility.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Stockholders and Board of Directors
Community Healthcare Trust Incorporated
Franklin, Tennessee

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Community Healthcare Trust Incorporated (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive (loss) income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and financial statement schedules listed in the accompanying index (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024**,** in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated February 18, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Asset Impairment – Assessment of Recoverability for Real Estate Properties

The Company recorded total real estate properties, net of accumulated depreciation, of approximately $903 million as of December 31, 2024. As described in Note 1 to the consolidated financial statements, the Company assesses the potential for impairment of long-lived assets, including real estate properties, whenever events occur or a change in circumstances indicates that the carrying value might not be fully recoverable. A long-lived asset is tested for impairment when management's estimate of current and projected, undiscounted and unleveraged, operating cash flows of the property is less than the net carrying value of the long-lived asset. In determining these cash flows, the Company estimates market rents, capitalization rates, and other relevant inputs.

We identified management's assessment of recoverability for certain real estate properties as a critical audit matter. The determination of the operating cash flows used in recoverability tests requires judgment and estimation of certain assumptions, including market rents and capitalization rates. Auditing management's judgments were especially challenging and required increased auditor effort, including the use of professionals with specialized knowledge and skills in valuation.

The primary procedures we performed to address this critical audit matter included:

- Assessing the reasonableness of certain assumptions used by management in their recoverability test by:
  - Utilizing professionals with specialized knowledge and skills in valuation specific to market rents and capitalization rates.
  - Performing independent research by comparing capitalization rates to third party market data.

Current Expected Credit Losses – Estimation of Fair Value of Underlying Collateral of Notes Receivable

As described in Notes 1 and 10 to the consolidated financial statements, the Company estimates credit losses over the entire contractual term of the instrument from the date of initial recognition of that instrument and is required to record a credit loss expense (or reversal) in each reporting period. The Company evaluates factors such as its historical credit loss experience with the borrower or similar financial assets, current economic conditions, current and expected future financial condition of the borrower, as well as payment history of the borrower. If a sale of the borrower's collateral, such as the underlying business or real estate, is expected to repay amounts due to the Company, the Company will also evaluate the value of the underlying collateral in measuring any expected credit loss. During 2024, the Company determined that the collectability of a term loan and revolver loan secured by assets and ownership interests of the tenant/borrower was not reasonably assured and valued the notes based on its estimated value of the underlying collateral. As a result, the Company recorded an $11.0 million credit loss reserve related to its notes receivable with the tenant/borrower.

We identified the estimation of the fair value of the underlying collateral of notes receivable as a critical audit matter. Estimating the fair value of the underlying collateral requires management to obtain certain tenant/borrower data, including earnings before income taxes, depreciation, and amortization ("EBITDA"), and to make certain valuation assumptions using such tenant/borrower and industry data. Auditing management's estimation of fair value, including the data used, was especially challenging and required increased auditor effort, including the use of professionals with specialized knowledge and skills in valuation.

The primary procedures we performed to address this critical audit matter included:

- Utilizing professionals with specialized knowledge and skills in valuation to assess the reasonableness of the fair value of the underlying collateral of the notes receivable by developing an independent estimate of the fair value of the underlying collateral.

- Testing the completeness and accuracy of the tenant/borrower data, including EBITDA, used in the estimation of the fair value of the underlying collateral.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2015.

Nashville, Tennessee
February 18, 2025

COMMUNITY HEALTHCARE TRUST INCORPORATED
CONSOLIDATED BALANCE SHEETS
(Dollars and shares in thousands, except per share amounts)

	December 31, 2024	December 31, 2023
ASSETS		
Real estate properties		
Land and land improvements	$ 149,501	$ 136,532
Buildings, improvements, and lease intangibles	996,104	913,416
Personal property	326	299
Total real estate properties	1,145,931	1,050,247
Less accumulated depreciation	(242,609)	(200,810)
Total real estate properties, net	903,322	849,437
Cash and cash equivalents	4,384	3,491
Restricted cash	—	1,142
Assets held for sale	6,755	7,466
Other assets, net	78,102	83,876
Total assets	$ 992,563	$ 945,412
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Debt, net	$ 485,955	$ 403,256
Accounts payable and accrued liabilities	14,289	12,032
Other liabilities, net	16,354	16,868
Total liabilities	516,598	432,156
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, $ 0.01 par value; 50,000 shares authorized; none issued and outstanding	—	—
Common stock, $ 0.01 par value; 450,000 shares authorized; 28,242 and 27,613 shares issued and outstanding at December 31, 2024 and December 31, 2023, respectively	282	276
Additional paid-in capital	704,524	688,156
Cumulative net income	85,675	88,856
Accumulated other comprehensive income	17,631	16,417
Cumulative dividends	(332,147)	(280,449)
Total stockholders' equity	475,965	513,256
Total liabilities and stockholders' equity	$ 992,563	$ 945,412

See accompanying notes to the consolidated financial statements.

COMMUNITY HEALTHCARE TRUST INCORPORATED
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars and shares in thousands, except per share amounts)

	Year Ended December 31,		
	2024	2023	2022
REVENUES			
Rental income	$ 114,565	$ 108,682	$ 94,103
Other operating interest, net	1,221	4,163	3,576
	115,786	112,845	97,679
EXPENSES			
Property operating	22,834	20,713	16,636
General and administrative	19,058	27,338	14,837
Depreciation and amortization	42,778	39,693	32,339
	84,670	87,744	63,812
OTHER (EXPENSE) INCOME			
Impairments, net of net gains on the sales of depreciable real estate assets	(121)	(102)	—
Interest expense	(23,706)	(17,792)	(11,873)
Credit loss reserve	(11,000)	—	—
Deferred income tax expense	—	(306)	(41)
Interest and other income, net	530	813	66
	(34,297)	(17,387)	(11,848)
NET (LOSS) INCOME	$ (3,181)	$ 7,714	$ 22,019
NET (LOSS) INCOME PER COMMON SHARE			
Net (loss) income per common share - Basic	$ (0.23)	$ 0.20	$ 0.81
Net (loss) income per common share - Diluted	$ (0.23)	$ 0.20	$ 0.81
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING-BASIC	26,530	25,202	23,631
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING-DILUTED	26,530	25,202	23,631

See accompanying notes to the consolidated financial statements.

COMMUNITY HEALTHCARE TRUST INCORPORATED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(Dollars in thousands)

	Year Ended December 31,		
	2024	**2023**	**2022**
NET (LOSS) INCOME	$ (3,181)	$ 7,714	$ 22,019
Other comprehensive income (loss):			
Increase in fair value of cash flow hedges	11,625	3,803	27,380
Reclassification of amounts recognized as interest expense	(10,411)	(10,053)	267
Total other comprehensive income (loss)	1,214	(6,250)	27,647
COMPREHENSIVE (LOSS) INCOME	$ (1,967)	$ 1,464	$ 49,666

See accompanying notes to the consolidated financial statements.

COMMUNITY HEALTHCARE TRUST INCORPORATED
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars and shares in thousands, except per share amounts)

	Preferred Stock		Common Stock						
	Shares	Amount	Shares	Amount	Additional Paid in Capital	Cumulative Net Income	Accumulated Other Comprehensive (Loss) Income	Cumulative Dividends	Total Stockholders' Equity
Balance at December 31, 2021	—	$ —	24,983	$ 250	$ 595,624	$ 59,123	$ (4,980)	$ (187,905)	$ 462,112
Issuance of common stock, net of issuance costs	—	—	600	6	20,100	—	—	—	20,106
Stock-based compensation, net of forfeitures	—	—	314	3	9,412	—	—	—	9,415
Increase in fair value of cash flow hedges	—	—	—	—	—	—	27,380	—	27,380
Reclassification for amounts recognized as interest expense	—	—	—	—	—	—	267	—	267
Net income	—	—	—	—	—	22,019	—	—	22,019
Dividends to common stockholders ($ 1.765 per share)	—	—	—	—	—	—	—	(44,485)	(44,485)
Balance at December 31, 2022	—	$ —	25,897	$ 259	$ 625,136	$ 81,142	$ 22,667	$ (232,390)	$ 496,814
Issuance of common stock, net of issuance costs	—	—	1,385	14	44,021	—	—	—	44,035
Stock-based compensation, net of forfeitures	—	—	331	3	19,962	—	—	—	19,965
Shares withheld on vesting of stock-based compensation	—	—	—	—	(963)	—	—	—	(963)
Increase in fair value of cash flow hedges	—	—	—	—	—	—	3,803	—	3,803
Reclassification for amounts recognized as interest expense	—	—	—	—	—	—	(10,053)	—	(10,053)
Net income	—	—	—	—	—	7,714	—	—	7,714
Dividends to common stockholders ($ 1.805 per share)	—	—	—	—	—	—	—	(48,059)	(48,059)
Balance at December 31, 2023	—	$ —	27,613	$ 276	$ 688,156	$ 88,856	$ 16,417	$ (280,449)	$ 513,256
Issuance of common stock, net of issuance costs	—	—	313	3	7,169	—	—	—	7,172
Stock-based compensation, net of forfeitures	—	—	350	3	9,984	—	—	—	9,987
Shares withheld on vesting of stock-based compensation	—	—	(34)	—	(785)	—	—	—	(785)
Increase in fair value of cash flow hedges	—	—	—	—	—	—	11,625	—	11,625
Reclassification for amounts recognized as interest expense	—	—	—	—	—	—	(10,411)	—	(10,411)
Net loss	—	—	—	—	—	(3,181)	—	—	(3,181)
Dividends to common stockholders ($ 1.845 per share)	—	—	—	—	—	—	—	(51,698)	(51,698)
Balance at December 31, 2024	—	$ —	28,242	$ 282	$ 704,524	$ 85,675	$ 17,631	$ (332,147)	$ 475,965

See accompanying notes to the consolidated financial statements.

COMMUNITY HEALTHCARE TRUST INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	For the Year Ended December 31,		
	2024	**2023**	**2022**
OPERATING ACTIVITIES			
Net (loss) income	$ (3,181)	$ 7,714	$ 22,019
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	42,778	39,693	32,339
Other amortization	927	746	853
Stock-based compensation	9,987	8,166	9,415
Accelerated amortization of stock-based compensation	—	11,799	—
Straight-line rent receivables	(1,942)	(3,052)	(3,444)
Impairments, net of net gains on the sales of depreciable real estate assets	121	102	—
Credit loss reserve	11,000	—	—
Net gain from insurance recovery on casualty loss	—	(706)	—
Deferred income tax expense	—	306	41
Changes in operating assets and liabilities:			
Other assets	(3,303)	(2,950)	(1,783)
Accounts payable and accrued liabilities	2,273	859	1,419
Other liabilities	221	(1,294)	(579)
Net cash provided by operating activities	58,881	61,383	60,280
INVESTING ACTIVITIES			
Acquisitions of real estate	(72,368)	(98,897)	(96,691)
Proceeds from the sale of real estate	2,301	—	—
Funding of notes receivable	(3,075)	(1,985)	(9,705)
Proceeds from repayments on notes receivable	5,123	3,915	3,000
Insurance proceeds from casualty loss	—	2,273	—
Capital expenditures on existing real estate properties	(24,644)	(18,981)	(10,376)
Net cash used in investing activities	(92,663)	(113,675)	(113,772)
FINANCING ACTIVITIES			
Net borrowings (repayments) on revolving credit facility	162,000	50,000	(12,000)
Term loan borrowings	—	—	150,000
Term loan repayments	(75,000)	—	(50,000)
Mortgage note repayments	(4,820)	(126)	(130)
Dividends paid	(51,698)	(48,059)	(44,485)
Proceeds from issuance of common stock	7,492	44,232	20,544
Taxes paid on behalf of employees and shares withheld upon shares vesting	(785)	(963)	—
Equity issuance costs	(223)	(227)	(392)
Debt issuance costs	(3,433)	—	(844)
Net cash provided by financing activities	33,533	44,857	62,693
(Decrease) Increase in cash, cash equivalents and restricted cash	$ (249)	$ (7,435)	$ 9,201
Cash, cash equivalents and restricted cash, beginning of period	4,633	12,068	2,867
Cash, cash equivalents and restricted cash, end of period	$ 4,384	$ 4,633	$ 12,068

	For the Year Ended December 31,					
	2024		2023		2022	
Supplemental Cash Flow Information:						
Interest paid	$	23,070	$	17,114	$	11,237
Invoices accrued for construction, tenant improvement and other capitalized costs	$	4,608	$	3,940	$	4,359
Reclassification of registration statement costs incurred in prior year to equity issuance costs	$	354	$	197	$	362
Increase in fair value of cash flow hedges	$	11,625	$	3,803	$	27,380
Capitalized interest	$	216	$	611	$	672

See accompanying notes to the consolidated financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Overview

Community Healthcare Trust Incorporated (the ''Company'', ''we'', ''our'') was organized in the State of Maryland on March 28, 2014. The Company is a fully-integrated healthcare real estate company that owns and acquires real estate properties that are leased to hospitals, doctors, healthcare systems or other healthcare service providers. As of December 31, 2024, we had gross investments of approximately $ 1.2 billion in 200 real estate properties (including a portion of one property accounted for as a sales-type lease with a gross amount totaling approximately $ 3.0 million and two properties classified as held for sale with an aggregate amount totaling approximately $ 6.8 million). The properties are located in 36 states, totaling approximately 4.4 million square feet in the aggregate and were approximately 90.9 % leased, excluding real estate assets held for sale, at December 31, 2024 with a weighted average remaining lease term of approximately 6.7 years. Any references to square footage, property count, or occupancy percentages, and any amounts derived from these values in these notes to the consolidated financial statements are unaudited.

Principles of Consolidation

Our Consolidated Financial Statements include the accounts of the Company, its wholly-owned subsidiaries, and may also include joint ventures, partnerships and variable interest entities, or VIEs, where the Company controls the operating activities. Management must make judgments regarding the Company's level of influence or control over an entity and whether or not the Company is the primary beneficiary of a VIE. Consideration of various factors include, but is not limited to, the Company's ability to direct the activities that most significantly impact the entity's governing body, the size and seniority of the Company's investment, and the Company's ability to replace the manager and/or liquidate the entity. Management's ability to correctly assess its influence or control over an entity when determining the primary beneficiary of a VIE affects the presentation of these entities in the Company's Consolidated Financial Statements. If it is determined that the Company is the primary beneficiary of a VIE, the Company's Consolidated Financial Statements would consolidate the VIE rather than the Company's pro rata results of its variable interest in the VIE. Untimely or inaccurate financial information provided to the Company or deficiencies in the VIE's internal control over financial reporting could impact the Company's Consolidated Financial Statements and its own internal control over financial reporting. See Note 10 – Other Assets, net regarding VIEs identified by the Company related to its notes receivable.

All material intercompany accounts, transactions, and balances have been eliminated in the presentation of the Company's Consolidated Financial Statements.

Use of Estimates in the Consolidated Financial Statements

Preparation of the Consolidated Financial Statements in accordance with GAAP requires management to make estimates and assumptions that affect amounts reported in the Consolidated Financial Statements and accompanying notes, including, among others, estimates related to impairment assessments, purchase price allocations, valuation of properties held for sale, and valuation of financial instruments. Actual results may materially differ from those estimates.

Segment Reporting

The Company acquires and owns, or finances, healthcare-related real estate properties that are leased to hospitals, doctors, healthcare systems or other healthcare service providers throughout the U.S. The Company operates and manages its business as one reportable operating segment. Operating segments are defined as components of an enterprise where separate financial information is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and assess performance. The Company's CODM is the Chief Executive Officer who reviews total consolidated assets and consolidated net income (loss) and assesses the performance of the Company's portfolio and makes operating decisions accordingly. There are no significant segment expenses which require disclosure other than the expense categories on the Consolidated Statements of Operations.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents includes short-term investments with original maturities of three months or less when purchased. Restricted cash consisted of amounts held by the lender of a mortgage note payable which provided for future real estate tax, insurance expenditures and tenant improvements related to one property. The mortgage note payable was repaid at maturity during 2024. The carrying amounts approximated fair value due to the short-term maturity of these investments. The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the Company's Consolidated Balance Sheets and Consolidated Statements of Cash Flows:

	December 31,	
(Dollars in thousands)	**2024**	**2023**
Cash and cash equivalents	$ 4,384	$ 3,491
Restricted cash	—	1,142
Cash, cash equivalents and restricted cash	$ 4,384	$ 4,633

Real Estate Properties

Real estate property acquisitions are accounted for as a business combination or an asset acquisition. An acquisition accounted for as a business combination is recorded at fair value and related closing costs are expensed as incurred. An acquisition accounted for as an asset acquisition is recorded at its purchase price, inclusive of acquisition costs, which is allocated among the acquired assets and assumed liabilities based upon their relative fair values at the date of acquisition. The Company expects that substantially all of its acquisitions will be accounted for as asset acquisitions.

The allocation of real estate property acquisitions may include land and land improvements, building and building improvements, and identified intangible assets and liabilities (which can include above- and below-market leases, in-place leases, and tenant relationships) based on the evaluation of information and estimates available at the acquisition date, and we allocate the purchase price based on these assessments. We make estimates of the acquisition date fair value of the acquired tangible and intangible assets and assumed liabilities using information obtained from multiple sources as a result of pre-acquisition due diligence, tax records, and other sources, including third-party valuations. Based on these estimates, we recognize the acquired assets and assumed liabilities at their relative fair values for asset acquisitions. The fair value of tangible property assets acquired considers the value of the property as if vacant determined by a combination of comparable sales, replacement cost, income valuation approach and other relevant data. The determination of fair value involves the use of significant judgment and estimation. We value land based on various inputs, which may include internal analysis of recently acquired properties, existing comparable properties within our portfolio, or third-party appraisals or valuations based on comparable sales.

In recognizing identified intangible assets and liabilities of an acquired property, the value of above- or below-market leases is estimated based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between contractual amounts to be received pursuant to the leases and an estimate of market lease rates measured over the remaining term of the lease. In the case of a below-market lease, renewal options associated with that lease are evaluated to determine if the intangible should include those periods. The capitalized above-market or below-market lease intangibles are amortized as a reduction from or an addition to rental income over the estimated remaining term of the respective leases.

In determining the value of in-place leases and tenant improvements, current market conditions and costs to execute similar leases to arrive at an estimate of the carrying costs during the expected lease-up period from vacant to existing occupancy are considered. Estimated carrying costs include real estate taxes, insurance, other property operating expenses, estimates of lost rental revenue during the expected lease-up periods, and costs to execute similar leases, including leasing commissions. The values assigned to in-place leases and tenant relationships are amortized over the estimated remaining term of the lease. If a lease terminates prior to its scheduled expiration, all unamortized costs related to that lease are written off.

The Company may capitalize direct costs, including costs such as construction costs and professional services, and indirect costs, including capitalized interest and overhead costs, associated with the development and construction of real estate assets while substantive activities are ongoing to prepare the assets for their intended use. Capitalized interest cost is calculated using the weighted average interest rate of the revolving credit facility debt.

Long-lived Asset Impairments

The Company assesses the potential for impairment of identifiable, definite-lived, intangible assets and long-lived assets, including real estate properties, whenever events occur or a change in circumstances indicates that the carrying value might not be fully recoverable. Indicators of impairment may include significant under-performance of an asset relative to historical or expected operating results; significant changes in the Company’s use of assets or the strategy for its overall business; plans to sell an asset before its depreciable life has ended; the expiration of a significant portion of leases in a property; or significant negative economic trends or negative industry trends for the Company or its operators. In addition, the Company’s review for possible impairment may include those assets subject to purchase options and those impacted by casualties, such as tornadoes and hurricanes or sustained changes to property occupancy. A long-lived asset is tested for impairment when management's estimate of current and projected, undiscounted and unleveraged, operating cash flows of the property is less than the net carrying value of the property. In determining these cash flows, the Company estimates market rents, capitalization rates, expected holding periods, and other relevant inputs. If management determines that the carrying value of the Company’s assets may not be fully recoverable based on the existence of any of the factors above, or others, management would measure and record an impairment charge based on the estimated fair value of the property or the estimated fair value less costs to sell the property. During the year ended December 31, 2024 and 2023, the Company recorded impairments on assets held for sale totaling approximately $ 0.1 million in each period. During the year ended December 31, 2022, no impairments on long-lived assets were recorded.

Assets Held for Sale

The Company may sell properties from time to time for various reasons, including the exercise of purchase options by our tenants. The Company classifies long-lived assets as held for sale once certain criteria have been met. The Company classifies a real estate property, or portfolio, as held for sale when: (i) management has approved the disposal, (ii) the property is available for sale in its present condition, (iii) an active program to locate a buyer has been initiated, (iv) it is probable that the property will be disposed of within one year, (v) the property is being marketed at a reasonable price relative to its fair value, and (vi) it is unlikely that the disposal plan will significantly change or be withdrawn. Following the classification of a property as “held for sale,” no further depreciation or amortization is recorded on the assets and the assets are recorded at the lower of carrying value or fair market value, less cost to sell. See Note 4 – Real Estate Acquisitions, Disposition, and Assets Held for Sale for more details.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. In calculating fair value, a company must maximize the use of observable market inputs, minimize the use of unobservable market inputs and disclose in the form of an outlined hierarchy the details of such fair value measurements.

A hierarchy of valuation techniques is defined to determine whether the inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company’s market assumptions. This hierarchy requires the use of observable market data when available. These inputs have created the following fair value hierarchy:

- *Level 1* – quoted prices for identical instruments in active markets.
- *Level 2* – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- *Level 3* – fair value measurements derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Our interest rate swaps are valued in the market using discounted cash flow techniques. These techniques incorporate Level 1 and Level 2 inputs. The market inputs are utilized in the discounted cash flow calculation considering the instrument’s term, notional amount, discount rate and credit risk. Significant inputs to the derivative valuation model for interest rate swaps are observable in active markets and are classified as Level 2 in the hierarchy.

Lease Accounting

As a lessor, we make a determination with respect to each of our leases whether they should be accounted for as sales-type, direct-financing, or operating leases. Additionally, for each of our real estate transactions involving the leaseback of the related property, or a portion of the related property, to the seller or affiliates of the seller, we determine whether these transactions qualify as sale and leaseback transactions under the accounting guidance in Accounting Standards Codification ("ASC") 842, *Leases*. For these transactions, we consider various inputs and assumptions including, but not necessarily limited to, lease terms, renewal options, discount rates, and other rights and provisions in the purchase and sale agreement, lease and other documentation to determine whether control has been transferred to the Company or remains with the lessee. A transaction involving a sale leaseback will be treated as a purchase of a real estate property if it is considered to transfer control of the underlying asset from the lessee to the Company. Criteria in determining the lease classification includes estimates and assumptions regarding the fair value of the leased facilities, minimum lease payments, effective cost of funds, the economic useful life of the facilities, the existence of a purchase option, and certain other terms in the lease agreements, as well as the amounts we expect to derive from the underlying property at the end of each lease which equals our purchase price. The lease accounting guidance requires that a sale leaseback with an option to purchase the property from the landlord at the tenant's option be accounted for as a financing or sales-type lease. We expect that most of our leases will be accounted for as operating leases. The Company has a portion of one property accounted for as a sales-type lease at December 31, 2024 and 2023 included in other assets on the Consolidated Balance Sheets.

Payments received under operating leases are accounted for in the Consolidated Statements of Operations as rental income for actual cash rent collected plus or minus straight-line adjustments, such as lease escalators. The Company has elected not to separate lease and nonlease components, such as common area maintenance, unless certain conditions are not met. As such, tenant reimbursements are combined with rental income on the Consolidated Statements of Operations.

The Company is the lessee under four non-prepaid ground leases accounted for as operating leases and two non-prepaid ground leases accounted for as financing leases. The Company has elected not to separate lease and nonlease components, such as common area maintenance, unless certain conditions are not met. Discount rates are determined using Company specific incremental borrowing rates, which represent the rate of interest that it would pay to borrow on a fully collateralized basis over a similar term. Right-of-use lease assets are included in other assets, net and lease liabilities are included in other liabilities, net on the Company's Consolidated Balance Sheets.

Revenue Recognition

The primary source of revenue for the Company is generated through its leasing arrangements with its tenants which is accounted for under ASC Topic 842, or through notes with its borrowers which is covered under ASC 310. The Company's rental income and interest income are recognized based on contractual arrangements with its tenants and borrowers. From the inception of a lease, if collection of substantially all of the lease payments is probable for a tenant, then rental income is recognized as earned over the life of the lease agreement on a straight-line basis. Recognizing rental revenue on a straight-line basis for leases may result in recognizing revenue in amounts more or less than amounts currently due from tenants. The Company recognizes operating expense recoveries in the period that applicable expenses are incurred. Other variable payments, such as late fees and sales tax are recognized based on the contractual terms of its leases. Income received but not yet earned is deferred until such time it is earned.

Losses from Operating Lease Receivables

We assess the probability of collecting substantially all rents under our leases, on a tenant-by-tenant basis, based on several factors, including, payment and default history, financial strength of the tenant and/or guarantors, historical and operating trends of the property, and the value of the underlying collateral, if any. If management determines that collection of substantially all of a lease’s payments is not probable, we will revert to recognizing such lease payments at the lesser of cash collected, lease income reflected on a straight-line basis, or another systematic basis plus variable rent when it becomes accruable and will reverse any recorded receivables related to that lease. At December 31, 2024 and 2023, the Company had reversed $ 3.3 million and $ 0.6 million, respectively, of lease receivables against rental income upon placing the respective leases on a cash basis, including $ 1.0 million and $ 0.1 million, respectively, of straight-line rent. In the event that management subsequently determines collection of substantially all of that lease’s receivable is probable, management will reinstate and record all such receivables for the lease in accordance with the lease terms. The Company maintains a general allowance for its lease receivables that the Company has determined are probable of collection. Accounts receivable, straight-line rent and related allowances are included in Other assets, net on the Company's Consolidated Balance Sheets and any offsetting reduction in income is included in rental income on the Company's Statements of Operations. During December 31, 2024 and 2023, the Company had a general allowance for lease receivables of $ 0.4 million and $ 0.3 million, respectively.

Credit Losses on Notes and Interest Receivables

Historically, the Company has at times entered into notes with certain of its tenants for working capital or other needs. We consider our notes to be incidental to our main business of acquiring and leasing healthcare real estate. Credit losses on financial instruments are measured using an expected credit loss ("CECL") model in evaluating the collectability of notes receivable and other financial instruments. The CECL impairment model requires an estimate of expected credit losses, measured over the contractual life of an instrument, that considers forecasts of future economic conditions in addition to information about past events and current conditions. Under the CECL model, the Company estimates credit losses over the entire contractual term of the instrument from the date of initial recognition of that instrument and is required to record a credit loss expense (or reversal) in each reporting period. The Company evaluates factors such as its historical credit loss experience with the borrower or similar financial assets, current economic conditions, current and expected future financial condition of the borrower, as well as payment history of the borrower, along with other relevant factors for each borrower or similar instruments. If a sale of the borrower's collateral, such as the underlying business or real estate, is expected to repay amounts due to the Company, the Company will also evaluate the value of the underlying collateral in measuring any expected credit loss. Estimating the fair value of underlying collateral requires management to determine certain assumptions used for the estimation of fair value, including the determination of adjusted earnings before income taxes, depreciation and amortization ("EBITDA") and the selected EBITDA multiple range. The Company's financial instruments included in the scope of the CECL guidance are the principal balances of its tenant notes receivable and its net investment in a sales-type lease which are included in Other assets on the Company's Consolidated Balance Sheets.

We made an accounting policy election to exclude interest receivables from the credit loss reserve model. The Company recognizes interest income on an accrual basis unless the Company has determined that collectability of contractual amounts is not reasonably assured, at which point the note is placed on non-accrual status and interest income is recognized on a cash basis. Subsequently, when collectability of contractual amounts is reasonably assured, management will resume the accrual basis.

During the year ended December 31, 2024, the Company recorded an $ 11.0 million credit loss reserve, and reversed or placed $ 2.8 million of interest on cash basis on notes receivable with a tenant. No credit loss or interest reserves were recorded for the year ended December 31, 2023.

Stock-Based Compensation

The Company's 2024 Incentive Plan, as amended (the "2024 Incentive Plan") is intended to attract and retain qualified persons upon whom, in large measure, our sustained progress, growth and profitability depend, to motivate the participants to achieve long-term company goals and to more closely align the participants' interests with those of our other stockholders by providing them with a proprietary interest in our growth and performance. The 2024 Incentive Plan, as amended, was approved by our stockholders at our annual meeting on May 2, 2024. The 2024 Incentive Plan replaced our 2014 Incentive Plan, as amended, (the "2014 Incentive Plan") which expired on March 31, 2024. The 2024 Incentive Plan, which will expire on March 4, 2034, implements several changes from the previous 2014 Incentive Plan:

- Freezes all awards under the 2014 Incentive Plan as of its expiration date;
- Removes the "evergreen provision" which allowed for the incremental automatic increase in the number of shares of common stock reserved for issuance under the 2014 Incentive Plan;
- Increases the number of shares of common stock authorized for issuance under the 2024 Incentive Plan to 1,150,000 ;
- Expands the types of awards that may be awarded under the 2024 Incentive Plan, allowing for the grant of RSUs and other types of awards other than restricted stock;
- Limits the maximum elective deferral percentage amount of salary and bonus to 50 % to the acquisition of restricted stock for certain participants (previously 100 %), and
- Limits the duration of the restriction period election depending on the retirement eligibility date per those participant's employment agreement.

The deferral and restriction period limitations were effective beginning January 1, 2024 for salary and other compensation deferrals and effective for performance periods commencing on and after July 1, 2024 for cash bonus deferrals.

The three distinct programs under the 2024 Incentive Plan are the Fourth Amended and Restated Alignment of Interest Program, the Fourth Amended and Restated Executive Officer Incentive Program and the Second Amended and Restated Non-Executive Officer Incentive Program. Our executive officers, officers, employees, consultants and non-employee directors are eligible to participate in the 2024 Incentive Plan. The 2024 Incentive Plan is administered by the Company's compensation committee, which interprets the 2024 Incentive Plan and has broad discretion to select the eligible persons to whom awards will be granted, as well as the type, size and terms and conditions of each award, including the number of shares subject to awards and the expiration date of, and the vesting schedule or other restrictions (including, without limitation, restrictive covenants) applicable to, awards. The Company recognizes share-based payments to its directors and employees in its Consolidated Statements of Operations on a straight-line basis over the shorter of the requisite service period, retirement eligibility date, or other period as deemed appropriate based on the fair value of the award on the grant date. In the event of a forfeiture, the previously recognized expense would be reversed.

Intangible Assets

Intangible assets with finite lives are amortized over their respective lives to their estimated residual values and are reviewed for impairment only when impairment indicators are present. Identifiable intangible assets of the Company are generally comprised of in-place and above-market lease intangible assets and below-market lease intangible liabilities, as well as deferred financing costs. In-place lease intangible assets are amortized to depreciation expense on a straight-line basis over the applicable lives of the leases. Above- and below-market lease intangibles are amortized to rental income on a straight-line basis over the applicable lives of the leases. Deferred financing costs are amortized to interest expense over the term of the related credit facility or other debt instrument using the straight-line method, which approximates amortization under the effective interest method.

Income Taxes

The Company has elected to be taxed as a real estate investment trust ("REIT"), as defined under the Internal Revenue Code of 1986, as amended (the "Code"). The Company and two subsidiaries have also elected for those subsidiaries to be treated as taxable REIT subsidiaries ("TRSs"), which are subject to federal and state income taxes.

No provision has been made for federal income taxes for the REIT; however, the Company has recorded income tax expense or benefit for the TRSs to the extent applicable. The Company also evaluates the realizability of its deferred tax assets and will record valuation allowances if it is determined that more likely than not the asset will not be recovered. The Company intends at all times to qualify as a REIT under the Code. The Company must distribute at least 90% per annum of its REIT taxable income to its stockholders (which is computed without regard to the dividends paid deduction or net capital gain and which does not necessarily equal net income as calculated in accordance with generally accepted accounting principles) and meet other requirements to continue to qualify as a REIT. See further discussion in Note 15 – Other Data.

The Company classifies interest and penalties related to uncertain tax positions, if any, in the Consolidated Statements of Operations as a component of general and administrative expenses. No such amounts were recognized during 2024, 2023 or 2022.

The Company is subject to audit by the Internal Revenue Service and by state taxing authorities for the years ended December 31, 2023, 2022, and 2021.

Sales and Use Taxes

The Company must pay sales and use taxes to certain state tax authorities based on rental income collected from tenants in properties located in those states. The Company is generally reimbursed for those taxes by those tenants. The Company accounts for the payments to the taxing authority and subsequent reimbursement from the tenant on a net basis, included in rental income on the Company’s Consolidated Statements of Operations.

Concentration of Credit Risks

Our credit risks primarily relate to cash and cash equivalents, mortgage notes, if any, other notes receivable and our interest rate swaps, which are discussed below. Cash and cash equivalents are primarily held in bank accounts and overnight investments. We maintain our bank deposit accounts with large financial institutions in amounts that often exceed federally-insured limits. We have not experienced any losses in such accounts.

Derivative Financial Instruments

In the normal course of business, we are subject to risk from adverse fluctuations in interest rates. We have chosen to manage this risk through the use of derivative financial instruments, primarily with interest rate swaps. Counterparties to these contracts are major financial institutions. We are exposed to credit loss in the event of nonperformance by these counterparties. We do not use derivative instruments for trading or speculative purposes. Our objective in managing exposure to market risk is to limit the impact on cash flows relating to interest payments on the Company's variable rate debt. To qualify for hedge accounting, our interest rate swaps must effectively reduce the risk exposure that they are designed to hedge. In addition, at inception of a qualifying cash flow hedging relationship, the underlying transaction or transactions must be, and are expected to remain, probable of occurring in accordance with our related assertions. All of our hedges are cash flow hedges and are recognized at their fair value in the Consolidated Balance Sheets. Changes in the fair value of the derivatives are recognized in accumulated other comprehensive income.

Earnings per Share

Basic earnings per common share is computed by dividing net income by the weighted average common shares outstanding less issued and outstanding non-vested shares of common stock. Diluted earnings per common share is calculated by including the effect of dilutive securities.

Our unvested restricted common stock and time-based restricted stock units outstanding contain non-forfeitable rights to dividends, and accordingly, these awards are deemed to be participating securities. These participating securities, under the 2-class method, are excluded in the earnings allocation in computing both basic and diluted earnings per common share.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures (“ASU 2023-07”) that requires a Company to disclose significant segment expenses and other segment items on an annual and interim basis and to provide in interim periods all disclosures about a reportable segment’s profit or loss and assets that are currently required annually. In addition, ASU 2023-07 requires the annual disclosure of the CODM's title and a description of how the CODM uses the segment's profit/loss measure to assess performance and to allocate resources. We adopted this standard for the year ended December 31, 2024. While the adoption has no impact on our financial statements, it has resulted in incremental disclosures within the footnotes to our Consolidated Financial Statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, to provide disaggregated information about a reporting entity’s effective tax rate reconciliation as well as information on income taxes paid. One of the amendments in ASU 2023-09 includes disclosure of, on an annual basis, a tabular rate reconciliation (using both percentages and reporting currency amounts) of (i) the reported income tax expense (or benefit) from continuing operations, to (ii) the product of the income (or loss) from continuing operations before income taxes and the applicable statutory federal income tax rate of the jurisdiction of domicile using specific categories, including separate disclosure for any reconciling items within certain categories that are equal to or greater than a specified quantitative threshold of 5%. ASU 2023-09 also requires disclosure of, on an annual basis, the year-to-date amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign jurisdictions, including additional disaggregated information on income taxes paid (net of refunds received) to an individual jurisdiction equal to or greater than 5% of total income taxes paid (net of refunds received). The amendments in ASU 2023-09 are effective for annual periods beginning after December 15, 2024. While the adoption is not expected to have an impact on our financial statements, it is expected to result in incremental disclosures within the footnotes to our Consolidated Financial Statements.

In November 2024, the FASB issued ASU 2024-03, Disaggregation of Income Statement Expenses, that will require entities to provide enhanced disclosures related to certain expense categories included in income statement captions. ASU 2024-03 aims to increase transparency and provide investors with more detailed information about the nature of expenses reported on the face of the income statement. The new standard does not change the requirements for the presentation of expenses on the face of the income statement. Entities will be required to disaggregate, in a tabular format, expense captions presented on the face of the income statement, including but not limited to employee compensation, intangible asset amortization, and depreciation and amortization. For any remaining items within each relevant expense caption, entities must provide a qualitative description of the nature of those expenses. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027 though early adoption is permitted. While the adoption is not expected to have an impact on our financial statements, it is expected to result in incremental disclosures within the footnotes to our Consolidated Financial Statements.

NOTE 2. REAL ESTATE INVESTMENTS

As of December 31, 2024, we had gross real estate investments of approximately $ 1.2 billion in 200 real estate properties (including a portion of one property accounted for as a sales type lease with a gross amount totaling approximately $ 3.0 million, included in other assets on the Consolidated Balance Sheets, and two properties classified as held for sale with an aggregate amount totaling approximately $ 6.8 million). The Company's real estate investments are diversified by property type, geographic location, and tenant as shown in the following tables.

Property Type	**# of Properties**		**Gross Investment (in thousands)**
Medical Office Building	93	$	468,334
Inpatient Rehabilitation Hospitals	9		198,319
Acute Inpatient Behavioral	5		130,535
Specialty Centers	37		117,814
Physician Clinics	35		108,116
Behavioral Specialty Facilities	12		62,080
Surgical Centers and Hospitals	7		49,019
Long-term Acute Care Hospitals	2		21,484
Total	**200**	**$**	**1,155,701**

State	**# of Properties**		**Gross Investment (in thousands)**
Texas	16	$	184,081
Illinois	20		140,803
Ohio	26		115,200
Florida	25		110,298
Pennsylvania	16		67,741
All Others	97		537,578
Total	**200**	**$**	**1,155,701**

Primary Tenant	**# of Properties**		**Gross Investment (in thousands)**
Lifepoint Health	5	$	86,687
US HealthVest	3		77,964
All Others (less than 4%)	192		991,050
Total	**200**	**$**	**1,155,701**

Depreciation and amortization expense was $ 42.8 million, $ 39.7 million and $ 32.3 million, respectively, for the years ended December 31, 2024, 2023 and 2022, which is included on the Company's Consolidated Statements of Operations. Depreciation and amortization is recognized on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of our real estate properties at December 31, 2024 are as follows:

Land improvements	2 - 20 years
Buildings	7 - 50 years
Building improvements	1.4 - 39.8 years
Tenant improvements	2.0 - 15.1 years
Lease intangibles	1.4 - 13.7 years
Personal property	3 - 10 years

NOTE 3. REAL ESTATE LEASES

Lessor Accounting

The Company’s properties are generally leased pursuant to non-cancelable, fixed-term operating leases with expiration dates through 2044. The Company’s leases generally require the lessee to pay minimum rent, with fixed rent renewal terms or increases based on a Consumer Price Index and may also include additional rent, which may include taxes (including property taxes), insurance, maintenance and other operating costs associated with the leased property. The real estate properties were 90.9 % leased, excluding real estate assets held for sale, at December 31, 2024 with a weighted average remaining lease term of approximately 6.7 years.

Future Minimum Lease Payments

Future minimum lease payments under the non-cancelable operating leases due the Company for the years ending December 31, as of December 31, 2024, are as follows (in thousands):

2025	$	100,825
2026		91,755
2027		84,194
2028		77,176
2029		67,149
2030 and thereafter		347,199
	$	768,298

Customer Concentrations

The Company's real estate portfolio is leased to a diverse tenant base. See Note 2 – Real Estate Investments. For the years ended December 31, 2024, 2023 and 2022, the Company had no customers that accounted for more than 10% of its consolidated total revenues.

Geographic Concentrations

The Company's portfolio was located in 36 states at December 31, 2024. For the year ended December 31, 2024, 39.0 % of our consolidated total revenues was derived from properties located in Texas (17.1 %), Illinois (11.3 %), and Ohio (10.6 %). For the year ended December 31, 2023, 38.4 % of our consolidated total revenue was derived from properties located in Texas (14.7 %), Ohio (12.7 %) and Illinois (11.0 %). For the year ended December 31, 2022, 40.5 % of our consolidated total revenue was derived from properties located in Texas (15.9 %), Ohio (12.4 %) and Illinois (12.2 %).

Purchase Option Provisions

Certain of the Company's leases provide the lessee with a purchase option or a right of first refusal to purchase the leased property. The purchase option provisions generally allow the lessee to purchase the leased property at fair value or at an amount greater than the Company's gross investment in the leased property at the time of the purchase. The Company had an aggregate gross investment of approximately $ 31.5 million in nine real estate properties as of December 31, 2024 that were subject to exercisable purchase options.

Straight-line rental income

Rental income is recognized as earned over the life of the lease agreement on a straight-line basis when collection of rental payments over the term of the lease is probable. Straight-line rent included in rental income was approximately $ 1.9 million, $ 3.1 million, and $ 3.4 million, respectively, for the years ended December 31, 2024, 2023 and 2022.

Prepaid rent

Income received but not yet earned is deferred until such time it is earned. Prepaid rent, included in other liabilities, net on the Consolidated Balance Sheets, was approximately $ 6.5 million and $ 5.2 million, respectively, at December 31, 2024 and 2023.

Sales-type lease

The Company has a portion of one property accounted for as a sales-type lease with a gross amount totaling approximately $ 3.0 million included in other assets, net on the Company's Consolidated Balance Sheet. Future lease payments due to the Company under this lease for the years ending December 31, as of December 31, 2024, are as follows (in thousands):

2025	$	356
2026		367
2027		378
2028		389
2029		401
2030 and thereafter		4,420
Total undiscounted lease receivable		6,311
Discount		(3,299)
Lease receivable	$	3,012

During the year ended December 31, 2024 and 2023, the Company recognized interest income of approximately $ 0.3 million and $ 0.3 million, respectively, related to this lease which is included in other operating interest on the Company's Consolidated Statement of Operations.

Lessee Accounting

At December 31, 2024, the Company was obligated, as the lessee, under four non-prepaid ground leases accounted for as operating leases with expiration dates through 2076, including renewal options, and two non-prepaid ground leases accounted for as a financing lease with an expiration date through 2109, including renewal options. Any rental increases related to the Company's ground leases are generally either stated or based on the Consumer Price Index.

The Company's future lease payments under these non-prepaid ground leases were as follows (in thousands):

	Operating	Financing
2025	$ 44	$ 154
2026	44	154
2027	45	154
2028	46	154
2029	47	154
2030 and thereafter	1,055	6,649
Total undiscounted lease payments	1,281	7,419
Discount	(518)	(4,157)
Lease liabilities	$ 763	$ 3,262

Other information regarding our ground leases are disclosed in the following tables.

	For the Year Ended December 31,		
(Dollars in thousands)	2024	2023	2022
Operating lease costs:			
Fixed rent expense	$ 207	$ 179	$ 177
Financing lease costs:			
Amortization of right of use asset	59	59	53
Interest expense	162	122	122
Net lease costs	$ 428	$ 360	$ 352
Net lease costs and location in the accompanying consolidated statements of operations:			
Property operating expense	$ 207	$ 179	$ 177
Depreciation and amortization	59	59	53
Interest expense	162	122	122
Net lease costs	$ 428	$ 360	$ 352
Cash paid for amounts included in the measurement of lease liabilities:			
Operating leases	$ 43	$ 42	$ 41
Finance leases	154	141	130
	$ 197	$ 183	$ 171
Supplemental non-cash information on lease liabilities resulting from obtaining right of use assets:			
Right of use assets obtained in exchange for finance lease obligations	—	—	728
	$ —	$ —	$ 728

	Year Ended December 31,	
	2024	2023
Operating leases:		
Weighted-average remaining lease term in years (including renewal options)	33.9	35.1
Weighted-average discount rate	4.0 %	4.0 %
Financing leases:		
Weighted-average remaining lease term in years (including renewal options)	38.8	39.8
Weighted-average discount rate	4.3 %	4.2 %

NOTE 4. REAL ESTATE ACQUISITIONS, DISPOSITION, AND ASSETS HELD FOR SALE

2024 Real Estate Acquisitions

During the year ended December 31, 2024, the Company acquired nine real estate properties as detailed in the table below. Upon acquisition, the properties were 99.3 % leased in the aggregate with lease expirations through 2039. Amounts recorded in revenues and net income for these properties were approximately $ 5.2 million and $ 2.8 million, respectively, and transaction costs totaling approximately $ 0.7 million were capitalized for the year ended December 31, 2024 relating to these property acquisitions.

Location	Property Type [1]	Date Acquired	Purchase Price	Cash Consideration	Real Estate	Other [2]	Square Footage
			(000's)	(000's)	(000's)	(000's)	(Unaudited)
New Bedford, MA	LTACH	01/31/24	$ 6,500	$ 6,540	$ 6,547	$ (7)	70,657
Elkton, MD	MOB	03/25/24	4,500	4,578	4,757	(179)	19,656
Bemidji, MN	MOB	03/29/24	16,534	16,519	16,658	(139)	45,800
Bemidji, MN	MOB	03/29/24	6,666	6,660	6,717	(57)	28,900
San Antonio, TX	IRF	04/16/24	23,500	23,547	23,547	—	38,009
Camp Hill, PA	PC	07/22/24	6,200	6,308	6,323	(15)	20,400
Wentzville, MO	PC	12/13/24	1,464	1,486	1,564	(78)	7,900
Shiloh, IL	PC	12/13/24	3,819	3,820	3,897	(77)	16,212
Rolling Meadows, IL	PC	12/19/24	2,942	2,910	3,011	(101)	13,700
			$ 72,125	$ 72,368	$ 73,021	$ (653)	261,234

[1] LTACH - Long Term Acute Care Hospital; MOB - Medical Office Building; IRF - Inpatient Rehabilitation Facility; PC - Physicians Clinic

[2] Includes items including, but not limited to, other assets, liabilities assumed, and security deposits.

The following table summarizes the estimated relative fair values of the assets acquired and liabilities assumed in the property acquisitions for the year ended December 31, 2024.

	Estimated Fair Value	Weighted Average Useful Life
	(In thousands)	*(In years)*
Land and land improvements	$ 9,241	8.9
Building and building improvements	58,764	34.4
Intangibles:		
At-market lease intangibles	5,016	3.9
Above-market lease intangibles	121	5.0
Below-market lease intangibles	(344)	2.6
Total intangibles	4,793	
Accounts receivable and other assets acquired	50	
Accounts payable, accrued liabilities and other liabilities acquired	(338)	
Prorated rent, interest and operating expense reimbursement amounts collected	(142)	
Total cash consideration	$ 72,368	

Dispositions

During the year ended December 31, 2024, the Company disposed of two properties in Texas and a land parcel adjacent to a property in Georgia. The Company received net proceeds of approximately $ 2.3 million and recognized an immaterial gain in the aggregate on the dispositions.

No properties were disposed of during 2023.

Assets Held for Sale

The Company had two properties classified as assets held for sale as of December 31, 2024 and had two properties classified as assets held for sale as of December 31, 2023. The Company sold a property during 2024 that was classified as held for sale at December 31, 2023 and recorded impairment charges on the property of $ 0.1 million in each of the years ended December 31, 2023 and 2024 based on estimated sale prices. The table below reflects the real estate assets classified as assets held for sale as of December 31, 2024 and December 31, 2023.

(Dollars in thousands)	December 31, 2024	December 31, 2023
Balance Sheet data:		
Land	$ 1,225	$ 1,576
Building, improvements, and lease intangibles	8,218	10,056
	9,443	11,632
Accumulated depreciation	(2,688)	(4,166)
Assets held for sale, net	$ 6,755	$ 7,466

2023 Real Estate Acquisitions

During the year ended December 31, 2023, the Company acquired 19 real estate properties as detailed in the table below. Upon acquisition, the properties were 99.2 % leased in the aggregate with lease expirations through 2038. Amounts recorded in revenues and net income for these properties were approximately $ 6.7 million and $ 2.0 million, respectively, and transaction costs totaling approximately $ 1.6 million were capitalized for the year ended December 31, 2023 relating to these property acquisitions.

Location	Property Type [(1)]	Date Acquired	Purchase Price	Cash Consideration	Real Estate	Other [(2)]	Square Footage
			(000's)	(000's)	(000's)	(000's)	(Unaudited)
LaGrange, GA	MOB	1/18/2023	$ 8,007	$ 8,087	$ 8,118	$ (31)	55,310
West Point, GA	MOB	1/18/2023	811	819	822	(3)	5,600
Canton, OH	MOB	1/30/2023	3,669	3,706	4,287	(581)	27,920
Scranton, PA	MOB	2/23/2023	1,957	2,165	2,317	(152)	22,743
Scranton, PA	MOB	2/23/2023	2,207	2,366	2,340	26	15,768
LaGrange, GA	MOB	3/6/2023	6,469	6,458	6,622	(164)	31,473
LaGrange, GA	MOB	3/6/2023	249	294	300	(6)	2,972
Lakeland, FL	Land	4/3/2023	838	845	846	(1)	—
Hermitage, PA	MOB	5/4/2023	4,218	4,382	4,529	(147)	25,982
San Antonio, TX	MOB	5/22/2023	2,772	2,783	3,031	(248)	12,376
Clinton, MD	MOB	6/21/2023	7,850	7,807	7,867	(60)	37,344
Ft. Myers, FL	MOB	7/28/2023	10,646	10,739	10,952	(213)	43,322
Ft. Myers, FL	MOB	7/28/2023	582	588	497	91	3,200
Immokalee, FL	MOB	7/28/2023	847	863	881	(18)	6,757
El Paso, TX	IRF	7/31/2023	23,500	23,538	23,538	—	37,992
Beaver, PA	MOB	8/24/2023	3,330	3,496	3,581	(85)	15,878
Westlake, OH	MOB	8/25/2023	2,425	2,444	2,535	(91)	14,100
Newcastle, PA	MOB	9/15/2023	10,375	10,613	11,239	(626)	56,003
Crystal Lake, IL	MOB	10/6/2023	4,049	2,964	3,160	(196)	17,543
Crystal Lake, IL	MOB	10/6/2023	3,044	3,940	4,394	(454)	30,718
			$ 97,845	$ 98,897	$ 101,856	$ (2,959)	463,001

(1) MOB - Medical Office Building; IRF - Inpatient Rehabilitation Facility

(2) Includes items including, but not limited to, other assets, liabilities assumed, and security deposits.

The following table summarizes the estimated relative fair values of the assets acquired and liabilities assumed in the property acquisitions for the year ended December 31, 2023.

	Estimated Fair Value	Weighted Average Useful Life
	(In thousands)	(In years)
Land and land improvements	$ 19,443	8.6
Building and building improvements	70,496	30.4
Intangibles:		
At-market lease intangibles	11,917	4.4
Above-market lease intangibles	976	5.1
Below-market lease intangibles	(3,135)	5.1
Total intangibles	9,758	
Accounts receivable and other assets acquired	304	
Accounts payable, accrued liabilities and other liabilities acquired	(798)	
Financing right-of-use lease asset acquired	—	
Financing lease liability acquired	—	
Prorated rent, interest and operating expense reimbursement amounts collected	(306)	
Total cash consideration	$ 98,897	

NOTE 5. DEBT, NET

The table below details the Company's debt, net as of December 31, 2024 and December 31, 2023.

	Balance as of December 31,		
(Dollars in thousands)	2024	2023	Maturity Dates
Credit Facility:			
Revolving Credit Facility	$ 212,000	$ 50,000	10/29
A-3 Term Loan, net (1)	—	74,730	—
A-4 Term Loan, net	124,635	124,522	3/28
A-5 Term Loan, net	149,320	149,189	3/30
Mortgage Note Payable, net (2)	—	4,815	—
	$ 485,955	$ 403,256	

(1) The A-3 Term Loan was repaid with proceeds from the Revolving Credit Facility in October 2024.

(2) The mortgage note payable was repaid at maturity in May 2024.

Credit Facility

The Company's third amended and restated credit agreement, as amended (the "Credit Facility") is by and among Community Healthcare Trust Incorporated, as borrower, the several banks and financial institutions party thereto as lenders, and Truist Bank, as administrative agent.

On October 16, 2024, the Company entered into a second amendment to the third amended and restated credit agreement (the "Second Amendment"). The Second Amendment, among other things, (i) increased the Company's Revolving Credit Facility from $ 150.0 million to $ 400.0 million, (ii) extended the maturity date of the Revolving Credit Facility from March 19, 2026 to October 16, 2029, and (iii) lowered pricing on the Revolving Credit Facility by 10 to 30 basis points, depending on the Company's leverage ratio. Proceeds from the increased Revolving Credit Facility were used to repay the existing $ 75.0 million A-3 Term Loan which was scheduled to mature on March 29, 2026. In addition, amounts outstanding under the Revolving Credit Facility prior to the second Amendment will remain outstanding. Interest rate swaps previously entered into to fix the interest rates on the A-3 Term Loan will remain in place on the Revolving Credit Facility through their maturity on March 29, 2026.

The Credit Facility provides for a $ 400.0 million revolving credit facility (the "Revolving Credit Facility") and $ 275.0 million in term loans (the "Term Loans"). The Revolving Credit Facility matures on October 16, 2029 . The Term Loans include a seven-year term loan facility in the aggregate principal amount of $ 125.0 million (the "A-4 Term Loan") which matures on March 19, 2028, and a seven-year and three-month term loan facility in the aggregate principal amount of $ 150.0 million (the "A-5 Term Loan) which matures on March 14, 2030. Loans under the Credit Facility are interest only with principal amounts due as of each facility's applicable maturity date.

Amounts outstanding under the Revolving Credit Facility bear interest at a floating rate based on the Company's option, on either: (i) adjusted term SOFR or adjusted daily simple SOFR plus 1.15 % to 1.75 % or (ii) a base rate plus 0.15 % to 0.75 % in each case, depending upon the Company’s leverage ratio. In addition, the Company is obligated to pay an annual fee equal to 0.20 % of the amount of the unused portion of the Revolving Credit Facility if amounts borrowed are greater than 33.3 % of the borrowing capacity under the Revolving Credit Facility and 0.25 % of the unused portion of the Revolving Credit Facility if amounts borrowed are less than or equal to 33.3 % of the borrowing capacity under the Revolving Credit Facility. The Company had $ 212.0 million outstanding under the Revolving Credit Facility with a borrowing capacity remaining of approximately $ 188.0 million at December 31, 2024.

Amounts outstanding under the Term Loans bear interest at a floating rate that is based, at the Company's option, on either (i) adjusted term SOFR or adjusted daily SOFR plus 1.65 % to 2.30 %, plus a simple SOFR adjustment equal to 0.10 % per annum, or (ii) a base rate plus 0.65 % to 1.30 %, in each case, depending upon the Company's leverage ratio.

The Company has entered into interest rate swaps to fix the interest rates on the Term Loans and a portion of the Revolving Credit Facility. At December 31, 2024, the Company had fixed the $ 275.0 million outstanding under the Term Loans and $ 75.0 million of the Revolving Credit Facility, which had an aggregate fixed weighted average interest rate under the swaps of approximately 4.7 % and 3.8 %, respectively. See Note 6 – Derivative Financial Instruments for more details on the interest rate swaps. The floating rate for the $ 137.0 million of the Revolving Credit Facility not under a swap at December 31, 2024 was approximately 6.0 %.

The Company's ability to borrow under the Credit Facility is subject to its ongoing compliance with a number of customary affirmative and negative covenants, including limitations with respect to liens, indebtedness, distributions, mergers, consolidations, investments, restricted payments and asset sales, as well as financial maintenance covenants. The Company was in compliance with its financial covenants under its Credit Facility as of December 31, 2024.

NOTE 6. DERIVATIVE FINANCIAL INSTRUMENTS

Risk Management Objective of Using Derivatives

The Company may use derivative financial instruments, including interest rate swaps, caps, options, floors and other interest rate derivative contracts, to hedge all or a portion of the interest rate risk associated with its borrowings. The principal objective of such arrangements is to minimize the risks and/or costs associated with the Company's operating and financial structure as well as to hedge specific anticipated transactions. The Company does not intend to utilize derivatives for speculative or other purposes other than interest rate risk management. The use of derivative financial instruments carries certain risks, including the risk that the counterparties to these contractual arrangements are not able to perform under the agreements. To mitigate this risk, the Company only enters into derivative financial instruments with counterparties with high credit ratings and with major financial institutions with which the Company and its affiliates may also have other financial relationships. The Company does not anticipate that any of the counterparties will fail to meet their obligations.

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish these objectives, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

As of December 31, 2024, the Company had fifteen outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk for notional amounts totaling $ 350.0 million, which mature between 2026 and 2030, at the maturity dates of the associated term loans (see Note 5 – Debt, net for additional details). Two previously forward-starting interest rate swaps for notional amounts totaling $ 50.0 million became effective March 29, 2024, upon maturity of two swaps for notional amounts totaling $ 50.0 million.

Tabular Disclosure of Fair Value of Derivative Instruments on the Balance Sheet

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the Consolidated Balance Sheets as of December 31, 2024 and 2023.

	Asset Derivatives Fair Value at December 31,			Liability Derivatives Fair Value at December 31,		
(in thousands)	**2024**	**2023**	**Balance Sheet Classification**	**2024**	**2023**	**Balance Sheet Classification**
Interest rate swaps	$ 17,631	$ 16,417	Other assets, net	$ —	$ —	Other liabilities, net

The changes in the fair value of derivatives designated and that qualify as cash flow hedges are recorded in accumulated other comprehensive income ("AOCI") and are subsequently reclassified to interest expense in the period that the hedged forecasted transaction affects earnings.

Amounts reported in AOCI related to derivatives will be reclassified to interest expense as interest payments are made on the Company’s Term Loans. During the next twelve months, the Company estimates that an additional $ 6.4 million will be reclassified from AOCI as a decrease to interest expense.

Tabular Disclosure of the Effect of Cash Flow Hedge Accounting on Accumulated Other Comprehensive Loss

The table below details the location in the financial statements of the gain or loss recognized on interest rate derivatives designated as cash flow hedges for the years ended December 31, 2024 and 2023.

	For the Year Ended December 31,	
(Dollars in thousands)	**2024**	**2023**
Amount of unrealized gain recognized in OCI on derivative	$ 11,625	$ 3,803
Amount of (gain) loss reclassified from AOCI into interest expense	$ (10,411)	$ (10,053)
Total interest expense presented in the Consolidated Statements of Operations in which the effects of the cash flow hedges are recorded	$ 23,706	$ 17,792

Tabular Disclosures of Offsetting Derivatives

The tables below present a gross presentation, the effects of offsetting, and a net presentation of the Company's derivatives as of December 31, 2024 and December 31, 2023. The net amounts of derivative assets can be reconciled to the tabular disclosure of fair value. The tabular disclosure of fair value above provides the location that derivative assets are presented on the Consolidated Balance Sheets. There were no derivative liabilities as of December 31, 2024 and December 31, 2023.

Offsetting of Derivative Assets (as of December 31, 2024)

				Gross Amounts Not Offset in the Consolidated Balance Sheets		
(in thousands)	**Gross Amounts of Recognized Assets**	**Gross Amounts Offset in the Consolidated Balance Sheet**	**Net Amounts of Assets in the Consolidated Balance Sheets**	**Financial Instruments**	**Cash Collateral Received**	**Net Amount**
Derivatives	$ 17,631	$ —	$ 17,631	$ —	$ —	$ 17,631

Offsetting of Derivative Assets (as of December 31, 2023)

				Gross Amounts Not Offset in the Consolidated Balance Sheets		
(in thousands)	**Gross Amounts of Recognized Assets**	**Gross Amounts Offset in the Consolidated Balance Sheet**	**Net Amounts of Assets in the Consolidated Balance Sheets**	**Financial Instruments**	**Cash Collateral Received**	**Net Amount**
Derivatives	$ 16,417	$ —	$ 16,417	$ —	$ —	$ 16,417

Credit-risk-related Contingent Features

As of December 31, 2024, the Company did not have any derivatives in a net liability position, and had not posted any collateral related to these agreements and was not in breach of any agreement provisions. If the Company terminated these interest rate swaps or breached any of these provisions, it could have been required to settle its obligations under the agreements at their aggregate termination value.

NOTE 7. STOCKHOLDERS' EQUITY

Common Stock

The following table provides a reconciliation of the beginning and ending common stock balances for the years ended December 31, 2024, 2023 and 2022:

	For the Year Ended December 31,		
(Amounts in thousands)	**2024**	**2023**	**2022**
Balance, beginning of period	27,613	25,897	24,983
Issuance of common stock	313	1,385	600
Vested RSUs	11	—	—
Restricted stock issued, net of withheld and forfeited	305	331	314
Balance, end of period	28,242	27,613	25,897

ATM Program

The Company has an at-the-market offering program ("ATM Program"), with Piper Sandler & Co., Piper Sandler Financial Products II Inc., Evercore Group L.L.C., Fifth Third Securities, Inc., Huntington Securities, Inc., Janney Montgomery Scott LLC, KeyBanc Capital Markets Inc., Regions Securities LLC, Truist Bank, and Truist Securities, Inc. in their capacities as Sales Agents, Forward Purchasers and/or Forward Sellers (each, an “Agent”, and, collectively, the “Agents”). On February 18, 2025, the Company amended the ATM Program to remove/add Agents, reduce the aggregate sales price from $ 500.0 million to $ 300.0 million, and add forward sale capabilities. Under the amended ATM Program, the Company may issue and sell shares of its common stock, having an aggregate gross sales price of up to $ 300.0 million, exclusive of shares of Common Stock sold under its prior agreements with our Agents. The shares of common stock may be sold from time to time through or to one or more of the Agents, as may be determined by the Company in its sole discretion, subject to the terms and conditions of the agreement and applicable law.

The Company's activity under the ATM Program for the years ended December 31, 2024, 2023, and 2022 is detailed in the table below. As of December 31, 2024, the Company had a $ 500.0 million ATM program, of which approximately $ 426.3 million remained available to be issued.

	For the Year Ended December 31,		
(Shares in thousands, except per share amounts)	**2024**	**2023**	**2022**
Shares issued	313	1,385	600
Net proceeds received (in millions)	$ 7.5	$ 44.2	$ 20.5
Average gross sales price per share	$ 24.38	$ 32.56	$ 34.94

Shelf Registration Statement

On November 2, 2022, the Company filed an automatic shelf registration statement on Form S-3 with the SEC. The registration statement was for an indeterminate number of securities and is effective for three years. On February 18, 2025, the Company filed Post-Effective Amendment No. 1 to its automatic registration statement on Form S-3. Under this registration statement, the Company has the capacity to offer and sell from time to time various types of securities, including common stock, preferred stock, depository shares, rights, debt securities, warrants and units.

Dividends Declared

During 2024, the Company declared and paid dividends totaling $ 1.845 per common share as shown in the table below.

Declaration Date	Record Date	Date Paid	Amount Per Share
February 8, 2024	February 20, 2024	March 1, 2024	$ 0.4575
April 25, 2024	May 10, 2024	May 24, 2024	$ 0.4600
July 25, 2024	August 9, 2024	August 23, 2024	$ 0.4625
October 24, 2024	November 8, 2024	November 22, 2024	$ 0.4650

During 2023, the Company declared and paid dividends totaling $ 1.8050 per common share as shown in the table below.

Declaration Date	Record Date	Date Paid	Amount Per Share
February 9, 2023	February 21, 2023	March 1, 2023	$ 0.4475
April 27, 2023	May 12, 2023	May 26, 2023	$ 0.4500
July 27, 2023	August 11, 2023	August 25, 2023	$ 0.4525
October 26, 2023	November 9, 2023	November 24, 2023	$ 0.4550

NOTE 8. INCOME PER COMMON SHARE

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

	Year Ended December 31,		
(Dollars and shares in thousands, except per share data)	2024	2023	2022
Net (loss) income	$ (3,181)	$ 7,714	$ 22,019
Participating securities' share in earnings	(2,795)	(2,619)	(2,847)
Net (loss) income, less participating securities' share in earnings	$ (5,976)	$ 5,095	$ 19,172
Weighted Average Common Shares Outstanding			
Weighted average common shares outstanding	27,993	26,649	25,218
Unvested restricted shares	(1,463)	(1,447)	(1,587)
Weighted average common shares outstanding–Basic	26,530	25,202	23,631
Weighted average common shares–Basic	26,530	25,202	23,631
Dilutive potential common shares [(1)]	—	—	—
Weighted average common shares outstanding –Diluted	26,530	25,202	23,631
Basic (Loss) Income per Common Share	$ (0.23)	$ 0.20	$ 0.81
Diluted (Loss) Income per Common Share	$ (0.23)	$ 0.20	$ 0.81

(1) For the year ended December 31, 2024, 77,136 shares issuable upon vesting of the performance-based restricted stock units granted to certain employees during 2024 were not included in dilutive securities as the performance thresholds for vesting of these units were not met as measured as of December 31,2024 and because the effect would have been anti-dilutive due to the loss from continuing operations for the year ended December 31, 2024. The Company had no other potentially dilutive securities for the years ended December 31, 2024, 2023 or 2022.

NOTE 9. STOCK INCENTIVE PLANS

2024 Incentive Plan

The 2024 Incentive Plan, as amended, (the "Plan") was approved by our stockholders at our annual meeting on May 2, 2024. The Plan replaced our 2014 Incentive Plan, as amended, (the "2014 Plan") which had expired on March 31, 2024. The Plan, which will expire on March 4, 2034, implements several changes from the previous 2014 Plan:

- Freezes all awards under the 2014 Plan as of its expiration date;
- Removes the "evergreen provision" which allowed for the incremental automatic increase in the number of shares of common stock reserved for issuance under the Plan;
- Increases the number of shares of common stock authorized for issuance under the Plan to 1,150,000 ; and
- Expands the types of awards that may be awarded under the Plan.

Shares issued under the 2024 Incentive Plan are generally subject to long-term, fixed vesting periods of 3 to 8 years. If an employee or director voluntarily terminates his or her relationship with the Company or is terminated for cause before the end of the vesting period, the shares are forfeited. Recipients of restricted stock awards and time-based units have the right to receive dividends and the right to vote the shares.

Programs under the 2024 Incentive Plan

The Company's various programs under the 2024 Incentive Plan have been amended during 2024 for various items, including: (i) allowing for the grant of RSUs and other types of awards other than restricted stock; (ii) limiting the maximum elective deferral percentage amount of salary and bonus to 50 % for certain participants (previously 100 %); and (iii) limiting the duration of the restriction period election depending on the retirement eligibility date per those participant's employment agreement. The deferral and restriction period limitations were effective beginning January 1, 2024 for salary and other compensation deferrals and are effective for performance periods beginning July 1, 2024 for cash bonus deferrals.

Alignment of Interest Program

The Alignment of Interest Program, as amended (the "Alignment of Interest Program") authorizes the Company to issue 1,000,000 shares of the Company’s common stock to its employees and directors in lieu of the employee's or director's cash compensation (the "Program Pool"), at their election. As of December 31, 2024, the Company had issued a total of 823,291 restricted shares under the Program Pool in lieu of cash compensation to its employees and directors, with 176,709 authorized shares remaining which had not been issued.

The Company's Alignment of Interest Program is designed to provide the Company's employees and directors with an incentive to remain with the Company and to incentivize long-term growth and profitability. The Alignment of Interest Program was amended on January 2, 2024 to implement (i) a maximum elective deferral percentage amount of 50% of compensation allowed to be deferred and applied to the acquisition of restricted stock for certain participants in the program who have written employment agreements (“Affected Participants”), and (ii) a limit on the duration of the restriction period selected by the Affected Participants in relation to their Retirement Eligibility (as defined in their employment agreements). The changes under the Alignment of Interest Program were effective (i) beginning January 1, 2024 for salary and other compensation deferrals and (ii) starting with performance periods commencing on and after July 1, 2024 for cash bonus deferrals. The number of shares granted will be increased through a Company match depending on the length of the vesting period selected by the employee or director. Employees may select vesting periods of 3 years, 5 years, or 8 years, subject to limitations of employment agreements, with a 30 %, 50 %, and 100 % Company match, respectively. Directors may select vesting periods of 1 year, 2 years, or 3 years, with a 20 %, 40 %, or 60 % Company match, respectively.

Officer Incentive Programs

The Fourth Amended and Restated Executive Officer Incentive Program (the “Executive Officer Incentive Program”) provides for individual and Company performance awards of cash and/or restricted stock and three-year long term incentive plan (“LTIP”) awards consisting of RSUs. The Second Amended and Restated Non-Executive

Officer Incentive Program (the "Non-Executive Officer Incentive Program") provides for individual and Company performance awards of cash and/or restricted stock. Company performance awards for the performance period ending June 30, 2024 were based on a targeted dividend payout ratio. Company performance awards for the performance period beginning July 1, 2024, are based on certain Company metrics which may include adjusted funds from operations ("AFFO"), dividend payout ratio, and debt to total capitalization ratio, as applicable. LTIP awards are based on the Company's total shareholder return ("TSR") growth and the Company's TSR compared to its peers.

Restricted Stock Awards

A summary of the activity under the 2014 Incentive Plan and 2024 Incentive Plan and related information for the years ended December 31, 2024, 2023, and 2022 is included in the table below.

	Year Ended December 31,		
(dollars and shares in thousands, except per share amounts)	**2024**	**2023**	**2022**
Stock-based awards, beginning of year	1,374	1,708	1,416
Stock in lieu of compensation	157	141	116
Stock awards	182	220	202
Total Granted	339	361	318
Vested [1]	(152)	(692)	(22)
Forfeited	(1)	(3)	(4)
Stock-based awards, end of year	1,560	1,374	1,708
Weighted average grant date fair value, per share, of:			
Stock-based awards, beginning of year	$ 36.45	$ 37.43	$ 33.89
Stock-based awards granted during the year	$ 21.69	$ 36.78	$ 41.45
Stock-based awards vested during the year	$ 22.37	$ 35.38	$ 23.54
Stock-based awards forfeited during the year	$ 39.21	$ 43.83	$ 41.87
Stock-based awards, end of year	$ 35.52	$ 36.45	$ 37.43
Grant date fair value of shares granted during the year	$ 7,335	$ 13,220	$ 13,232

[1] Vested shares for the twelve months ended December 31, 2023 included the accelerated vesting of 625 thousand shares upon the passing of our former CEO and President.

The Company had nonvested stock-based compensation that had not yet been recognized of approximately $ 25.2 million and $ 26.8 million, respectively, at December 31, 2024 and 2023. The vesting periods for the non-vested shares granted during 2024 ranged from 3 to 8 years with a weighted-average amortization period remaining as of December 31, 2024 of approximately 6.17 years. Compensation expense recognized during the years ended December 31, 2024, 2023, and 2022 from the amortization of the value of shares over the vesting period was approximately $ 8.9 million, $ 20.0 million and $ 9.4 million, respectively, which are included in general and administrative expenses on the consolidated statements of operations.

Accelerated Amortization and Vesting of Restricted Stock

The Company's former CEO and President, Timothy Wallace, passed away in March 2023. At the time of his passing, Mr. Wallace had 624,725 shares of restricted stock that had not vested or been fully amortized. In accordance with the terms of his employment agreement, the Company accelerated the vesting of these shares and accelerated the unamortized remaining balance of deferred compensation related to these unvested shares, recognizing an additional $ 11.8 million of amortization expense in 2023.

Restricted Stock Units

The 2024 Incentive Plan, and previous 2014 Incentive Plan, provide for the award of restricted stock units ("RSUs"). The Company historically granted long-term incentive awards to its executive officers which was comprised of restricted stock that vested in 8 years, based on backward-looking performance metrics. On January 2, 2024, the Board approved and adopted a new incentive compensation structure for its executive officers, including the issuance of time-based and performance-based RSUs with three-year forward-looking performance targets beginning with an initial performance period beginning July 1, 2023.

On January 2, 2024, under the 2014 Incentive Plan, the Company granted performance-based and time-based RSUs to its executive officers. These RSUs, with a grant date value totaling $ 2.6 million, are forward-looking with a three-year performance period beginning July 1, 2023. The performance-based RSUs were valued by independent specialists utilizing a Monte Carlo simulation to calculate the weighted average grant date fair values of $ 13.67 per share for the Absolute TSR RSUs and $ 20.77 per share for the Relative TSR RSUs. The grant date fair value of the time-based RSUs was based on the Company's stock price on the grant date of $ 26.62 . The combined weighted average grant date fair value of the RSUs granted was $ 19.24 per share. The following assumptions were used in valuing the performance-based RSUs:

Volatility	25.0 %
Dividend assumption	5.4 %
Expected term	3 years
Risk-free rate	4.3 %
Stock price (per share)	$ 26.62

A summary of the Company's RSU activity during the twelve months ended months ended December 31, 2024, 2023 and 2022, respectively, is included in the table below, as well as compensation expense recognized from the amortization of the value of RSUs over the applicable vesting periods, included in general and administrative expenses on the Consolidated Statements of Operations.

	Year Ended December 31,		
(Dollars and RSUs in thousands)	**2024**	**2023**	**2022**
Restricted Stock Units, beginning of period	—	—	—
Absolute TSR Performance-based RSUs granted [1]	57	—	—
Relative TSR Performance-based RSUs granted [1]	43	—	—
Time-based RSUs granted [2]	34	—	—
Total RSUs granted	134	—	—
Vested RSUs [2]	(11)	—	—
Restricted Stock Units, end of period	123	—	—
Weighted average grant date fair value of:			
Stock-based units, beginning of year	$ —	$ —	$ —
Stock-based units granted during the year	$ 19.24	$ —	$ —
Stock-based units vested during the year	$ 26.62	$ —	$ —
Stock-based units, forfeited during the year	$ —	$ —	$ —
Stock-based units, end of year	$ 18.56	$ —	$ —
Grant date fair value of units granted during the year	$ 2,570	$ —	$ —

(1) The number of Performance-based RSUs granted were based on target levels. Actual number of shares granted will be based on performance at the end of the performance period which is June 30, 2026. The Performance-based RSUs, if earned, will vest at the end of the performance period.

(2) The number of Time-based RSUs granted were based on target levels. One-third of these RSUs vest over a three-year period on each June 30 beginning in 2024.

The Company had nonvested stock unit-based compensation that had not yet been recognized of approximately $ 1.5 million at December 31, 2024; there was no unrecognized stock-unit based compensation at December 31, 2023 and 2022. The restricted stock units granted on January 2, 2024, with a performance/service period beginning July 1, 2023, had remaining vesting periods ranging from 0.5 years to 2.5 years. At December 31, 2024, the weighted-average amortization period remaining of the restricted stock units was approximately 1.4 years. Compensation expense recognized during the year ended December 31, 2024 from the amortization of the value of restricted stock units over the vesting period was approximately $ 1.1 million, which is included in general and administrative expenses on the Consolidated Statements of Operations. There was no amortization expense related to restricted stock units during the years ended December 31, 2023, and 2022.

401(k) Plan

The Company maintains a 401(k) plan that allows eligible employees to defer salary, subject to certain limitations imposed by the Internal Revenue Code. The Company provides a matching contribution of up to 3.5 % of each eligible employee’s salary, subject to certain limitations. The Company’s matching contributions were approximately $ 0.2 million for the years ended December 31, 2024, and 2023, and $ 0.1 million for the year ended December 31, 2022.

NOTE 10. OTHER ASSETS, NET

Other assets on the Company's Consolidated Balance Sheets as of December 31, 2024 and 2023 are detailed in the table below.

	December 31,	
(Dollars in thousands)	**2024**	**2023**
Straight-line rent receivables, net	$ 20,426	$ 18,481
Fair value of interest rate swaps	17,631	16,417
Notes receivable, net of credit loss reserve	15,727	30,775
Accounts and interest receivables, net	4,138	4,645
Leasing commissions, net	4,104	2,312
Deferred financing costs, net	3,725	471
Sales-type lessor receivable	3,012	3,028
Financing lease right-of-use assets	2,427	2,486
Mortgage note receivable	2,000	—
Above-market intangible assets, net	1,932	2,645
Prepaid assets	1,666	1,203
Operating lease right of use assets	698	729
Other	616	684
	$ 78,102	$ 83,876

Other assets includes the following notes and mortgage notes receivable. Interest on these notes is included in Other operating interest on the Company's Consolidated Statements of Operations.

- At December 31, 2024, notes receivable included a term loan with an original balance of $ 15.0 million, secured by all assets and ownership interests in seven long-term acute care hospitals and one inpatient rehabilitation hospital owned by the borrower. The term loan, which had a carrying value of $ 3.0 million at December 31, 2024, is being repaid in equal monthly installments of $ 250,000 through the maturity date of December 31, 2025 and bears interest at 9 % per annum.

- At December 31, 2024, notes receivable also included a $ 17.0 million term loan and a $ 4.5 million revolving credit facility, as amended, secured by assets and ownership interests of six geriatric behavioral hospitals and affiliated companies all of which are co-borrowers on the loans. At December 31, 2024, the Company had an unfunded commitment of $ 4.0 million on the revolving credit facility and an unfunded commitment of up to $ 2.0 million on an advancing term loan facility. The term loan bears interest at 9 % per annum, with interest only payments due for the first year and then equal monthly installments of principal payments due beginning March 31, 2025. The term loan facility matures on December 31, 2032. The revolving credit facility bears interest at 9 % per annum and matures on December 31, 2025. The advancing term loan may be funded at the Company's discretion, and bears interest at 9 % per annum on any amount funded, that may be used by the borrower to pay existing liabilities of co-borrowers. The term loan, the revolving credit facility and the additional commitment all include 3 % per annum non-cash interest charge that is due and payable upon the earlier of the repayment or maturity of each note.

During 2024, the Company determined that the collectability of the term loan and revolver loan was not reasonably assured. The tenant/borrower has experienced challenges with patient census and employee staffing, which has impacted their cash flows from operations and the consistency of rent and interest payments to the Company. During 2024, the Company valued the notes based on the estimated value of the underlying collateral. Estimating the underlying fair value of underlying collateral requires management to determine certain assumptions used for the estimation of fair value, including the determination of adjusted EBITDA and the selected EBITDA multiple range. As a result, at December 31, 2024, the Company has a $ 11.0 million credit loss reserve related to its notes receivable with the tenant/borrower. Also, during 2024, the Company reversed approximately $ 1.4 million of interest and placed the notes on non-accrual status. Changes in cash flows of the tenant/borrower's business, changes in market data, such as market multiples, and other relevant data may drive a change in the estimated value of the underlying collateral.

- At December 31, 2024, notes receivable, as amended, also included a $ 2.2 million revolving credit facility with a borrower. The revolving credit facility will be repaid in monthly installments of $ 20,000 from March 1, 2025 through May 31, 2025, $ 40,000 from June 1, 2025 through November 30, 2025 and $ 50,000 from December 1, 2025 through the maturity date of April 1, 2027. The revolving credit facility bears interest at 9 % per annum, as well as 3 % non-cash interest that is due and payable upon the earlier of the repayment or maturity of the note.

- At December 31, 2024, notes receivable also included a $ 2.0 million construction mortgage loan with a developer which is secured by the land, improvements, and personal property. The mortgage loan, which bears interest at 10 % per annum, will be interest only until the principal is due at the earlier of the sale of the property, or August 15, 2027.

The Company identified the borrowers of these notes as variable interest entities ("VIEs"), but management determined that the Company was not the primary beneficiary of the VIEs because we lack either directly or through related parties any material impact in the activities that impact the borrowers' economic performance. We are not obligated to provide support beyond our stated commitment to the borrowers, and accordingly our maximum exposure to loss as a result of this relationship is limited to the amount of our outstanding notes receivable. The VIEs that we have identified at December 31, 2024 and 2023 are summarized in the table below.

	December 31, 2024		December 31, 2023	
Classification	**Carrying Amount** *(in thousands)*	**Maximum Exposure to Loss** *(in thousands)*	**Carrying Amount** *(in thousands)*	**Maximum Exposure to Loss** *(in thousands)*
Note receivable (term loan)	$ 3,000	$ 3,000	$ 6,000	$ 6,000
Notes receivable (revolving credit facility and term loan)[1]	$ 10,547	$ 10,547	$ 22,435	$ 22,435
Note receivable (mortgage note)	$ 2,000	$ 2,000	$ —	$ —
Note receivable (revolving credit facility)	$ 2,180	$ 2,180	$ 2,340	$ 2,340

[1] Net of credit loss reserve in 2024

NOTE 11. OTHER LIABILITIES, NET

Other liabilities on the Company's Consolidated Balance Sheets as of December 31, 2024 and 2023 are detailed in the table below.

	December 31,	
(Dollars in thousands)	2024	2023
Prepaid rent	$ 6,504	$ 5,378
Security deposits	2,975	3,765
Below-market lease intangibles, net	2,359	3,188
Financing lease liability	3,262	3,277
Operating lease liability	763	775
Other	491	485
	$ 16,354	$ 16,868

NOTE 12. INTANGIBLE ASSETS AND LIABILITIES

The Company has deferred financing costs and various real estate acquisition lease intangibles included in its Consolidated Balance Sheets as of December 31, 2024 and 2023 as detailed in the table below. The Company did not have any indefinite lived intangible assets or liabilities as of December 31, 2024 and 2023.

	Gross Balance at December 31,		Accumulated Amortization at December 31,		Weighted Average Remaining	
(Dollars in thousands)	2024	2023	2024	2023	Life (Years)	Balance Sheet Classification
Deferred financing costs-Revolving Credit Facility [1]	$ 6,647	$ 3,042	$ 2,922	$ 2,571	4.8	Other assets, net
Deferred financing costs-Term Loans [1]	1,740	2,551	696	993	4.6	Debt, net
Deferred financing costs-Mortgage Note Payable [1]	108	108	108	101	n/a	Debt, net
Above-market lease intangibles [2]	4,034	3,913	2,102	1,268	4.7	Other assets, net
Below-market lease intangibles [2]	(5,865)	(5,521)	(3,506)	(2,333)	4.3	Other liabilities, net
At-market lease intangibles [3]	107,377	102,870	84,611	74,865	3.8	Real estate properties
Total intangibles	$ 114,041	$ 106,963	$ 86,933	$ 77,465	4.3	

---

[1] Amortization expense is included in interest expense on the Consolidated Statements of Operations.

[2] Amortization expense is included in rental income on the Consolidated Statements of Operations.

[3] Amortization expense is included in depreciation and amortization on the Consolidated Statements of Operations.

For the years ended December 31, 2024, 2023 and 2022, the Company recognized approximately $ 10.6 million, $ 11.5 million, and $ 9.0 million, respectively, of net intangible amortization expense. Net intangible amortization expense for the year ended December 31, 2023 included the write-off of intangibles related to the two Genesis Care leases rejected during 2023 totaling $ 1.5 million.

Expected future amortization, net, for the next five years of the Company's intangible assets and liabilities, in place as of December 31, 2024 are included in the table below.

(in thousands)		Amortization, net
2025	$	9,650
2026	$	6,659
2027	$	4,263
2028	$	2,700
2029	$	2,135

NOTE 13. COMMITMENTS AND CONTINGENCIES

Tenant Improvements

The Company may provide tenant improvement allowances in new or renewal leases for the purpose of refurbishing or renovating tenant space. The Company may also assume tenant improvement obligations included in leases acquired in its real estate acquisitions. As of December 31, 2024 and 2023, the Company had approximately $ 26.5 million and $ 10.9 million, respectively, in commitments for tenant improvements. At December 31, 2024 four of these projects, totaling $ 11.1 million, represented redevelopment projects of the buildings into different healthcare uses backed by long term leases. At December 31, 2023 six of these projects, totaling $ 3.3 million, represented redevelopment projects of the buildings into different healthcare uses backed by long term leases.

Capital Improvements

The Company has entered into contracts with various vendors for various capital improvement projects related to its portfolio. As of December 31, 2024 the Company had commitments of approximately $ 2.0 million in commitments for capital improvement projects; four of these projects totaling $ 0.3 million, represent redevelopment projects of the buildings into different healthcare uses backed by long-term leases. As of December 31, 2023, the Company had approximately $ 5.8 million in commitments for capital improvement projects; six of these projects totaling $ 0.2 million, represent redevelopment projects of the buildings into different healthcare uses backed by long-term leases.

Legal Proceedings

The Company is not aware of any pending or threatened litigation that, if resolved against the Company, would have a material adverse effect on the Company's Consolidated Financial Statements.

NOTE 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practical to estimate the fair value.

Cash and cash equivalents and restricted cash - The carrying amount approximates the fair value.

Notes and mortgage notes receivable - The fair value of these notes was estimated using cash flow analyses which are based on an assumed market rate of interest and are classified as Level 2 in the hierarchy.

Notes receivable, net of credit loss - The fair value of these notes, net of credit loss at December 31, 2024 was estimated based on its estimated value of the underlying collateral on the notes and are classified as Level 3 in the hierarchy. The fair value of these notes at December 31, 2023 was estimated using cash flow analyses which are based on an assumed market rate of interest and are classified as Level 2 in the hierarchy.

Borrowings under our Credit Facility - The carrying amount approximates the fair value because the borrowings are based on variable market interest rates, which are classified as Level 2 in the hierarchy.

Derivative financial instruments (Interest Rate Swaps) - The fair value was estimated using discounted cash flow techniques. These techniques incorporate primarily Level 2 inputs. The market inputs are utilized in the discounted cash flow calculation considering the instrument’s term, notional amount, discount rate and credit risk. Significant inputs to the derivative valuation model for interest rate swaps are observable in active markets and are classified as Level 2 in the hierarchy.

Mortgage note payable - The fair value was estimated using cash flow analyses which are based on an assumed market rate of interest or at a rate consistent with the rates on mortgage notes assumed by the Company and are classified as Level 2 in the hierarchy.

The table below details the fair values and carrying values for our mortgage note and notes receivable, mortgage note payable, and interest rate swaps at December 31, 2024 using Level 2 and Level 3 inputs, and at December 31, 2023 using Level 2 inputs.

	December 31, 2024		December 31, 2023	
(Dollars in thousands)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Notes and mortgage note receivable, level 2[(1)]	$ 7,180	$ 7,248	$ 8,340	$ 8,159
Notes receivable, net of credit loss[(1)(2)]	$ 10,547	$ 10,547	$ 22,435	$ 23,040
Interest rate swap asset	$ 17,631	$ 17,631	$ 16,417	$ 16,417
Mortgage note payable	$ —	$ —	$ 4,821	$ 4,791

(1) During 2024, the Company recorded an $ 11.0 million credit loss reserve related to the notes receivable with one tenant and moved from measuring fair value utilizing Level 2 inputs to Level 3 inputs, based on its estimated value of the underlying collateral. The table below summaries change in Level 3 classification for the years ended December 31, 2024 and 2023.

(2) Calculated utilizing Level 3 inputs at December 31, 2024 and Level 2 inputs at December 31, 2023. See the table below for Level 3 activity for the years ended December 31, 2024 and 2023.

	Level 3 Input Activity	
	For the Year Ended December 31,	
Notes Receivable:	**2024**	**2023**
Beginning fair value	$ —	$ —
Transfers from Level 2 to Level 3	21,547	—
Credit loss reserve	(11,000)	—
Ending fair value	$ 10,547	$ —

NOTE 15. OTHER DATA

Taxable Income

The Company has elected to be taxed as a REIT, as defined under the Code. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement that it currently distribute at least 90% of its taxable income to its stockholders. The Company has also elected that two of its subsidiaries be treated as a TRS, which are subject to federal and state income taxes. All entities other than the TRS subsidiaries are collectively referred to as "the REIT" within this Note 15 – Other Data.

The REIT generally will not be subject to federal income tax on taxable income it distributes currently to its stockholders. Accordingly, no provision for federal income taxes for the REIT has been made in the accompanying Consolidated Financial Statements; however, the Company may record income tax expense or benefit for its TRSs to the extent applicable. If the REIT fails to qualify as a REIT for any taxable year, then it will be subject to federal income taxes at regular corporate rates, including any applicable alternative minimum tax, and may not be able to qualify as a REIT for four subsequent taxable years. Even if the REIT continues to qualify as a REIT, it may be subject to certain state and local taxes on its income and property and to federal income and excise tax on its undistributed taxable income.

Income tax expense and state income tax payments, net of refunds, are as follows for the years ended December 31, 2024, 2023, and 2022.

	Year Ended December 31,		
(Dollars in thousands)	2024	2023	2022
Current	$ 145	$ 106	$ 97
Deferred	—	306	41
Total income tax expense	$ 145	$ 412	$ 138
Income tax payments, net of refunds	$ 193	$ 80	$ 120

Income tax expense primarily relates to permanent differences between federal, state and local taxable income resulting from certain state and local jurisdictions wholly or partially disallowing the deduction for dividends paid allowed at the federal level and temporary differences resulting from the bases of assets and liabilities of the Company's TRSs for financial reporting purposes and the bases of those assets and liabilities for income tax purposes.

The tax effect of temporary differences included in the net deferred tax assets at December 31, 2024 and 2023 are as follows:

	December 31,	
(Dollars in thousands)	2024	2023
Deferred tax assets		
Deferred stock-based compensation	$ 6,059	$ 5,709
Net operating losses	1,776	1,987
Depreciation and amortization	76	45
Prepaid expenses	21	15
Total deferred tax assets	7,932	7,756
Valuation allowance	(1,975)	(2,141)
Deferred tax assets, net	5,957	5,615
Deferred tax liabilities		
Deferred administrative services fee	(5,945)	(5,613)
Other	(12)	(2)
Deferred tax liabilities	(5,957)	(5,615)
Net Deferred tax assets	$ —	$ —

The Company has federal net operating loss carryforwards in the aggregate amount of $ 6.8 million that do not expire. Additionally, the Company has state net operating loss carryforwards in the aggregate amount of $ 7.0 million that expire from 2035 to 2038.

Characterization of Distributions (unaudited)

Earnings and profits (as defined under the Code), the current and accumulated amounts of which determine the taxability of distributions to stockholders, vary from net income attributable to common stockholders and taxable income because of different depreciation recovery periods, depreciation methods, and other items. Distributions in excess of earnings and profits generally constitute a return of capital. The following table shows the characterization of the distributions on the Company's common stock for the years ended December 31, 2024, 2023 and 2022. No preferred shares have been issued by the Company and no dividends have been paid to date relating to preferred shares.

	2024		2023		2022	
	Per Share	**%**	**Per Share**	**%**	**Per Share**	**%**
Common stock:						
Ordinary income	$ 1.415556	76.7 %	$ 1.569469	87.0 %	$ 1.575094	89.2 %
Return of capital	$ 0.429444	23.3 %	$ 0.235531	13.0 %	$ 0.189906	10.8 %
Common stock distributions	$ 1.845000	100.0 %	$ 1.805000	100.0 %	$ 1.765000	100.0 %

NOTE 16. SUBSEQUENT EVENTS

Dividend Declared

On February 13, 2025, the Company’s Board of Directors declared a quarterly common stock dividend in the amount of $ 0.4675 per share. The dividend is payable on March 5, 2025 to stockholders of record on February 24, 2025.

Restricted Stock Issuances

On January 15, 2025, pursuant to the Alignment of Interest Program, the Company granted 104,404 shares of restricted common stock to its employees, in lieu of salary, that will cliff vest between 3 and 8 years. Of the shares granted, 61,187 shares of restricted stock were granted in lieu of compensation from the program pool and 43,217 shares of restricted stock were awards granted from the plan pool. Also, on January 15, 2025, pursuant to the Second Non-Executive Officer Incentive Program, the Company granted 14,835 shares of restricted stock to certain employees that will cliff vest in 5 years.

Post-Effective Amendment No. 1 to Registration Statement and Amended ATM Program

On February 18, 2025, the Company filed Post-Effective Amendment No. 1 to its registration statement on Form S-3 and entered into a Third Amended and Restated Sales Agency Agreement with the Agents. The Third Amended and Restated Sales Agency Agreement amended the ATM Program to remove/add Agents, reduce the aggregate sales price from $ 500.0 million to $ 300.0 million, and add forward sale capabilities.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in the Company’s reports under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that the information required to be disclosed is accumulated and communicated to management, including the principal executive officer and principal financial officer, to allow for timely decisions regarding required disclosure.

The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company’s disclosure controls and procedures are effective.

Limitations on the Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Changes in Internal Control over Financial Reporting

There have been no changes in our system of internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

The management of Community Healthcare Trust Incorporated is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company’s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. The Company’s internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2024 using the principles and other criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013). Based on that assessment, management concluded that the Company’s internal control over financial reporting was effective as of December 31, 2024. The Company’s independent registered public accounting firm, BDO USA, P.C., has also issued an attestation report on the effectiveness of the Company’s internal control over financial reporting included herein.

Report of

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Stockholders and Board of Directors
Community Healthcare Trust Incorporated
Franklin, Tennessee

Opinion on Internal Control over Financial Reporting

We have audited Community Healthcare Trust Incorporated's (the "Company's") internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive (loss) income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and financial statement schedules and our report dated February 18, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO USA, P.C.

Nashville, Tennessee
February 18, 2025

ITEM 9B. OTHER INFORMATION

During the quarter ended December 31, 2024, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted , terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item will be contained in the Company's Definitive Proxy Statement for its 2025 Annual Stockholders Meeting, to be filed with the SEC within 120 days after December 31, 2024, and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item will be contained in the Company's Definitive Proxy Statement for its 2025 Annual Stockholders Meeting, to be filed with the SEC within 120 days after December 31, 2024, and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item will be contained in the Company's Definitive Proxy Statement for its 2025 Annual Stockholders Meeting, to be filed with the SEC within 120 days after December 31, 2024, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this items will be contained in the Company's Definitive Proxy Statement for its 2025 Annual Stockholders Meeting, to be filed with the SEC within 120 days after December 31, 2024, and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this items will be contained in the Company's Definitive Proxy Statement for its 2025 Annual Stockholders Meeting, to be filed with the SEC within 120 days after December 31, 2024, and is incorporated herein by reference.

PART IV.

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

The following documents of Community Healthcare Trust Incorporated are included in this Annual Report on Form 10-K.

All other schedules are omitted because they are either not applicable, not required or because the information is included in the Consolidated Financial Statements or notes included in this Annual Report on Form 10-K.

(c) Exhibits

Exhibit Number	Description
1.1	Underwriting Agreement, dated as of July 20, 2017, among the Company, Community Healthcare OP, LP, Sandler O'Neill & Partners, L.P., Evercore Group L.L.C., SunTrust Robinson Humphrey, Inc. and each of the Underwriters party thereto (1)
3.1	Corporate Charter of Community Healthcare Trust Incorporated, as amended (2)
3.2	Amended and Restated Corporate Bylaws of Community Healthcare Trust Incorporated (3)
4.1	Description of Common Stock of Community Healthcare Trust Incorporated (4)
4.2	Form of Certificate of Common Stock of Community Healthcare Trust Incorporated (5)
10.1	Agreement of Limited Partnership of Community Healthcare OP, LP (6)
10.2	Form of Indemnification Agreement (7)
10.3 †	Community Healthcare Trust Incorporated 2014 Incentive Plan, as amended (8)
10.4 †	Community Healthcare Trust Incorporated 2024 Incentive Plan (9)
10.5 †	Amendment No. 1 to 2024 Incentive Plan (10)
10.6 †	Fourth Amended and Restated Community Healthcare Trust Incorporated Alignment of Interest Program (11)
10.7 †	Fourth Amended and Restated Community Healthcare Trust Incorporated Executive Officer Incentive Program (12)
10.8 †	Community Healthcare Trust Incorporated Second Amended and Restated Non-Executive Officer Incentive Program (13)
10.9 †	Amended and Restated Employment Agreement between Community Healthcare Trust Incorporated and David H. Dupuy (14)
10.10 †	First Amendment to Amended and Restated Employment Agreement between Community Healthcare Trust Incorporated and David H. Dupuy (15)
10.11 †	Employment Agreement between Community Healthcare Trust Incorporated and William G. Monroe IV (16)
10.12 †	First Amendment to Employment Agreement between Community Healthcare Trust Incorporated and William G. Monroe IV (17)
10.13 †	Amended and Restated Employment Agreement, dated May 1, 2019, between Community Healthcare Trust Incorporated and Leigh Ann Stach (18)

10.14 †	First Amendment to Amended and Restated Employment Agreement between Community Healthcare Trust Incorporated and Leigh Ann Stach (19)
10.15 †	Second Amendment to Amended and Restated Employment Agreement between Community Healthcare Trust Incorporated and Leigh Ann Stach (20)
10.16 †	Third Amendment to Amended and Restated Employment Agreement between Community Healthcare Trust Incorporated and Leigh Ann Stach (21)
10.17 †	Fourth Amendment to Amended and Restated Employment Agreement between Community Healthcare Trust Incorporated and Leigh Ann Stach (22)
10.18 †	Fifth Amendment to Amended and Restated Employment Agreement between Community Healthcare Trust Incorporated and Leigh Ann Stach (23)
10.19 †	Employment Agreement between Community Healthcare Trust Incorporated and Timothy L. Meyer (24)
10.20 †	First Amendment to Employment Agreement between Community Healthcare Trust Incorporated and Timothy L. Meyer (25)
10.21 †	Second Amendment to Employment Agreement between Community Healthcare Trust Incorporated and Timothy L. Meyer (26)
10.22 †	Third Amendment to Employment Agreement between Community Healthcare Trust Incorporated and Timothy L. Meyer (27)
10.23 †	Form of Restricted Stock Agreement under the 2014 Incentive Plan (28)
10.24 †	Form of Performance-Based Restricted Stock Unit Agreement under the 2014 Incentive Plan (29)
10.25 †	Form of Time-Based Restricted Stock Unit Agreement under the 2014 Incentive Plan (30)
10.26 †	Form of Performance-Based RSU Agreement under the 2024 Incentive Plan (31)
10.27 †	Form of Time-Based RSU Agreement under the 2024 Incentive Plan (32)
10.28 †	Form of Restricted Stock Award Agreement under the 2024 Incentive Plan (Directors) (33)
10.29 †	Form of Restricted Stock Award Agreement under the 2024 Incentive Plan (Executive Officers) (34)
10.30 †	Form of Restricted Stock Award Agreement under the Fourth Amended and Restated Alignment of Interest Program (Executive Officers and Directors) (35)
10.31	Third Amended and Restated Credit Agreement, dated as of March 19, 2021, by and among Community Healthcare Trust Incorporated, as borrower, the several banks and financial institutions party thereto as lenders, and Truist Bank, as administrative agent (36)
10.32	First Amendment, dated as of December 14, 2022, to Third Amended and Restated Credit Agreement, dated as of March 19, 2021, by and among Community Healthcare Trust Incorporated, as borrower, the several banks and financial institutions party thereto as lenders, and Truist Bank, as administrative agent (37)
10.33	Second Amendment, dated as of October 16, 2024, to Third Amended and Restated Credit Agreement, dated as of March 19, 2021, by and among Community Healthcare Trust Incorporated, as borrower, the several banks and financial institutions party thereto as lenders, and Truist Bank, as administrative agent (38)
10.34	Second Amended and Restated Sales Agency Agreement, dated November 2, 2022, by and among Community Healthcare Trust Incorporated and Piper Sandler & Co., Evercore Group L.L.C., Truist Securities, Inc., Regions Securities LLC, Robert W. Baird & Co. Incorporated, Fifth Third Securities, Inc., and Janney Montgomery Scott LLC, as sales agents (39)
19 *	Securities Trading Policy
21 *	Subsidiaries of the Registrant
23 *	Consent of BDO USA, P.C., independent registered public accounting firm
31.1 *	Certification of the Chief Executive Officer of Community Healthcare Trust Incorporated pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Rule 302 of the Sarbanes-Oxley Act of 2002
31.2 *	Certification of the Chief Financial Officer of Community Healthcare Trust Incorporated pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Rule 302 of the Sarbanes-Oxley Act of 2002
32.1 **	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1 *	Policy for the Recovery of Erroneously Awarded Compensation (40)
101.INS *	Inline XBRL Instance Document
101.SCH *	Inline XBRL Taxonomy Extension Schema Document
101.CAL *	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB *	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.DEF *	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.PRE *	Inline XBRL Taxonomy Extension Presentation Linkbase Document

104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

(1) Filed as Exhibit 1.1 to the Form 8-K of the Company filed with the Securities and Exchange Commission on July 26, 2017 (File No. 001-37401) and incorporated herein by reference.
(2) Filed as Exhibit 3.1 to Amendment No. 2 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on May 6, 2015 (Registration No. 333-203210) and incorporated herein by reference.
(3) Filed as Exhibit 3.2 to the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission on November 3, 2020 (Registration No. 333-203210) and incorporated herein by reference.
(4) Included under the heading "Description of Capital Stock" in the prospectus forming part of the Company's Registration Statement on Form S-11 of the Company, initially filed with the Securities and Exchange Commission on April 2, 2015 (Registration No. 333-203210) and incorporated herein by reference.
(5) Filed as Exhibit 4.1 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on April 2, 2015 (Registration No. 333-203210) and incorporated herein by reference.
(6) Filed as Exhibit 10.1 to Amendment No. 1 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on April 28, 2015 (Registration No. 333-203210) and incorporated herein by reference.
(7) Filed as Exhibit 10.2 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on April 2, 2015 (Registration No. 333-203210) and incorporated herein by reference.
(8) The 2014 Incentive Plan filed as Exhibit 10.3 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on April 2, 2015 (Registration No. 333-203210), and, as to Amendment No. 1 to the 2014 Incentive Plan, as Exhibit 10.12 to Amendment No. 2 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on May 6, 2015 (Registration No. 333-203210), and, as to Amendment No. 2 to the 2014 Incentive Plan, as Exhibit 10.1 to the Form 8-K of the Company filed with the Securities and Exchange Commission on July 17, 2017, and, as to the Amendment No. 3 to the 2014 Incentive Plan, as Exhibit 10.2 to the Form 8-K of the Company filed with the Securities and Exchange Commission on July 17, 2017, and, as to Amendment No. 4 to the 2014 Incentive Plan, as Exhibit 10.3 to the Form 8-K of the Company filed with the Securities and Exchange Commission on January 4, 2024, each of which is incorporated herein by reference.
(9) Filed as Exhibit 10.1 to the Form 8-K of the Company filed with the Securities and Exchange Commission on May 2, 2024 (File No. 001-37401) and incorporated herein by reference.
(10) Filed as Exhibit 10.2 to the Form 8-K of the Company filed with the Securities and Exchange Commission on May 2, 2024 (File No. 001-37401) and incorporated herein by reference.
(11) Filed as Exhibit 10.3 to the Form 8-K of the Company filed with the Securities and Exchange Commission on May 2, 2024 (File No. 001-37401) and incorporated herein by reference.
(12) Filed as Exhibit 10.4 to the Form 8-K of the Company filed with the Securities and Exchange Commission on May 2, 2024 (File No. 001-37401) and incorporated herein by reference.
(13) Filed as Exhibit 10.5 to the Form 8-K of the Company filed with the Securities and Exchange Commission on May 2, 2024 (File No. 001-37401) and incorporated herein by reference.
(14) Filed as Exhibit 10.1 to the Form 8-K of the Company filed with the Securities and Exchange Commission on April 10, 2023 (File No. 001-37401) and incorporated herein by reference.
(15) Filed as Exhibit 10.1 to the Form 8-K of the Company filed with the Securities and Exchange Commission on January 3, 2024 (File No. 001-37401) and incorporated herein by reference.
(16) Filed as Exhibit 10.1 to the Form 8-K of the Company filed with the Securities and Exchange Commission on May 17, 2023 (File No. 001-37401) and incorporated herein by reference.
(17) Filed as Exhibit 10.2 to the Form 8-K of the Company filed with the Securities and Exchange Commission on January 3, 2024 (File No. 001-37401) and incorporated herein by reference.
(18) Filed as Exhibit 10.1 to the Form 8-K of the Company filed with the Securities and Exchange Commission on May 3, 2019 (File No. 001-37401) and incorporated herein by reference.
(19) Filed as Exhibit 10.4 to the Form 8-K of the Company filed with the Securities and Exchange Commission on January 3, 2020 (File No. 001-37401) and incorporated herein by reference.
(20) Filed as Exhibit 10.3 to the Form 8-K of the Company filed with the Securities and Exchange Commission on January 4, 2021 (File No. 001-37401) and incorporated herein by reference.
(21) Filed as Exhibit 10.3 to the Form 8-K of the Company filed with the Securities and Exchange Commission on January 4, 2022 (File No. 001-37401) and incorporated herein by reference.
(22) Filed as Exhibit 10.3 to the Form 8-K of the Company filed with the Securities and Exchange Commission on January 4, 2023 (File No. 001-37401) and incorporated herein by reference.
(23) Filed as Exhibit 10.3 to the Form 8-K of the Company filed with the Securities and Exchange Commission on January 3, 2024 (File No. 001-37401) and incorporated herein by reference.
(24) Filed as Exhibit 10.1 to the Quarter Report on Form 10-Q of the Company filed with the Securities and Exchange Commission on November 2, 2021 (File No. 001-37401) and incorporated herein by reference.

(25) Filed as Exhibit 10.4 to the Form 8-K of the Company filed with the Securities and Exchange Commission on January 4, 2022 (File No. 001-37401) and incorporated herein by reference.

(26) Filed as Exhibit 10.4 to the Form 8-K of the Company filed with the Securities and Exchange Commission on January 4, 2023 (File No. 001-37401) and incorporated herein by reference.

(27) Filed as Exhibit 10.4 to the Form 8-K of the Company filed with the Securities and Exchange Commission on January 3, 2024 (File No. 001-37401) and incorporated herein by reference.

(28) Filed as Exhibit 10.9 to Amendment No. 1 to the Registration Statement on Form S-11 of the Company filed with the Securities and Exchange Commission on April 28, 2015 (Registration No. 333-203210) and incorporated herein by reference.

(29) Filed as Exhibit 10.4 to the Form 8-K of the Company filed with the Securities and Exchange Commission on January 4, 2024 (File No. 001-37401) and incorporated herein by reference.

(30) Filed as Exhibit 10.5 to the Form 8-K of the Company filed with the Securities and Exchange Commission on January 4, 2024 (File No. 001-37401) and incorporated herein by reference.

(31) Filed as Exhibit 10.6 to the Form 10-Q of the Company filed with the Securities and Exchange Commission on July 30, 2024 (File No. 001-37401) and incorporated herein by reference.

(32) Filed as Exhibit 10.7 to the Form 10-Q of the Company filed with the Securities and Exchange Commission on July 30, 2024 (File No. 001-37401) and incorporated herein by reference.

(33) Filed as Exhibit 10.8 to the Form 10-Q of the Company filed with the Securities and Exchange Commission on July 30, 2024 (File No. 001-37401) and incorporated herein by reference.

(34) Filed as Exhibit 10.9 to the Form 10-Q of the Company filed with the Securities and Exchange Commission on July 30, 2024 (File No. 001-37401) and incorporated herein by reference.

(35) Filed as Exhibit 10.10 to the Form 10-Q of the Company filed with the Securities and Exchange Commission on July 30, 2024 (File No. 001-37401) and incorporated herein by reference.

(36) Filed as Exhibit 10.1 to the Form 8-K of the Company filed with the Securities and Exchange Commission on March 19, 2021 (File No. 001-37401) and incorporated herein by reference.

(37) Filed as Exhibit 10.1 to the Form 8-K of the Company filed with the Securities and Exchange Commission on December 15, 2022 (File No. 001-37401) and incorporated herein by reference.

(38) Filed as Exhibit 10.1 to the Current Report on Form 8-K of the Company filed with the Securities and Exchange Commission on October 16, 2024 (File No. 001-37401) and incorporated herein by reference.

(39) Filed as Exhibit 10.1 to the Form 8-K of the Company filed with the Securities and Exchange Commission on November 2, 2022 (File No. 001-37401) and incorporated herein by reference.

(40) Filed as Exhibit 97.1 to the Form 10-K of the Company filed with the Securities and Exchange Commission on February 13, 2024 (File No. 001-37401) and incorporated herein by reference.

---

* Filed herewith.

** Furnished herewith.

† Denotes executive compensation plan or arrangement.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 18, 2025

COMMUNITY HEALTHCARE TRUST INCORPORATED

By: /s/ David H. Dupuy
David H. Dupuy
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed by the following persons on behalf of the Company and in the capacities and on the date indicated.

Signature	Title	Date
/s/ David H. Dupuy David H. Dupuy	Chief Executive Officer and President (Principal Executive Officer)	February 18, 2025
/s/ William G. Monroe IV William G. Monroe IV	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 18, 2025
/s/ Leigh Ann Stach Leigh Ann Stach	Executive Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 18, 2025
/s/ Cathrine Cotman Cathrine Cotman	Director	February 18, 2025
/s/ Alan Gardner Alan Gardner	Director	February 18, 2025
/s/ Claire Gulmi Claire Gulmi	Director	February 18, 2025
/s/ Robert Hensley Robert Hensley	Director	February 18, 2025
/s/ R. Lawrence Van Horn R. Lawrence Van Horn	Director	February 18, 2025

Schedule II - Valuation and Qualifying Accounts for the years ended December 31, 2024, 2023 and 2022

(Dollars in thousands)

Description	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts	Uncollectible Accounts Written-off	Balance at End of Period
2024 Accounts receivable allowance	$ 325	$ 70	$ —	$ —	$ 395
2023 Accounts receivable allowance	$ 75	$ 250	$ —	$ —	$ 325
2022 Accounts receivable allowance	$ 75	$ 9	$ —	$ (9)	$ 75

Schedule III - Real Estate and Accumulated Depreciation at December 31, 2024

(Dollars in thousands)

			Land and Land Improvements			Buildings, Improvements, and Lease Intangibles								
Property Type	Number of Properties	State	Initial Investment	Costs Capitalized Subsequent to Acquisition	Total	Initial Investment	Costs Capitalized Subsequent to Acquisition	Total	Personal Property	Total Property (1) (2)	Accumulated Depreciation (2) (3)	Encumbrances (Principal balance)	Date Acquired	Original Date Constructed
Medical office buildings	93	AL, AZ, CA, CO, CT, FL, GA, IA, IL, KS, KY, LA, MD, MI, MN, MS, NE, NJ, NV, NY, OH, PA, TN, TX, VA	$ 72,323	$ 6,541	$ 78,864	$ 332,833	$ 53,586	$ 386,419	$ —	$ 465,283	$ 117,502	$ —	2015 - 2024	1880 - 2015
Acute inpatient behavioral	5	IL, MA, WA, WV	10,721	—	10,721	119,414	400	119,814	—	130,535	19,822	—	2016 - 2020	1920 - 2017
Inpatient rehabilitation facilities	9	AR, OH, OK, TX	19,333	—	19,333	178,986	—	178,986	—	198,319	16,288	—	2019 - 2024	2012 - 2024
Specialty centers	37	AL, CA, CO, FL, GA, IL, MA, MD, NC, NV, OH, OK, PA, RI, TN, VA, WV	13,327	213	13,540	94,865	3,125	97,990	—	111,530	29,952	—	2015 - 2022	1956 - 2018
Physician clinics	35	CT, FL, IA, IL, KS, MO, OH, PA, RI, SC, TN, TX, VA, WI	15,087	799	15,886	87,223	5,007	92,230	—	108,116	29,632	—	2015 - 2024	1912 - 2020
Surgical centers and hospitals	7	AZ, IL, LA, MI, OH, PA	3,259	159	3,418	38,941	6,661	45,602	—	49,020	13,550	—	2015 - 2018	1970 - 2004
Behavioral specialty facilities	12	AZ, IN, LA, MI, MS, OH	5,681	81	5,762	47,929	8,389	56,318	—	62,080	9,378	—	2015 - 2022	1961 - 2020
Long-term acute care hospitals	2	IN, MA	2,064	—	2,064	19,411	9	19,420	—	21,484	5,454	—	2017 - 2024	1935 - 1978
Total Real Estate	200		141,795	7,793	149,588	919,602	77,177	996,779	—	1,146,367	241,578	—		
Sales-type lease	—		(87)	—	(87)	(3,401)	—	(3,401)	—	(3,488)	—	—		
Corporate property	—		—	—	—	2,011	715	2,726	326	3,052	1,031	—		
Total Properties	200		$ 141,708	$ 7,793	$ 149,501	$ 918,212	$ 77,892	$ 996,104	$ 326	$ 1,145,931	$ 242,609	$ —		

(1) Total properties as of December 31, 2024 have an estimated aggregate total cost of $ 1.1 billion (unaudited) for federal income tax purposes.

(2) Excludes real estate properties held for sale as of December 31, 2024.

(3) Depreciation is provided for on a straight-line basis on land improvements over 2 to 20 years, buildings over 7 to 50 years, building improvements over 1.4 to 39.8 years, tenant improvements over 2.0 to 15.1 years, lease intangibles over 1.4 to 13.7 years, and personal property over 3 to 10 years.

(4) A reconciliation of Total Property and Accumulated Depreciation for the years ended December 31, 2024, 2023, and 2022 is provided below.

	Year Ended December 31, 2024		Year Ended December 31, 2023		Year Ended December 31, 2022	
(Dollars in thousands)	Total Property	Accumulated Depreciation	Total Property	Accumulated Depreciation	Total Property	Accumulated Depreciation
Beginning Balance	$ 1,050,247	$ 200,810	$ 943,167	$ 165,341	$ 834,085	$ 133,056
Acquisitions	73,021	1,682	101,856	2,055	96,729	1,034
Other improvements	25,317	40,434	18,561	37,580	12,353	31,251
Dispositions and transfers to/from assets held for sale:	(2,654)	(317)	(13,337)	(4,166)	—	—
Ending Balance	$ 1,145,931	$ 242,609	$ 1,050,247	$ 200,810	$ 943,167	$ 165,341

Schedule IV - Mortgage Loans on Real Estate as of December 31, 2024

(Dollars in thousands)

Description of Collateral	Interest Rate	Maturity Date	Periodic Payment Terms	Original Face Amount	Carrying Amount	Principal amount of loans subject to delinquent principal or interest
Inpatient rehabilitation hospital in Texas	10 %	8/15/2027	(1)	$ 2,000	$ 2,000	$ —
Total Mortgage Loans				$ 2,000	$ 2,000	$ —

(1) Interest only through the earlier of August 15, 2027 or the sale of the collateral, at which time the principal and any unpaid interest is due.

(2) A rollforward of Mortgage loans on real estate for the years ended December 31, 2024, 2023 and 2022 is provided below.

	Year Ended December 31,		
	2024	2023	2022
Balance at beginning of period	$ —	$ —	$ —
Additions during the period:			
New or acquired mortgages, net	2,000	—	—
	2,000	—	—
Balance at end of period	$ 2,000	$ —	$ —

Exhibit 19

COMMUNITY HEALTHCARE TRUST INCORPORATED
SECURITIES TRADING POLICY

The Board of Directors (the "Board") of Community Healthcare Trust Incorporated, a Maryland corporation (the "Company"), has adopted the following Securities Trading Policy (the "Policy") effective as of February 8, 2024.

I. SUMMARY

- *You may not trade in Company securities when you have material information about the Company that has not been publicly released.*
- *You may not share material, non-public information about the Company with friends, family members or others who are not employees of the Company who need the information as part of their work for the Company.*
- *Directors, executive officers and certain other Company employees are "blacked out" for certain periods from trading in Company securities prior to quarterly earnings releases.*
- *You may be "blacked out" from trading in Company securities if you are working on a material, non - public transaction.*
- *You may not engage in transactions in which you may profit from short-term speculative swings in the value of Company securities.*
- *The consequences of violating United States insider trading laws and the Policy can include civil penalties, criminal penalties and jail terms.*

II. BACKGROUND

The Company and its employees and directors must act in a manner that does not misuse material financial or other information that has not been publicly disclosed. The United States securities laws prohibit trading in the stock of a company by a person who possesses material, non-public information. Moreover, these laws prohibit the dissemination of such information to other persons, a process commonly known as "tipping." These laws are frequently referred to as the "insider trading laws." The U.S. Securities and Exchange Commission (the "SEC") is responsible for the enforcement of United States securities laws and will seek to enforce the laws in connection with trading in United States securities markets even if those involved are outside of the United States. If the SEC detects violations of these laws, it can seek civil penalties (including fines) and, in serious cases, it can recommend to the Department of Justice to seek criminal penalties (including imprisonment). Under the insider trading laws, if an employee of a company is found to have engaged in insider trading, the SEC can also seek to impose penalties on the employee's supervisors and on the company itself.

In addition to these potential penalties, insider trading is bad business and reflects poorly on the Company and those involved. The Company's Code of Ethics and Business Conduct prohibits trading in securities of the Company by a person who possesses material, non-public information. The Policy applies to all Company employees, not just directors and officers. The Policy does not create any rights in third parties or any new liabilities to third parties.

III. CONSEQUENCES OF VIOLATIONS

The consequences of insider trading violations can be staggering. As of the date of this Policy, for individuals who trade on material, non-public information (or provide information to others (i.e., tipping)), consequences may include:

- A civil penalty of up to three times the profit gained or loss avoided;
- A criminal penalty (no matter how small the actual profit from the insider trading activities) of up to $5 million;
- A jail term of up to 20 years;
- Being barred from corporate office or directorships in public companies;
- Disgorgement of any profits; and
- The entry of a temporary or permanent cease and desist order.

As of the date of this Policy, for a company (as well as possibly any supervisory person) that fails to take appropriate steps to prevent illegal trading consequences may include:

- A civil penalty equal to the greater of $1 million or three times the profit gained or loss avoided as a result of the employee's violation; and
- A criminal penalty of up to $25 million.

Moreover, if you violate the Policy, you may be subject to Company discipline, including termination of employment for cause.

IV. OUR POLICY

Please review carefully each of our stock-trading policies described below. The Policy will be delivered to all new directors, officers and employees at the start of their relationship with the Company, and once each year thereafter. Upon receiving a copy of the Policy or any revised versions, each director, officer or employee must sign an acknowledgment that he or she has received a copy of the Policy and agrees to comply with the Policy's terms.

V. TRADING ON MATERIAL, NON-PUBLIC INFORMATION IS PROHIBITED

If you have material, non-public information relating to the Company, you may not buy or sell securities of the Company, engage in any other action to take advantage of that information, or pass it on to others. Similarly, if you have material, non-public information about any other company (such as a customer, collaborator or supplier) that you obtained in the course of your employment with the Company, you may not buy or sell securities of the other company, engage in any other action to take advantage of that information, or pass it on to others.

Persons Covered. This section of the Policy applies to all Company personnel, including directors, officers and employees of the Company. This section of the Policy also applies to contractors and outside advisors that come in contact with material, non-public information about the Company. In addition, if you are aware of material, non-public information when your employment or service relationship with the Company terminates, you may not trade in Company securities until that information has become public or is no longer material. Transactions that may be necessary or justifiable for independent reasons (such as your personal need to raise money for an emergency expenditure) are not exceptions from the insider trading laws, the SEC's rules and regulations or the Company's policies.

Material Information. Material information is any information that a reasonable investor would consider important in making a decision to buy, hold or sell securities. In short, any information that could reasonably be expected to affect the price of the stock is likely to be considered material. Either positive or negative information may be material. Common examples of information that will frequently be regarded as material are:

- Developments regarding earnings, including whether the Company will or will not meet expectations;
- Potential or pending mergers, acquisitions, tender offers, joint ventures, or changes in assets;
- A significant regulatory development;
- A change in, or new, material arrangements;
- Developments regarding customers or suppliers (including the acquisition or loss of an important contract);
- Changes in senior management;
- Changes in compensation policy;
- A change in auditors or auditor notification that the Company may no longer rely on an audit report;
- Financings and other events regarding the Company's securities (e.g., defaults on debt securities, calls of securities for redemption, repurchase plans, stock splits, public or private sales of additional securities);
- Developments regarding significant litigation; and
- Developments regarding bankruptcy, corporate restructuring or receivership.

Twenty-Twenty Hindsight. Remember, if your securities transactions become the subject of scrutiny, they will be viewed after-the-fact with the benefit of hindsight. That is to say, the SEC and others will have the benefit of knowing how the stock price was affected once the information became public. As a result, before engaging in any transaction, you should carefully consider how the SEC and others might view your transaction in hindsight. Even the appearance of an improper transaction must be avoided to avoid potential legal action and preserve our reputation for adhering to the highest standards of conduct.

Transactions by Family Members. The same restrictions that apply to you apply to your family members and others living in your home. You are expected to be responsible for the compliance with the Policy of your immediate family and others living in your home.

Tipping Information to Others. You must not pass (or "tip") inside information to others who do not need the information as part of their work for the Company. This includes supposedly "anonymous" communications such as Internet chat rooms. The penalties mentioned above apply whether or not you derive any benefit from another's transactions. The SEC has imposed large financial penalties on tippers even though they did not profit from their tippees' trading.

When Information is Public. Company stockholders and the investing public should be afforded the time to receive the information and act upon it before our trading resumes. You can resume trading when at least one full trading day has elapsed after the public disclosure of the information. One full trading day following public disclosure has elapsed when, after the public disclosure, trading in Company stock has opened for trading, then closed. For example, information is "public" if the Company has disseminated a press release and/or filed a report with the SEC. Disclosures made solely through the Company's website or on social media, however, are typically not deemed to be "public" disclosures.

Example. Suppose you are aware of a material development that has not been announced to the public. You are prohibited from trading in Company stock until one full trading day after release of the announcement. If the announcement is made Tuesday at 8:00 a.m. EST, before the opening of the New York Stock Exchange, you can begin trading again on Wednesday morning because, after the announcement, trading on the Company's stock opened and closed on Tuesday. On the other hand, if the announcement were not made until Tuesday at 11:00 a.m., you would not be able to trade until after the open and close of trading on Wednesday, that is, on the opening of trading on Thursday, after one full trading day has elapsed.

10b5-1 Plans.

- Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") was adopted by the SEC to protect persons from insider trading liability for transactions occurring under a written trading plan previously established at a time when the insider did not possess material, non-public information. To be eligible for this defense, an insider may enter into a "10b5-1 plan" for trading in Company securities "in good faith with respect to" the plan. If the plan meets the requirements of Rule 10b5-1, an insider may complete transactions in Company securities during blackout periods or even when the insider possesses material, non-public information. Once the plan is adopted, the insider must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade.
- If a director or officer of the Company adopts a Rule 10b5-1 plan, such director or officer will be required to include a certification in the plan that at the time of adoption: (i) they are not aware of material nonpublic information about the Company or its securities; and (ii) they are adopting the plan in good faith and not as a part of a plan or scheme to evade the prohibitions of Rule 10b5-1.
- There is a required cooling-off period between the date of adoption of the plan and the date of the first trade under the plan for directors, officers and persons other than issuers. The Rule 10b5-1 defense is not available unless the plan specifies a cooling-off period that will not begin until the later of (i) 90 days after the adoption of the plan or (ii) two business days following the disclosure of the Company's financial results in a Form 10-Q or Form 10-K for the fiscal quarter in which the plan was adopted (subject to a maximum cooling off period of 120 days after plan adoption). Persons other than directors and officers are subject to a 30-day cooling-off period after the adoption of a Rule 10b5-1 plan. There is no cooling-off period requirement if the Company were to adopt a Rule 10b5-1 plan.
- To be eligible for the Rule 10b5-1 defense, persons, other than the Company, may not have another outstanding Rule 10b5-1 plan (and may not subsequently enter into any additional Rule 10b5-1 plan) for purchases or sales of any class of securities of the Company on the open market during the same period. There are a few exceptions to this prohibition on multiple overlapping plans, including for plans with different brokers, later-commencing plans, and sell-to-cover transactions.
- Insiders who desire to implement a 10b5-1 plan must first obtain approval of the plan by the Company's Chief Financial Officer, who shall serve as the Compliance Officer under the Policy. In order to be eligible for approval, the 10b5-1 plan: (i) must be established during a

trading window (i.e., not during any blackout period) and at a time when there is no material, non-public information about the Company (even if the insider is unaware of such information); (ii) must be in writing; (iii) must either irrevocably set forth the future date or dates on which purchases or sales of securities are to be made, the prices at which the securities are to be purchased or sold, the broker who will be responsible for effecting the transactions (or method of transaction if not through a broker), or provide a formula or formulas for determining the price of the securities to be purchased or sold and the date or dates on which the transactions are to be completed (provided that no aspect of the formula may permit the direct or indirect exercise of any influence over the timing or terms of the purchase or sale by the insider); (iv) may not take effect until after the plan is approved by the Compliance Officer and expiration of the applicable cooling-off period; and (v) must include a procedure for ensuring the timely filings of all required Forms 4, 5 and 144.

- The Compliance Officer will maintain a copy of all 10b5-1 plans.
- The insider must provide the Compliance Officer written notice of any termination or modification of the 10b5-1 plan (in which case the modification must be approved in writing by the Compliance Officer prior to effectiveness and may not take effect until 30 days after the modification is approved by the Compliance Officer).

VI. DIRECTORS, OFFICERS AND PERSONS INVOLVED IN THE PREPARATION OF COMPANY EARNINGS ARE PROHIBITED FROM TRADING DURING "BLACKOUT PERIODS"

The investing public will often view our financial results, and significant unexpected changes in those results, as material information. Thus, the Company has a policy that certain individuals may not trade in Company securities during the preparation of our quarterly and annual financial results to be publicly announced.

Persons Covered. This section of the Policy applies to the following persons:

- Members of the Board;
- Executive Officers;
- Other Officers;
- Employees involved in the preparation of internal and external financial reports, SEC filings and disclosures to investors and the financial community;
- Anyone in possession of material, non-public information; and
- If you are one of the above identified persons, your immediate family and others living in your home, as you are responsible for the compliance with the Policy of your immediate family and others living in your home.

Period Covered. This section of the Policy applies automatically during the period beginning on the 15th day of the last month of each fiscal quarter and ending one full trading day after the release of the Company's financial results for the quarter or fiscal year. This period is frequently referred to as a "blackout period." However, if you receive any material information about Company financial results or any other material, non-public information prior to the 15th day of the last month of a quarter, you must still refrain from trading at that time. In addition to the standard end-of-quarter blackout periods, the Company may, from time to time, impose special blackout periods upon notice to those persons who are affected. The occurrence of any special blackout period is confidential, and you may not disclose the existence of such special blackout period to any person outside of the Company. For example, certain Company personnel may come into possession of preliminary information regarding the Company's potential acquisitions or sales of real property or lines of business before the information is made public by the Company; in such instance, the Compliance Officer may determine that trading of Company securities by certain individuals be prohibited until such information is made public.

VII. PROHIBITIONS ON TRADING ARE APPLICABLE TO OUR PERSONNEL AWARE OF MATERIAL TRANSACTIONS

From time to time, you may become aware of a corporate transaction or other event that is material to the Company or another company and that has not been disclosed to the public. An acquisition of another company would be an example. Entering into a strategic alliance, license or other collaborative agreement with another company would be another example. If you are aware of transactions of this type that have not been disclosed to the public, you may not trade in Company securities or securities of the other company. Remember also that you cannot tip the information to anyone else.

Persons Covered. This section of the Policy applies to our directors, officers and employees who are aware of the transaction or event. This section of the Policy also applies to contractors and outside advisors that come in contact with material, non-public information regarding the transaction or event. The Compliance Officer may, in certain situations, send out a notice to participants in a transaction that the transaction may be material and requiring participants to refrain from trading. You should not assume, however, that if you have not received such a notice, a transaction of which you are aware is not material. The receipt of any such notice is confidential, and you may not disclose the receipt of such notice to any person other than the Compliance Officer.

Period Covered. This section of the Policy applies until the earliest to occur of (a) the first full trading day following public announcement of the transaction or event, (b) abandonment of the transaction, or (c) receipt of a notification from the Compliance Officer that trading may resume.

VIII. PERSONNEL ARE PROHIBITED FROM TRADING IN OPTIONS AND OTHER SPECULATIVE TRANSACTIONS

Because the Company believes it is improper and inappropriate for Company personnel to engage in short-term or speculative transactions involving Company securities, it is the Company's policy that any investing you do in Company securities be on a "buy and hold" basis. Accordingly, you may not engage in any of the following activities with respect to securities of the Company: (i) trades on a short-term basis; (ii) "short sales" (selling borrowed securities which the seller hopes can be purchased at a lower price in the future); and (iii) purchases or sales of "put" or "call" options (publicly available rights to sell or buy securities within a certain period of time at a specified price). This section of the Policy applies to all Company directors, officers and employees.

IX. DIRECTORS, EXECUTIVE OFFICERS AND CERTAIN EMPLOYEES ARE REQUIRED TO PRE-CLEAR TRADES

In general, most employees do not need to pre-clear their trades with the Company. The Compliance Officer's office is available to answer any questions on the application of this section of the Policy, but ultimate responsibility for trading in securities lies with you. However, the Company requires that members of the Board, executive officers subject to reporting under Section 16(a) of the Exchange Act and any person precluded from trading in Company securities under Section VI must "preclear" all transactions in Company securities with the Compliance Officer. Under this section of the Policy, the Compliance Officer will advise such person whether the individual should refrain from trading based on information available to the Compliance Officer. The Compliance Officer may designate one or more individuals who may grant approval of a trade request in the event the Compliance Officer is unable or unavailable to perform such duty. Pre-clearance does not relieve anyone of his or her responsibility under SEC rules. Furthermore, neither the Compliance Officer nor any designee shall have liability to the person requesting pre-clearance.

The individual seeking to trade must (i) notify the Compliance Officer about the proposed trade(s) in writing at least one full business day prior to the proposed trade(s), including the amount and nature of the proposed trade(s), (ii) represent to the Compliance Officer in writing that he or she is not aware of material, non-public information about the Company and (iii) effect the trade, if at all, within 48 hours of the Compliance Officer's approval. Trades not exercised within such 48-hour period require new approval from the Compliance Officer. If the individual possesses material, non-public information, he or she must refrain from trading, regardless of whether pre-clearance was obtained.

X. SECURITIES ISSUED UNDER THE COMPANY'S PLANS ARE SUBJECT TO THE POLICY

You have the opportunity to invest in Company securities through a number of Company plans. This section provides guidance with respect to transactions under these plans.

Prohibited Transactions. If the policies contained in this document prohibit you from trading in Company securities, you may not engage in any of the following transactions during the period that the prohibition remains in effect:

- Open market purchases and sales of Company securities (e.g., transactions through a broker) unless in accordance with pre-arranged written plans that comply with Rule 10b5-1 and the Policy;
- Limit orders and other pre-arranged transactions in which a trade will be executed automatically when Company securities reaches a prescribed market price, unless the transaction is in accordance with a pre-arranged written plan that complies with Rule 10b5-1 and the Policy;
- Gifts of Company securities;
- Switching existing balances into or out of Company securities held in a Savings/401(k) Plan; or
- Exercises of stock options in "cashless" exercise transactions (i.e., transactions where the acquired stock is immediately sold) or other exercises where all or a portion of the acquired stock is sold during a blackout period.

Permitted Transactions. Even if you are prohibited from trading by the Policy, you may engage in any of the following transactions:

- Regular and matching contributions for the purchase of Company securities in a Savings/401(k) Plan;
- Elections to change the amount of future compensation that will be contributed to purchase Company securities in a Savings/401(k) Plan (e.g., increasing the percentage of contributions allocated to a Company securities fund from 10% to 20% or terminating future contributions to the Company stock fund);
- Exercises of stock options where no Company stock is sold in the market to fund the option exercise and the acquired shares are not sold during a blackout period; and

- Transactions that comply with Rule 10b5-1 pre-arranged written plans, in accordance with the provisions of the Policy.

Managed Accounts. If you have a managed account (where another person has been given discretion or authority to trade without your prior approval), you should advise your broker or investment advisor not to trade in Company securities at any time without your prior approval and minimize trading in securities of companies in industries similar to the Company. This restriction does not apply to investments in publicly available mutual funds.

Margin Loans. Purchases or sales of securities can result in liability whether executed in the public markets or in a private transaction. In addition, you should be aware that sales forced because you borrowed money and pledged securities as collateral for the loan are not exempt from the insider trading rules. Accordingly, you should be careful when making a margin loan in a brokerage account. Under margin arrangements, the broker may be entitled to sell your shares without your permission if the value of your securities falls below the broker's margin requirements. The sale, even though not initiated at your request, is still a sale for your benefit and may subject you to liability under the insider trading rules if made at a time when you are aware of material, non-public information. Similar cautions apply to a bank or other loan for which you have pledged stock as collateral. Directors and executive officers subject to the reporting requirements of Section 16(a) of the Exchange Act should be particularly cautious about margin loans because sales by a lender in a margin loan situation can be difficult to manage and can easily lead to violations of the pre-clearance and notification requirements of this Policy as well as the two-business day reporting deadline under Section 16(a) of the Exchange Act and may require short-swing profit disgorgement under Section 16(b) of the Exchange Act.

XI. DIRECTORS AND EXECUTIVE OFFICERS ARE REQUIRED TO FILE SECTION 16 REPORTS

The SEC's rules under Section 16(a) of the Exchange Act impose reporting requirements on executive officers, directors and 10% stockholders. If there is any change in an executive officers', directors' and 10% stockholders' ownership of Company stock at any time, other than through certain exempt Company benefit plans, you will be required to file a Form 4 with the SEC reporting the change. In virtually all cases, the Form 4 must be filed no later than the second business day following the execution date of the transaction. For transactions under Rule 10b5-1 plans or certain discretionary transactions within exempt Company benefit plans (for example, fund switching transactions), the Form 4 may not be due until the second business day following the date your broker or plan administrator notifies you of the execution date, but in no event more than five business days after the execution date.

Officers, directors and 10% stockholders are also required to report certain exempt transactions to the SEC at year-end on a Form 5. The number and types of transactions eligible for Form 5 reporting are very limited. Coupled with the complexity of determining the time for filing reports in the situations described above, the need to pre-clear with the Compliance Officer all transactions that you may contemplate is essential to our ability to assist you in making the proper filings in the required time frames.

Compliance Program. Under SEC rules, the preparation and filing of Section 16(a) reports is solely the responsibility of the Company's officers, directors and 10% stockholders. However, because of the complexities of compliance with the Section 16(a) filing requirements and to help prevent inadvertent violations of the short-swing profit rules, the Company has determined that it is prudent to provide you with assistance in preparing and filing your reports. In this regard, the following compliance procedures have been implemented:

- *Designated Filing Coordinator*. The Company's Chief Financial Officer has been designated as the Company's Filing Coordinator and can assist all executive officers and directors in preparing, reviewing and filing all Forms 3, 4 and 5.
- *Preparation and Filing*. If you have any transaction or change in ownership in your Company stock or other equity securities (including derivative securities, such as stock options), please report the transaction(s) to the Filing Coordinator no later than the execution date of the transaction. This is necessary notwithstanding your receipt of pre-clearance of the transaction because the Company will not know whether or not you then proceeded to act upon such pre-clearance until you provide us with the exact dates; price(s); and other relevant information. The Filing Coordinator will contact you each January to coordinate preparation of your Form 5 (if applicable).
- Upon receipt of the details of the transaction(s) from you, the Filing Coordinator will prepare each Form 4 and Form 5 on your behalf. Due to the short two-day period in which to file the reports, the Filing Coordinator may have the Form executed on your behalf using the power of attorney that you granted to the Company for this purpose and will file the completed form with the SEC. As discussed above, the SEC must receive the Form 4 no later than the second business day following almost any transaction, and Form 5 must be received by February 14th each year, so time is of the essence. The Filing Coordinator will send you a copy of the Form 4 or Form 5 as filed with the SEC promptly following the filing. Please contact the Filing Coordinator immediately if you believe there may be any errors in the filing. If so, the Filing Coordinator will promptly amend the Form.

Electronic Filings and Website Postings. All Forms 4 and 5 must be filed with the SEC electronically and then posted on the Company's website. If you already have an SEC EDGAR identification number, please provide that information to the Filing Coordinator as soon as possible. Otherwise, the Filing Coordinator will obtain an identification number for you.

Forms 4 and 5 for Stock Options and Other Stock Plans Because transactions under employee and director stock option and other stock plans can (a) raise complex Section 16(a) reporting issues; and (b) if reported incorrectly, create the appearance of short-swing profit violations, the Filing Coordinator will automatically prepare the appropriate Form on your behalf whenever you acquire shares pursuant to a Company benefit plan.

The Ultimate Responsibility Rests on You. While the Company has decided to assist executive officers and directors with Section 16 compliance, you should recognize that it will remain your legal obligation to ensure that your filings are made timely and correctly, and that you do not engage in unlawful short-swing transactions. The Company can only facilitate your compliance to the extent you provide the Company with the information required by this section of the Policy. The Company does not assume any legal responsibility in this regard. If you would like more detailed information regarding your Section 16 obligations, please contact the Filing Coordinator.

XII. DIRECTORS AND EXECUTIVE OFFICERS ARE REQUIRED TO FILE FORM 144 REPORTS

Company directors and certain Company officers designated by the Board are required to file Form 144 before making an open market sale of Company securities. Form 144 notifies the SEC of your intent to sell Company securities. This form is generally prepared and filed by your broker and is in addition to the Section 16 reports filed on your behalf by the Company. If you are unsure whether you are required to file a Form 144, please contact the Company's Filing Coordinator.

ACKNOWLEDGMENT OF RECEIPT

I hereby acknowledge that I have received a copy of the Securities Trading Policy and agree to comply with its terms. I understand that violation of insider trading or tipping laws or regulations may subject me to severe civil and/or criminal penalties and that violation of the terms of the Securities Trading Policy may subject me to discipline by Community Healthcare Trust Incorporated up to and including termination for cause.

Signed: ____

Name (please print): __________________________________

Date: ____

Exhibit 21

Subsidiaries of the Registrant

Subsidiary	**State of Incorporation**
Community Healthcare OP, LP	Delaware
Community Healthcare Trust, LLC	Delaware
Community Healthcare Trust Services, Inc.	Tennessee
CHCT Alabama, LLC	Delaware
CHCT Arizona, LLC	Delaware
CHCT Arkansas, LLC	Delaware
CHCT California, LLC	Delaware
CHCT Colorado, LLC	Delaware
CHCT Connecticut, LLC	Delaware
CHCT Connecticut II, LLC	Delaware
CHCT Florida, LLC	Delaware
CHCT Georgia, LLC	Delaware
CHCT Holdings, Inc.	Delaware
CHCT Idaho, LLC	Delaware
CHCT Illinois, LLC	Delaware
CHCT Indiana, LLC	Delaware
CHCT Iowa, LLC	Delaware
CHCT Kansas, LLC	Delaware
CHCT Kentucky, LLC	Delaware
CHCT Lending, LLC	Delaware
CHCT Louisiana, LLC	Delaware
CHCT Maryland, LLC	Delaware
CHCT Massachusetts, LLC	Delaware
CHCT Michigan, LLC	Delaware
CHCT Minnesota, LLC	Delaware
CHCT Mississippi, LLC	Delaware
CHCT Missouri, LLC	Delaware
CHCT Nebraska, LLC	Delaware
CHCT Nevada, LLC	Delaware
CHCT New Hampshire, LLC	Delaware
CHCT New Jersey, LLC	Delaware
CHCT New York, LLC	Delaware
CHCT North Carolina, LLC	Delaware
CHCT Ohio, LLC	Delaware
CHCT Oklahoma, LLC	Delaware
CHCT Pennsylvania, LLC	Delaware
CHCT Rhode Island, LLC	Delaware
CHCT South Carolina, LLC	Delaware
CHCT Tennessee, LLC	Delaware
CHCT Texas, LLC	Delaware
CHCT Virginia, LLC	Delaware
CHCT Washington, LLC	Delaware
CHCT West Virginia, LLC	Delaware
CHCT Wisconsin, LLC	Delaware

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-268115) and Form S-8 (Nos. 333-279075, 333-276396, 333-269133, 333-264689, 333-262017, 333-251981, 333-235833, 333-229121, 333-222399, 333-218366, 333-214951 and 333-206286) of Community Healthcare Trust Incorporated (the "Company") of our reports dated February 18, 2025, relating to the consolidated financial statements and financial statement schedules, and the effectiveness of the Company's internal control over financial reporting, which appear in this Annual Report on Form 10-K.

/s/ BDO USA, P.C.

Nashville, Tennessee
February 18, 2025

Exhibit 31.1

Community Healthcare Trust Incorporated
Annual Certification
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David H. Dupuy, certify that:

1. I have reviewed this Annual Report on Form 10-K of Community Healthcare Trust Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2025

/s/ David H. Dupuy
David H. Dupuy
Chief Executive Officer and President

Exhibit 31.2

Community Healthcare Trust Incorporated
Annual Certification
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, William G. Monroe IV, certify that:

1. I have reviewed this Annual Report on Form 10-K of Community Healthcare Trust Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2025

/s/ William G. Monroe IV

William G. Monroe IV
Executive Vice President and Chief Financial Officer

Exhibit 32.1

Community Healthcare Trust Incorporated
Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of Community Healthcare Trust Incorporated (the "Company") for the period ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David H. Dupuy, Chief Executive Officer and President of the Company, and I, William G. Monroe IV, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

i. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

ii. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 18, 2025

/s/ David H. Dupuy
David H. Dupuy
Chief Executive Officer and President

/s/ William G. Monroe IV
William G. Monroe IV
Executive Vice President and
Chief Financial Officer