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, 2025

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

Commission file number: 000-52566

SUMMIT HEALTHCARE REIT, INC.

(Exact name of registrant as specified in its charter)

Maryland **(State or other jurisdiction of incorporation or organization)**	**73-1721791** **(I.R.S. Employer Identification No.)**

23382 Mill Creek Drive, Suite 125, Laguna Hills, CA 92653
(Address of Principal Executive Offices)

800-978-8136
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Ticker symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Securities registered pursuant to section 12(g) of the Act:
Common stock, $0.001 par value

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 Sections 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, 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 ☒

As of June 30, 2025 (the last business day of the Registrant's second fiscal quarter), there were 23,027,978 shares of common stock held by non-affiliates of the Registrant. While there is no established trading market for the Registrant's shares of common stock, the last price paid to acquire a share in the Registrant's primary public offering, which was terminated on November 23, 2010, was $8.00. See *ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES* for our per share estimated value.

As of March 16, 2026 there were 23,027,978 shares of common stock of Summit Healthcare REIT, Inc. outstanding.

SUMMIT HEALTHCARE REIT, INC.
(A Maryland Corporation)

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PART I

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

As used in this report, “we,” “us,” “our” and the “Company” refer to Summit Healthcare REIT, Inc. and its consolidated subsidiaries, except where the context otherwise requires.

Certain statements in this report, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words “believes,” “projects,” “expects,” “anticipates,” “estimates,” “intends,” “strategy,” “plan,” “may,” “will,” “would,” “will be,” “will continue,” “will likely result,” and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in the section entitled “Risk Factors” in Item 1A of this report. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, there can be no assurance that our expectations will be realized.

ITEM 1. BUSINESS

Our Company

Summit Healthcare REIT, Inc. (“Summit”), a Maryland corporation, formed in 2004, invests in and owns real estate. We continue to qualify as a real estate investment trust (“REIT”) for federal tax purposes. We are structured as an umbrella partnership REIT, referred to as an “UPREIT,” under which substantially all of our business is conducted through Summit Healthcare Operating Partnership, L.P. (“Operating Partnership”).

We are self-managed and have employees to directly manage our operations. At December 31, 2025, we own a 99.88% general partner interest in the Operating Partnership while Cornerstone Realty Advisors, LLC (“CRA”), a former affiliate, owns a 0.12% limited partnership interest.

Summit and the Operating Partnership are managed and operated as one entity, and Summit has no significant assets other than its investment in the Operating Partnership. Summit, as the sole general partner of the Operating Partnership, controls the Operating Partnership and consolidates the assets, liabilities, and results of operations of the Operating Partnership.

We are currently focused on investing in healthcare real estate assets, more specifically senior housing facilities, which we believe to be accretive to earnings and potentially stockholder value. Senior housing facilities include independent living (“IL”), skilled-nursing facilities (“SNF”), assisted living (“AL”), memory care (“MC”) and continuing care retirement communities (“CCRC”). Each of these caters to different segments of the senior population. AL and IL facilities provide residents a place to reside that offers medical monitoring and certain medical care while still maintaining personal privacy and freedom. MC facilities are similar to AL facilities in that residents may live in semi-private apartments or private rooms and have structured activities delivered by staff members specifically trained to care for those with memory impairment. Most AL, IL and MC facilities are paid for with private funds. SNFs are typically dependent on government reimbursement programs. SNFs are for seniors in need of continuous medical attention or recovery and therapy after a hospital visit but do not require the more extensive and sophisticated treatment available at hospitals. Sub-acute care services are provided to residents beyond room and board. Certain SNFs provide some services on an outpatient basis. Skilled nursing services are paid for either by private sources, insurance, Medicare or Medicaid programs.

As of December 31, 2025, our ownership interests in our seven real estate properties of senior housing facilities was as follows: 100% ownership of three properties and a 95.3% ownership interest in four properties held in a consolidated joint venture, Cornerstone Healthcare Partners LLC. We also have a 10% interest in one unconsolidated equity-method investment which holds five properties. We generally lease our senior housing facilities to tenants on a triple net basis, with an initial leasehold term of 10 to 15 years with one or more five-year renewal options. Under a triple net lease, the tenant pays or reimburses the owner for all or substantially all property operating expenses and capital expenditures.

Each of our tenants holds the license to operate the facility, employs all facility employees (facility administrator, nurses, housekeeping staff, etc.), contracts directly with residents or patients and receives all facility-related revenue, and bears all of the expenses and other obligations of the property, including rent payments to us. Most, if not all, of our tenants engage a separate, affiliated management company (“operator/manager”) to assist with back-office management of the facility (e.g. bookkeeping, human resources, and payroll processing).

Cornerstone Healthcare Partners LLC – Consolidated Joint Venture

We own 95% of Cornerstone Healthcare Partners LLC (“CHP LLC”), which was formed in 2012, and the remaining 5% noncontrolling interest is owned by Cornerstone Healthcare Real Estate Fund, Inc. (“CHREF”), an affiliate of CRA. CHP LLC is consolidated within our financial statements and owns four properties (each, a “JV Property” and collectively, the “JV Properties”).

As of December 31, 2025 and 2024, we own a 95.3% interest in the four JV Properties, and CHREF owns a 4.7% interest.

Summit Union Life Holdings, LLC – Equity-Method Investment

In April 2015, through our Operating Partnership, we entered into a limited liability company agreement (as amended, the “SUL LLC Agreement”) with Best Years, LLC (“Best Years”), an unrelated entity and a U.S.-based affiliate of Union Life Insurance Co, Ltd. (a Chinese corporation), and formed Summit Union Life Holdings, LLC (the “SUL JV”). The SUL JV is not consolidated in our consolidated financial statements and is accounted for under the equity-method in our consolidated financial statements. As of December 31, 2025 and 2024, we have a 10% interest in the SUL JV which owns five properties as of December 31, 2025 and owned nine properties as of December 31, 2024. See Note 5 to the accompanying Notes to Consolidated Financial Statements for further information.

Equity-Method Partner – Fantasia Investment III LLC– Former Equity-Method Investments

In 2016 and 2017, through our Operating Partnership, we entered into two separate limited liability company agreements (collectively, the “Fantasia Agreements”) with Fantasia Investment III LLC (“Fantasia”), an unrelated entity and a U.S.-based affiliate of Fantasia Holdings Group Co., Limited (a Chinese corporation listed on the Stock Exchange of Hong Kong (HKEX)), and formed separate companies, Summit Fantasia Holdings II, LLC (“Fantasia II JV”) and Summit Fantasia Holdings III, LLC (“Fantasia III JV”). We held interests in certain facilities through Fantasia II JV and Fantasia III JV, which were accounted for as equity-method investments.

In May 2025, in connection with Fantasia II JV’s sale of its two properties, we no longer have an equity-method investment in the Fantasia II JV. See Note 5 to the accompanying Notes to Consolidated Financial Statements for further information.

In May 2024, in connection with Fantasia III JV’s sale of its eight properties, we no longer have an equity-method investment in the Fantasia III JV. See Note 5 to the accompanying Notes to Consolidated Financial Statements for further information.

Summit Fantasy Pearl Holdings, LLC – Former Equity-Method Investment

In October 2017, through our Operating Partnership, we entered into a limited liability company agreement with Fantasia, Atlantis Senior Living 9, LLC, a Delaware limited liability company (“Atlantis”), and Fantasy Pearl LLC, a Delaware limited liability company (“Fantasy”), and formed Summit Fantasy Pearl Holdings, LLC (the “FPH JV”).

In October 2025, in connection with the membership interest sale of our 10% interest to one of the existing FPH JV members, we no longer have an equity-method interest in the FPH JV. See Note 5 to the accompanying Notes to Consolidated Financial Statements for further information.

Taxable REIT Subsidiaries

Summit Healthcare Asset Management, LLC (TRS)

Summit Healthcare Asset Management, LLC (the “SAM TRS”) is our wholly-owned taxable REIT subsidiary (“TRS”). SAM TRS serves, or formerly served, as applicable, as the manager of the SUL JV, Fantasia II JV (through May 2025), Fantasia III JV (through May 2024), and FPH JV (through October 2025) (collectively, our “Equity-Method Investments”) and provides, or formerly provided, various services in exchange for fees and reimbursements. All acquisition fees and management fees are paid to SAM TRS and expenses incurred by us, as the manager, are reimbursed from SAM TRS.

SHOP TRS LLC

SHOP TRS LLC ("SHOP TRS") is our wholly-owned taxable REIT subsidiary that is the sole member for two of our 100% owned real estate properties that are leased to an affiliated subsidiary (Pennington Gardens Operations LLC ("Pennington Gardens") and Sundial Operations LLC ("Sundial Assisted Living"), collectively, the "Operated Properties") and the operations are consolidated in our consolidated financial statements.

Recent Developments

During 2024 and 2025, management focused on strengthening the Company's balance sheet, streamlining the portfolio, and simplifying the organizational structure through the elimination of minority joint venture interests, with the objective of maximizing value and positioning the Company for a potential liquidity transaction for shareholders.

During 2024, Summit derecognized eight skilled nursing facilities located in Georgia and in December 2024, transferred ownership in exchange for being released from all debt and guarantee obligations associated with such properties. In September 2024, we sold three properties located in California and recorded a $11.2 million gain on sale and received approximately $14.9 million from the sale.

As noted above regarding our Equity-Method Investments, in May 2024, the Fantasia III JV sold its eight properties, in May 2025, the Fantasia II JV sold its two properties, and in October 2025, we sold our membership interest in the FPH JV, which resulted in the termination of these three equity-method investments.

In 2024, the SUL JV sold six properties within the SUL JV and during 2025, the SUL JV sold four properties within the SUL JV. As of December 31, 2025, we have a 10% investment in this one remaining equity-method investment which holds five properties.

Investment Strategy

We intend to continue acquiring a portfolio of healthcare real estate assets, although we may also invest in other real estate-related assets that we believe may assist us in meeting our investment objectives. Our charter does not allow investments in mortgage loans on unimproved real property, but we are not otherwise restricted in our investment allocation to any specific type of property. We periodically review our investment policies to determine whether these policies continue to be in the best interest of our stockholders.

Acquisition Policies

Primary Investment Focus

We intend to acquire healthcare-related real estate assets that are:

- stabilized;
- operated by high-quality and experienced tenants and operators/managers;
- of high-quality and currently producing income; and
- fee simple.

The properties in which we invest may not meet all of these criteria and the relative importance that we assign to any one or more of these criteria may differ from asset to asset and change as general economic and real estate market conditions evolve. We may also consider additional important criteria in the future.

Other Potential Investments

We may invest in any type of real estate investment that we believe to be in the best interests of our stockholders, including other real estate funds or REITs, mortgage funds, mortgage loans of developed properties, and sale leasebacks. Furthermore, there are no restrictions on the number or size of properties we may purchase or on the amount that we may invest in a single property. Although we may invest in any type of real estate investment, our charter restricts certain types of investments. We do not intend to underwrite securities of other issuers or to engage in the purchase and sale of any types of investments other than real estate investments.

Borrowing Policies

We may acquire properties initially with temporary financing or permanent long-term debt financing with the objective of increasing income and increasing the amount of capital available to us so that we achieve greater property diversification.

We may incur indebtedness for working capital requirements, capital improvements, and to make distributions, including but not limited to those necessary in order to maintain our qualification as a REIT for federal income tax purposes. We have secured, and we may continue to secure, indebtedness with some or all of our properties if a majority of our directors determine that it is in the best interests of the Company and our stockholders to do so. We may also acquire properties encumbered with existing financing which cannot be immediately repaid.

We may invest in joint venture entities that borrow funds or issue senior equity securities to acquire properties, in which case our equity interest in the joint venture would be junior to the rights of the lender or preferred equity holders.

Our charter limits our borrowings to 300% of our net asset value, as defined in our charter, unless any excess borrowing is approved by a majority of our directors and is disclosed to our stockholders in our next quarterly report with an explanation from our directors of the justification for the excess borrowing.

Concentration Risks

See Note 9 to the accompanying Notes to Consolidated Financial Statements for further information.

Competition

We compete with a considerable number of other real estate investment companies and investors, which may have greater marketing and financial resources than we do. Principal factors of competition in our business are the availability and quality of properties (including the design and condition of improvements), leasing terms (including rent and other charges and allowances for tenant improvements), attractiveness and convenience of location, the quality and breadth of tenant services provided and reputation as an owner and operator/manager of quality properties in the relevant market. Our ability to compete also depends on, among other factors, trends in the national and local economies, financial condition and operating results of current and prospective tenants, availability and cost of capital, construction and renovation costs, taxes, governmental regulations, legislation and population trends.

Government Regulations Applicable to our Business

Health Law Matters — Generally

The healthcare properties in our portfolio are subject to extensive federal, state, and local licensure, registration, certification, and inspection laws, regulations, and industry standards. Our tenants' failure to comply with any of these, and other, laws could result in loss of accreditation; denial of reimbursement; imposition of fines; suspension, decertification, or exclusion from federal and state healthcare programs; loss of license; or closure of the facility.

Licensing and Certification

The primary regulations affecting ALs are state licensing and registration laws. In granting and renewing these licenses, state regulatory agencies consider numerous factors relating to a property's physical plant and operations, including, but not limited to, admission and discharge standards, staffing, and training. A decision to grant or renew a license is also affected by a tenant's record with respect to patient and consumer rights, medication guidelines, and other regulations.

With respect to licensure, generally tenants of SNFs are required to be licensed and certified for participation in Medicare, Medicaid, and other state and federal healthcare programs. This generally requires license renewals and compliance surveys on an annual or bi-annual basis. Our tenants' failure to maintain or renew any required license or regulatory approval, as well as their failure to correct serious deficiencies identified in a compliance survey, could require those tenants to discontinue operations at a facility. In addition, if a facility is found to be out of compliance with Medicare, Medicaid, or other healthcare program conditions of participation, the facility tenant may be excluded from participating in those government healthcare programs. Any such occurrence may impair a tenant's ability to meet their financial obligations to us. If we must replace an excluded tenant, our ability to replace the tenant may be affected by federal and state laws, regulations, and applicable guidance governing changes in provider control. This may result in payment delays, an inability to find a replacement tenant, a significant working capital commitment from us to a new tenant or other difficulties.

Certain healthcare facilities are subject to a variety of licensure and certificate of need ("CON") laws and regulations. Where applicable, CON laws generally require, among other requirements, that a facility demonstrate the need for (1) constructing a new facility, (2) adding beds or expanding an existing facility, (3) investing in major capital equipment or adding new services, (4) changing the ownership or control of an existing licensed facility, or (5) terminating services that have been previously approved through the CON process. Certain state CON laws and regulations may restrict the ability of tenants to add new properties or expand an existing facility's size or services. In addition, CON laws may constrain the ability of a tenant to transfer responsibility for operating a particular facility to a new tenant. If we must replace a tenant who is excluded from participating in a federal or state healthcare program, our ability to replace the tenant may be affected by a particular state's CON laws, regulations, and applicable guidance governing changes in provider control.

Reimbursement

Some states offer Medicaid reimbursement to AL providers as an alternative to institutional long-term care services. And some states seek waivers from typical Medicaid requirements to develop cost-effective alternatives to long-term care, including Medicaid payments for AL and home health care.

SNFs typically receive most of their revenues from the Medicare and Medicaid programs, with the balance representing payments from private payors, including private insurers. Consequently, changes in federal or state reimbursement policies may also adversely affect a tenant's ability to cover its expenses, including Patient-Driven Payment Model (PDPM) which was implemented in 2019. SNFs are subject to periodic pre- and post-payment reviews, and other audits by federal and state authorities. A review or audit of a tenant's claims could result in recoupments, denials, or delay of payments in the future, which could have a material adverse effect on the tenant's ability to meet its financial obligations to us. Due to the significant judgments and estimates inherent in payor settlement accounting, no assurance can be given as to the adequacy of any reserves maintained by our tenants to cover potential adjustments to reimbursements, or to cover settlements made to payors. Recent attention on skilled nursing billing practices and payments or ongoing government pressure to reduce spending by government healthcare programs, could result in lower payments to SNFs and, as a result, may impair a tenant's ability to meet its financial obligations to us.

The reimbursement methodologies applied to healthcare facilities continue to evolve. Federal and state authorities have considered and may seek to implement new or modified reimbursement methodologies that may negatively impact healthcare property operations. The impact of any such changes, if implemented, may result in a material adverse effect on our skilled nursing property operations. No assurance can be given that current revenue sources or levels will be maintained. Accordingly, there can be no assurance that payments under a government healthcare program are currently, or will be in the future, sufficient to fully reimburse the tenants for their operating and capital expenses. As a result, this may impair a tenant's ability to meet its financial obligations to us.

Other Related Laws

SNFs (and participating senior housing facilities that receive Medicare and Medicaid payments) are subject to federal, state, and local laws, regulations, and applicable guidance that govern the operations and financial and other arrangements that may be entered into by healthcare providers. Certain of these laws prohibit direct or indirect payments of any kind for the purpose of inducing or encouraging the referral of patients for medical products or services reimbursable by government healthcare programs. Other laws require providers to furnish only medically necessary services and submit to the government valid and accurate statements for each service. Still, other laws require providers to comply with a variety of safety, health and other requirements relating to the condition of the licensed property and the quality of care provided. Sanctions for violations of these laws, regulations, and other applicable guidance may include, but are not limited to, criminal and/or civil penalties and fines, loss of licensure, immediate termination of government payments, and exclusion from any government healthcare program. In certain circumstances, violation of these rules (such as those prohibiting abusive and fraudulent behavior) with respect to one property may subject other facilities under common control or ownership to sanctions, including exclusion from participation in the Medicare and Medicaid programs, as well as other government healthcare programs. In the ordinary course of its business, a tenant is regularly subjected to inquiries, investigations, and audits by the federal and state agencies that oversee these laws and regulations.

The Centers for Medicare and Medicaid Services ("CMS") finalized a nursing home minimum staffing rule in 2024. However, in December 2025, the U.S. Department of Health and Human Services repealed this rule.

Environmental Regulations

Our properties may be affected by our tenants' operations, the existing condition of land when we buy it, operations in the vicinity of our properties, such as the presence of underground and above-ground storage tanks, or activities of unrelated third parties. The presence of hazardous substances, or the failure to properly remediate these substances, may make it difficult or impossible to sell or rent such property.

We obtain satisfactory Phase I environmental assessments on each property we purchase. A Phase I assessment is an inspection and review of the property, its existing and prior uses, aerial maps and records of government agencies for the purpose of determining the likelihood of environmental contamination. A Phase I assessment includes only non-invasive testing. It is possible that environmental liabilities related to a property we purchase will not be identified in the Phase I assessments we obtain or that a prior owner, tenant or current occupant has created (or will create) an environmental condition which we do not know about. There can be no assurance that future law, ordinances or regulations will not impose material environmental liability on us or that the current environmental condition of our properties will not be affected by our tenants, or by the condition of land or operations in the vicinity of our properties such as the presence of underground and above-ground storage tanks or groundwater contamination.

Other Information

Our executive offices are located at 23382 Mill Creek Drive, Suite 125, Laguna Hills, CA 92653. Our current lease, which covers approximately 5,241 square feet in a two-story office building, expires in April 2026, or upon thirty days written notice by the landlord. As of December 31, 2025, we have seven full-time employees.

Available Information

Information about us is available on our website (http://www.summithealthcarereit.com/). We make available, free of charge on our internet website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with the Securities and Exchange Commission ("SEC"). Our filings with the SEC are available to the public over the internet at the SEC's website at http://www.sec.gov.

ITEM 1A. RISK FACTORS

The risks and uncertainties described below can adversely affect our business, operating results, prospects and financial condition. These risks and uncertainties could cause our actual results to differ materially from those presented in our forward-looking statements.

General Risks of the Company

Because there is no public trading market for our stock, it will be difficult for stockholders to sell their stock.

There is no current public market for our stock and there is no assurance that a public market will ever develop for our stock. Our charter contains restrictions on the ownership and transfer of our stock, and these restrictions may inhibit our stockholders' ability to sell their stock further limiting any potential market.

We believe the value of our stock owned by our stockholders has declined substantially from the issue price. It may be difficult for our stockholders to sell their stock promptly or at all. If our stockholders are able to sell shares of stock, they may only be able to sell them at a substantial discount from the price they paid. This may be the result, in part, because the amount of funds available for investment was reduced by sales commissions, dealer manager fees, organization and offering expenses, and acquisition fees and expenses. As of December 31, 2025, our estimated per-share value of our common stock was $2.28 per share. Unless our aggregate investments increase in value to compensate for upfront fees and expenses and prior declines in value, it is unlikely that our stockholders will be able to sell their stock without incurring a substantial loss. We cannot assure our stockholders that their stock will ever appreciate in value to equal the price they paid for their stock. Stockholders should consider their stock as an illiquid investment, and they must be prepared to hold their stock for an indefinite period of time.

We have limited liquidity and we may be required to pursue certain measures in order to maintain or enhance our liquidity.

Liquidity is essential to our business and our ability to operate and to fund our existing obligations. We are dependent on external debt financing, joint venture opportunities and cash from our operating properties to fund our ongoing operations. We may not find suitable joint venture partners willing to provide capital at terms acceptable to us or at all. Our access to debt financing depends on the willingness of third parties to provide us with corporate- or asset-level debt. It also depends on conditions in the capital markets generally. A rising interest rate environment makes capital more expensive and more difficult to raise. We cannot be certain that sufficient funding will be available to us in the future on terms that are acceptable to us, if at all. If we cannot obtain sufficient funding on acceptable terms, or at all, we will not be able to operate and/or grow our business, which would likely have a negative impact on the value of our common stock and our ability to make distributions to our stockholders. In such an instance, a lack of sufficient liquidity would have a material adverse impact on our operations, cash flow and financial condition. We may be required to pursue certain measures in order to maintain or enhance our liquidity, including seeking the extension or replacement of our debt facilities, potentially selling assets at unfavorable prices and/or reducing our operating expenses. We cannot assure you that we will be successful in managing our liquidity.

If we do not successfully implement a long-term business strategy, our stockholders may have to hold their investment for an indefinite period.

The timing of any sale of our Company or assets will depend on real estate and financial markets, economic conditions in the areas in which properties are located, and federal income tax effects on stockholders, that may prevail in the future. We cannot guarantee that we will be able to liquidate any or all of our assets. If we were to adopt a plan of liquidation, we would remain in existence until all properties and assets are liquidated. If we do not pursue a liquidity event, or delay such an event due to market conditions, our stockholders’ shares may continue to be illiquid and they may, for an indefinite period of time, be unable to convert their investment to cash easily and could suffer losses on their investment. If we were to pursue a liquidation currently, our stockholders would likely not receive the amount of their original investment.

Our investments in new acquisitions may be limited, voluntarily or involuntarily.

We intend to continue acquiring a portfolio of healthcare real estate assets, although we may also invest in other real estate-related assets that we believe may assist us in meeting our investment objectives. That being said, we may be limited in our ability to acquire healthcare real estate assets as a result of the lack of availability of suitable products, lack of available funds or an inability to find suitable joint venture partners. We also may determine that based on the overall performance of our asset portfolio, the interests of the shareholders would be best served by concentrating our resources on the disposition of existing properties. There is no guarantee that the Company will be able to grow its portfolio through acquisitions or at all.

Cash distributions to our stockholders may be limited.

Our directors will determine the amount and timing of distributions, if any. Our directors will consider all relevant factors, including the amount of cash available for distribution, capital expenditure, reserve requirements, general operational requirements, and the analysis of investing excess cash flow to grow the portfolio versus paying distributions to shareholders. In 2025, we declared cash distributions per common share of approximately $0.045 per share, which were paid in April 2025. We did not declare a cash distribution per common share during the year ended December 31, 2024.

A limit on the percentage of our securities a person may own may discourage a takeover or business combination, which could prevent our stockholders from realizing a premium price for their stock.

In order for us to qualify as a REIT, no more than 50% of our outstanding stock may be beneficially owned, directly or indirectly, by five or fewer individuals (including certain types of entities) at any time during the last half of each taxable year. To assure that we do not fail to qualify as a REIT under this test, our charter restricts direct or indirect ownership by one person or entity to no more than 9.8% in number of shares or value, whichever is more restrictive, of the outstanding shares of any class or series of our stock unless exempted by our board of directors. This restriction may 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 to our stockholders.

Our business could be negatively impacted by cyber and other security threats or disruptions.

We face various cyber and other security threats, including attempts to gain unauthorized access to sensitive information and networks; threats to the security of our leased facilities; and threats from terrorist acts or other acts of aggression. Although we use various procedures and controls to monitor and mitigate the risk of these threats, there can be no assurance that these procedures and controls will be sufficient. These threats could lead to losses of sensitive information or capabilities; harm to personnel, infrastructure or products; financial liabilities and damage to our reputation.

Cyber threats are evolving and include, but are not limited to, malicious software, destructive malware, attempts to gain unauthorized access to data, disruption or denial of service attacks, and other electronic security breaches that could lead to disruptions in mission critical systems, unauthorized release of confidential, personal or otherwise protected information (ours or that of our employees, tenants or partners), and corruption of data, networks or systems. In addition, we could be impacted by cyber threats or other disruptions or vulnerabilities found in our partners' or tenants' systems that are used in connection with our business. These events, if not prevented or effectively mitigated, could damage our reputation, require remedial actions and lead to loss of business, regulatory actions, potential liability and other financial losses.

The impact of these factors is difficult to predict, but one or more of them could result in the loss of information or capabilities, harm to individuals or property, damage to our reputation, loss of business, contractual or regulatory actions and potential liabilities, any one of which could have a material adverse effect on our financial position, results of operations and/or cash flows.

We are subject to risks of damage from catastrophic weather and other natural or man-made disasters and the physical effects of climate change.

Natural and man-made disasters, including terrorist attacks and acts of nature such as hurricanes, tornadoes, earthquakes, flooding and wildfires, may cause damage to our properties or business disruption to our tenants and operators. These adverse weather and natural or manmade events could cause substantial damage or loss to our properties which could exceed applicable property insurance coverage. Such events could also have a material adverse impact on our tenants' operations and ability to meet their respective obligations to us. In the event of a loss in excess of insured limits, we could lose our capital invested in the affected property, as well as anticipated future revenue from that property. Any such loss could materially and adversely affect our business and our financial condition and results of operations. Climate change may also have indirect effects on our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable. To the extent that significant changes in the climate occur in areas where our properties are located, we may experience more frequent extreme weather events which may result in physical damage to or a decrease in demand for properties located in these areas or affected by these conditions. In addition, changes in federal and state legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our existing properties without a corresponding increase in revenue. Should the impact of climate change be material in nature, including destruction of our properties, or occur for lengthy periods of time, our financial condition or results of operations may be adversely affected.

Our Audit Committee and management have previously identified a material weakness in our internal controls over financial reporting, and we may be unable to develop, implement, and maintain appropriate controls in future periods.

The Sarbanes-Oxley Act and SEC rules require that management report annually on the effectiveness of our internal control over financial reporting and our disclosure controls and procedures. Among other things, management must conduct an assessment of our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. As previously reported, based on our management's assessment, we believe that, as of December 31, 2023, our internal controls over financial reporting were not effective. While we believe this material weakness has been remediated, we cannot assure you that additional material weaknesses in our internal control over financial reporting will not be identified in the future.

General Risks Related to Investments in Real Estate and Real Estate-Related Investments

Economic and regulatory changes that impact the real estate market may reduce our net income and the value of our properties.

We are subject to risks related to the ownership and operation of real estate, including but not limited to:

- worsening general or local economic conditions and financial markets could cause lower demand, tenant defaults, and reduced occupancy and rental rates, some or all of which would cause an overall decrease in revenue from rents;
- increases in competing properties in an area which could require increased concessions to tenants and reduced rental rates;
- increases in interest rates or unavailability of permanent mortgage funds which may render the sale of a property difficult or unattractive; and
- changes in laws and governmental regulations, including those governing real estate usage, zoning and taxes.

Some or all of the foregoing factors may affect our properties, which would reduce our net income, and our ability to make distributions to our stockholders.

Lease terminations, and/or the failure to find new tenants after a lease expires or has been terminated, could reduce our revenues from rents and our distributions to our stockholders and cause the value of our stockholders' investment in us to decline.

The success of our investments depends upon the occupancy levels, rental income and operating expenses of our properties. In the event of a tenant default or bankruptcy, we may experience delays in enforcing our rights as landlord and may incur costs in protecting our investment and re-leasing our property. For example, in 2023, the tenants of certain of our properties in Georgia failed to meet their financial covenants, which led our lender to declare an event of default in 2024. Such properties have since been disposed of, but there can be no assurance that similar events of default will not impact our properties. Even if a lease is terminated or expires without a default or bankruptcy, we may incur costs in finding a new tenant. In the event of tenant default or bankruptcy, or lease terminations or expiration, we may be unable to re-lease the property for the rent previously received, or at all. We may be unable to sell a property without incurring a loss. These events and others could cause the value of our stockholders' investment in us to decline.

Acquisitions of properties that we execute, or seek to execute, may prove to be unsuccessful or may not produce the cash flow that we expect, which would negatively affect our financial results.

We intend to continue to acquire real estate properties. In deciding whether to acquire a particular property, we make assumptions regarding the expected future performance of that property. We are exposed to the risk that some of our acquisitions may not prove to be successful. We could encounter unanticipated difficulties and expenditures relating to any acquired properties, including contingent liabilities, and acquired properties might require significant management attention that would otherwise be devoted to our ongoing business. Such expenditures may negatively affect our results of operations. If our estimated return on investment proves to be inaccurate, it may fail to perform as we expected. Furthermore, there can be no assurance that our anticipated acquisitions and investments, the completion of which is subject to various conditions, will be consummated in accordance with anticipated timing, on anticipated terms, or at all.

We may have difficulty selling our real estate investments, and our ability to distribute all or a portion of the net proceeds from such sale to our stockholders may be limited.

Equity real estate investments are relatively illiquid. Therefore, we will have a limited ability to vary our portfolio in response to changes in economic or other conditions. We may also have a limited ability to sell assets in order to fund working capital and similar capital needs. When we sell any of our properties, we may not realize a gain on such sale. We may elect not to distribute any proceeds from the sale of properties to our stockholders; for example, we may use such proceeds to:

- purchase additional properties;
- repay debt, if any;
- buy out interests of any joint venturer or other partners in any joint venture in which we are a party;
- create working capital reserves; or
- make repairs, maintenance, tenant improvements or other capital improvements or expenditures to our remaining properties.

Our ability to sell our properties may also be limited by our need to avoid a 100% penalty tax that is imposed on gain recognized by a REIT from the sale of property characterized as dealer property. In order to ensure that we avoid such characterization, we may be required to hold our properties for a minimum period of time, generally two years, and comply with certain other requirements in the Internal Revenue Code.

Actions of our joint venture partners could subject us to liabilities in excess of those contemplated or prevent us from taking actions that are in the best interests of our stockholders which could result in lower investment returns to our stockholders.

We have entered into joint ventures with third parties to acquire or improve properties. We may also purchase properties in partnerships, co-tenancies or other co-ownership arrangements. Such investments may involve risks not otherwise present when acquiring real estate directly, including, for example:

- joint venturers may share certain approval rights over major decisions;
- that such joint venturer, co-owner or partner may at any time have economic or business interests or goals which are or which become inconsistent with our business interests or goals, including inconsistent goals relating to the sale of properties held in the joint venture or the timing of termination or liquidation of the joint venture;

- the possibility that our joint venturer, co-owner or partner in an investment might become insolvent or bankrupt;
- the possibility that we may incur liabilities as a result of an action taken by our joint venturer, co-owner or partner;
- that such joint venturer, co-owner or partner may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives, including our policy with respect to qualifying and maintaining our qualification as a REIT;
- disputes between us and our joint venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business and result in subjecting the properties owned by the applicable joint venture to additional risk; or
- that under certain joint venture arrangements, neither venture partner may have the power to control the venture, and an impasse could be reached which might have a negative influence on the joint venture.

These events might subject us to liabilities in excess of those contemplated and, thus, reduce our stockholders' investment returns. If we have a right of first refusal or buy/sell right to buy out a joint venturer, co-owner or partner, we may be unable to finance such a buy-out if it becomes exercisable or we may be required to purchase such interest at a time when it would not otherwise be in our best interest to do so. If our interest is subject to a buy/sell right, we may not have sufficient cash, available borrowing capacity or other capital resources to allow us to elect to purchase an interest of a joint venturer subject to the buy/sell right, in which case we may be forced to sell our interest as the result of the exercise of such right when we would otherwise prefer to keep our interest. Finally, we may not be able to sell our interest in a joint venture if we desire to exit the venture.

Our properties are concentrated in certain geographic areas and are leased to a limited number of tenants, which may leave us vulnerable to the economic conditions of such geographic regions and/or tenants.

As discussed above, in 2024, our portfolio of consolidated real estate properties decreased from eighteen properties to seven. While we believe these sales and transfers will materially benefit the overall financial health of the Company, it also comes with a greater concentration of risk in these remaining properties. Of these remaining properties, we own one property in California, three properties in Oregon, one property in Texas, one property in Illinois, and one property in Arizona (excluding the five properties held by our Equity-Method Investments). Accordingly, there is a geographic concentration of risk subject to economic conditions in certain states. Furthermore, we leased our five real estate properties to three different tenants under long-term triple net leases. For the year ended December 31, 2025, all three tenants each had rental revenue greater than 10%. If the economic condition of the states in which our properties are located were to materially decline, or the financial status of any of our tenants were to deteriorate, our business could be materially impacted.

Risks Related to Investments in Healthcare-Related Real Estate

Healthcare policy changes, including national legislation to reform the U.S. healthcare system, may have a material adverse effect on our business.

There have been and continue to be proposals by the federal government, state governments, regulators and third-party payors to control healthcare costs and, more generally, to reform the U.S. healthcare system. Our results of operations may be adversely affected by current and potential future healthcare reforms as our tenants' operations could be affected impacting their ability to make lease payments to us or, in the case of our operated properties, negatively impacting resident fees and services revenues.

Federal and state legislatures, health agencies and third-party payors continue to focus on containing the cost of healthcare. Legislative and regulatory proposals and enactments to reform healthcare insurance programs could significantly impact our properties and the manner in which our tenants are paid.

There is also significant economic pressure on state budgets that may result in states increasingly seeking to achieve budget savings through mechanisms that limit coverage or payment for the services our tenants provide.

Adverse trends in the healthcare service industry may negatively affect lease revenues from healthcare properties that we may acquire and the values of those investments.

The healthcare service industry may be affected by the following:

- staffing shortages, minimum staffing level mandates, and continued reliance on higher-priced agency healthcare workers;
- increased costs and decreased occupancy due to potential future pandemics or contagious outbreaks;

- trends in the method of delivery of healthcare services, specifically expansion of home-based healthcare;
- increased acuity of care;
- competition among healthcare providers;
- nursing home reform mandates from state and federal governments without increases in reimbursement to fund the mandates;
- lower increases or decreases in reimbursement rates from government and commercial payors, high uncompensated care expense, investment losses and limited admissions growth pressuring operating profit margins for healthcare providers;
- liability and workers compensation insurance expense; and
- health reform initiatives to address healthcare costs through expanded pay-for-performance criteria, value-based purchasing programs, bundled provider payments, accountable care organizations, state health insurance exchanges, increased patient cost-sharing, geographic payment variations, comparative effectiveness research, and lower payments for hospital readmissions.

These changes, among others, can adversely affect the economic performance of some or all of the tenants and operators/managers of healthcare properties that we may acquire and, in turn, negatively affect the lease revenues, resident fees and services revenues, and the value of our property investments.

Tenants of our healthcare properties derive a substantial portion of their income from third-party payors.

SNF tenants derive a substantial portion of their net operating revenues from third-party payors, including the Medicare and Medicaid programs. These programs are highly regulated by federal, state and local laws, rules and regulations and are subject to substantial change. There are no assurances that payments from governmental and other third-party payors will remain at levels comparable to present levels or will, in the future, be sufficient to cover the costs allocable to patients utilizing reimbursement under these programs. Efforts by such third-party payors 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. In addition, the failure of any of our tenants to comply with various laws and regulations could jeopardize their ability to continue participating in Medicare, Medicaid and other government-sponsored programs. The healthcare industry continues to face various challenges on healthcare providers to control or reduce costs. The financial impact on tenants of healthcare properties that we may acquire could limit their ability to make rent payments to us, which would have a material adverse effect on our business, financial condition and results of operations and our ability to make distributions to our stockholders.

Under the current Patient-Driven Payment Model (PDPM), therapy minutes are removed as the basis for payment in favor of resident classifications and anticipated resource needs during the course of a patient's stay. PDPM assigns every resident a case-mix classification that drives the daily reimbursement rate for that individual. We do not believe that PDPM has adversely affected our tenants; however, lower reimbursement rates may impair a tenant's ability to meet its financial obligation to us.

Operators/managers of healthcare properties that we own or may acquire may be affected by the financial deterioration, insolvency and/or bankruptcy of other significant operators/managers in the healthcare industry.

Certain companies in the healthcare industry, including some key senior housing operators/managers, are experiencing considerable financial, legal and/or regulatory difficulties which have resulted or may result in financial deterioration and, in some cases, insolvency and/or bankruptcy. The adverse effects on these companies could have a significant impact on the industry as a whole, including but not limited to negative public perception by investors, lenders and consumers. As a result, lessees of healthcare facilities that we may acquire could experience the damaging financial effects of a weakened industry sector driven by negative headlines, ultimately making them unable to meet their obligations to us, and our business could be adversely affected.

Tenants of healthcare properties that we own or may acquire face certain operational risks that may impact their ability to generate revenues or that may increase their expenses, either of which might negatively affect our financial results.

Our tenants' revenues are primarily driven by occupancy, private pay rates, and Medicare and Medicaid reimbursement, if applicable. Expenses for these facilities are primarily driven by the costs of labor, food, utilities, taxes, insurance and rent or debt service. Revenues from government reimbursement have, and may continue to, come under pressure due to reimbursement cuts and state budget shortfalls. Operating costs continue to increase for our tenants. To the extent that any decrease in revenues and/or any increase in operating expenses result in a property not generating enough cash to make payments to us, our revenues may be reduced and the credit of our tenant and the value of other collateral would have to be relied upon. To the extent the value of such property is reduced, we may need to record an impairment for such asset. Furthermore, if we determine to dispose of an underperforming property, such sale may result in a loss. Any such impairment or loss on sale would negatively affect our financial results.

Future economic weakness may have an adverse effect on our tenants and our operated properties, including their ability to access credit or maintain occupancy and/or private pay rates. If the operations, cash flows or financial condition of our tenants are materially adversely impacted by economic or other conditions, our revenue and operations may be adversely affected. Increased competition may affect our tenants' ability to meet their obligations to us. The tenants of our properties compete on a local and regional basis with tenants and licensed operators of properties and other healthcare providers that provide comparable services. We cannot be certain that the tenants of all of our facilities will be able to achieve and maintain occupancy and rate levels that will enable them to meet all of their obligations to us. Our tenants are expected to encounter increased competition in the future that could limit their ability to attract residents or expand their businesses.

Potential litigation and rising insurance costs may affect our tenants' ability to obtain and maintain adequate liability and other insurance and their ability to make lease payments and fulfill their insurance and indemnification obligations to us.

Our tenants' and the Company may be subject to lawsuits filed by advocacy groups that monitor the quality of care at healthcare facilities or by patients, facility residents or their families. Significant damage awards are possible in cases where neglect has been found. This litigation has increased our tenants' costs of monitoring and reporting quality of care and has resulted in increases in the cost of liability and medical malpractice insurance. These increased costs may materially adversely affect our tenants' ability to obtain and maintain adequate liability and other insurance; manage related risk exposures; fulfill their insurance, indemnification and other obligations to us under their leases or property management agreements, as applicable; or make lease payments to us, as applicable. In addition, from time to time, we may be subject to claims brought against us in lawsuits and other legal proceedings arising out of our alleged actions or the alleged actions of our tenants' and operators for which such tenants' or operators may have agreed to indemnify, defend and hold us harmless. An unfavorable resolution of any such pending or future litigation could materially adversely affect our liquidity, financial condition and results of operations and have a material adverse effect on us in the event that we are not ultimately indemnified by our tenants'.

COVID-19 or another pandemic, epidemic or outbreak of a contagious disease could affect the markets in which our tenants operate or otherwise impact our facilities.

If a pandemic or other public health crisis were to affect our markets, or our tenants specifically, such as the major breakout of the coronavirus (COVID-19) in the United States or specifically in the locations where our tenants operate, the businesses of our tenants could be adversely affected. There have been numerous examples of outbreaks at similar senior housing health care facilities. Such incidents have diminished the public trust in healthcare facilities, especially facilities that fail to accurately or timely diagnose, or other facilities such as those where our tenants that are treating, have treated or otherwise have residents affected by these contagious diseases. If there is an outbreak at any of our facilities, residents or prospective residents might decline to use such facilities. Any of our tenants' infectious disease plans or polices may not prevent the spread of these diseases to their residents, many of which are already elderly or otherwise medically compromised. Further, a pandemic might adversely impact our tenants' businesses by causing a temporary shutdown of one or more facilities or diversion of residents, by disrupting or delaying production and delivery of materials and products in the supply chain or by causing staffing shortages in one or more facilities. The potential impact of a pandemic, epidemic or outbreak of a contagious disease, including COVID–19, with respect to our tenants or our facilities is difficult to predict and could have a material adverse impact on the operations of our tenants and, in turn, our revenues, business and results of operations and the value of our stock.

Our properties expose us to various operational risks, liabilities and claims that could adversely affect our ability to generate revenues or increase our costs and could have a material adverse effect on us.

From time to time, circumstances may require one or more of our subsidiaries to hire a third-party manager to operate and/or become the licensed operator of a senior housing facility, rather than entering into a triple net lease with an independent tenant, although that is not our objective. Hiring a third-party manager to operate or becoming the licensed operator of a facility exposes us to additional operational risks, liabilities and claims that could increase our costs or adversely affect our ability to generate revenues, thereby reducing our profitability. These operational risks include fluctuations in occupancy levels, the inability to achieve economic resident fees (including anticipated increases in those fees), increased cost of compliance, increases in the cost of food, materials, energy, labor (as a result of unionization or otherwise) or other services, national and regional economic conditions, the imposition of new or increased taxes, capital expenditure requirements, professional and general liability claims, and the availability and cost of professional and general liability insurance. Any one or a combination of these factors could result in operating deficiencies in our operations and decreases in cash flow, which could have a material adverse effect on us.

Transfers of healthcare facilities may require regulatory approvals and these facilities may not have efficient alternative uses.

Transfers of healthcare facilities to successor tenants frequently are subject to regulatory approvals or notifications, including, but not limited to, change of ownership approvals under a certificate of needs (“CON”) or determination of need laws, state licensure laws and Medicare and Medicaid provider arrangements, that are not required for transfers of other types of real estate. The replacement of a healthcare facility tenant could be delayed by the approval process of any federal, state or local agency necessary for the transfer of the facility or the replacement of the operator licensed to manage the facility. Alternatively, given the specialized nature of our facilities, we may be required to spend substantial time and funds to adapt these properties to other uses. If we are unable to timely transfer properties to successor tenants or find efficient alternative uses, our revenue and operations may be adversely affected.

Risks Associated with Financing

We expect to continue to use short term acquisition financing to acquire properties and otherwise incur other indebtedness, including long-term financing, which will increase our expenses and could subject us to the risk of losing properties in foreclosure if our cash flow is insufficient to make loan payments.

We have used short term acquisition financing to acquire our healthcare properties. We have also used long-term debt financing to increase the amount of capital available to us and to achieve greater property diversification. We may also acquire properties encumbered with existing financing which cannot be immediately repaid. We may also invest in joint venture entities that borrow funds or issue senior equity securities to acquire properties, in which case our equity interest in the joint venture would be junior to the rights of the lender or preferred stockholders. Our charter limits our borrowings to 300% of our net asset value, as defined in our charter, unless any excess borrowing is approved by a majority of our independent directors and is disclosed to our stockholders in our next quarterly report with an explanation from our independent directors of the justification for the excess borrowing. We may borrow funds for operations, tenant improvements, capital improvements or other working capital needs. We may also borrow funds to make distributions, including but not limited to funds to satisfy the REIT tax qualification requirement that we distribute at least 90% of our annual REIT taxable income to our stockholders. We may also borrow, if we otherwise deem it necessary or advisable, to ensure that we maintain our qualification as a REIT for federal income tax purposes. To the extent we borrow funds, we may raise additional equity capital or sell properties to pay such debt.

If there is a shortfall between the cash flow from a property and the cash flow needed to service acquisition financing on that property, then the amount available for operations or distributions to stockholders may be reduced. In addition, incurring mortgage debt increases the risk of loss since defaults on indebtedness collateralized by a property may result in lenders initiating foreclosure actions. In that case, we could lose the property securing the loan that is in default. For example, on March 13, 2024, we received a notice of default from one of our lenders related to our eight skilled nursing facilities located in Georgia (“GA8 Properties”) due to our continuing failure to pay the full and timely interest payments due on the loan from December 2023 to March 2024. As a result of the default, the lender exercised certain rights, such as, among other things, their right to act as attorney-in-fact of Summit Georgia Holdings, LLC, to appoint an independent manager over the GA8 Properties and their right to exercise any voting rights and to receive any distributions with respect to such properties. On December 20, 2024, we transferred ownership of the GA8 Properties. See Note 14 to the accompanying Notes to Consolidated Financial Statements for further information.

For tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but we would not receive any cash proceeds. We may give full or partial guarantees to lenders of mortgage debt to the entities that own our properties. When we give a guaranty on behalf of an entity that owns one of our properties, we will be responsible to the lender for satisfaction of the debt if it is not paid by such entity. Some of our mortgages contain cross-collateralization or cross-default provisions, a default on a single property could affect multiple properties.

Lenders may require us to enter into restrictive covenants relating to our operations, which could limit our ability to make distributions to our stockholders.

When providing financing, a lender may impose restrictions on us that affect our distribution and operating policies and our ability to incur additional debt. Loan documents we have entered into contain covenants that limit our ability to further mortgage the property or discontinue insurance coverage. These or other limitations may limit our flexibility and prevent us from achieving our operating plans.

High levels of debt or increases in interest rates could increase the amount of our loan payments, reduce the cash available for distribution to stockholders and subject us to the risk of losing properties in foreclosure if our cash flow is insufficient to make loan payments.

Our policies do not limit us from incurring debt. High debt levels would cause us to incur higher interest charges, would result in higher debt service payments, and could be accompanied by restrictive covenants. Interest we pay could reduce cash available for distribution to stockholders. Additionally, variable rate debt could result in increases in interest rates which would increase our interest costs, which would reduce our cash flows and our ability to make distributions to our stockholders. In addition, if we need to repay existing debt during periods of rising interest rates, we could be required to liquidate one or more of our investments in properties at times which may not permit realization of the maximum return on such investments and could result in a loss.

Federal Income Tax Risks

Failure to qualify as a REIT would subject us to federal income tax, which would reduce the cash available for distribution to our stockholders.

We expect to operate in a manner that will allow us to continue to qualify as a REIT for federal income tax purposes. However, the federal income tax laws governing REITs are extremely complex, and interpretations of the federal income tax laws governing qualification as a REIT are limited. Qualifying as a REIT requires us to meet various tests regarding the nature of our assets and our income, the ownership of our outstanding stock, and the amount of our distributions on an ongoing basis. While we intend to operate so that we will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, including the tax treatment of certain investments we may make, and the possibility of future changes in our circumstances, no assurance can be given that we will so qualify for any particular year. If we fail to qualify as a REIT in any calendar year and we do not qualify for certain statutory relief provisions, we would be required to pay federal income tax on our taxable income. We might need to borrow money or sell assets to pay that tax even if the market conditions at that time are not favorable for these borrowings or sales. Our payment of income tax would decrease the amount of our income available for distribution to our stockholders. Furthermore, if we fail to maintain our qualification as a REIT and we do not qualify for certain statutory relief provisions, we no longer would be required to distribute substantially all of our REIT taxable income to our stockholders. Unless our failure to qualify as a REIT was excused under federal tax laws, we would be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost.

Even if we qualify as a REIT for federal income tax purposes, we may be subject to other tax liabilities that reduce our cash flow and our ability to make distributions to our stockholders.

Even if we qualify as a REIT for federal income tax purposes, we may be subject to some federal, state and local taxes on our income or property. For example:

- In order to qualify as a REIT, we must distribute annually at least 90% of our REIT taxable income to our stockholders (which is determined without regard to the dividends-paid deduction or net capital gain). To the extent that we satisfy the distribution requirement but distribute less than 100% of our REIT taxable income, we will be subject to federal corporate income tax on the undistributed income.
- We will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions we pay 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.
- If we elect to treat property that we acquire in connection with a foreclosure of a mortgage loan or certain leasehold terminations as “foreclosure property,” we may avoid the 100% tax on gain from a resale of that property, but the income from the sale or operation of that property may be subject to corporate income tax at the highest applicable rate.
- If we sell an asset, other than foreclosure property, that we hold primarily for sale to customers in the ordinary course of business, our gain would be subject to the 100% “prohibited transaction” tax unless such sale were made by one of our taxable REIT subsidiaries.
- We may be subject to an excise tax under IRC section 857(b)(7) if the IRS reallocates certain specified income and expense items between the REIT and the TRS under principles similar to IRC section 482. The excise tax is equal to 100% of redetermined rents, redetermined deductions, excess interest, and redetermined TRS service income.

We intend to make distributions to our stockholders to comply with the REIT requirements of the Internal Revenue Code.

We may be subject to adverse legislative or regulatory tax changes.

At any time, the federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be amended. We cannot predict when or if any new federal income tax law, regulation or administrative interpretation, or any amendment to any existing 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, or any new, federal income tax law, regulation or administrative interpretation.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 1C. CYBERSECURITY

Risk management and strategy

We have established policies and processes for assessing, identifying, and managing material risk from cybersecurity threats, and have integrated these processes into our overall risk management systems and processes. We routinely assess material risks from cybersecurity threats, including any potential unauthorized occurrence on or conducted through our information systems that may result in adverse effects on the confidentiality, integrity, or availability of our information systems or any information residing therein.

We conduct periodic risk assessments to identify cybersecurity threats, as well as assessments in the event of a material change in our business practices that may affect information systems that are vulnerable to such cybersecurity threats. These risk assessments include identification of reasonably foreseeable internal and external risks, the likelihood and potential damage that could result from such risks, and the sufficiency of existing policies, procedures, systems, and safeguards in place to manage such risks.

Following these risk assessments, we re-design, implement, and maintain reasonable safeguards to minimize identified risks; reasonably address any identified gaps in existing safeguards; and regularly monitor the effectiveness of our safeguards. Primary responsibility for assessing, monitoring and managing our cybersecurity risks rests with an IT consultant who reports to our Chief Financial Officer, to manage the risk assessment and mitigation process.

As part of our overall risk management system, we monitor and test our safeguards and train our employees on these safeguards, in collaboration with IT and management. Personnel at all levels and departments are made aware of our cybersecurity policies through trainings.

We engage consultants, or other third parties in connection with our risk assessment processes. These service providers assist us to design and implement our cybersecurity policies and procedures, as well as to monitor and test our safeguards. We require each third-party service provider to certify that it has the ability to implement and maintain appropriate security measures, consistent with all applicable laws, to implement and maintain reasonable security measures in connection with their work with us, and to promptly report any suspected breach of its security measures that may affect our company.

We have not encountered cybersecurity challenges that have materially impaired our operations or financial standing. For additional information regarding risks from cybersecurity threats, please refer to Item 1A, “Risk Factors,” in this annual report on Form 10-K.

Governance

One of the key functions of our board of directors is informed oversight of our risk management process, including risks from cybersecurity threats. Our board of directors is responsible for monitoring and assessing strategic risk exposure, and our executive officers are responsible for the day-to-day management of the material risks we face. Our board of directors administers its cybersecurity risk oversight function directly as a whole, as well as through the audit committee.

Our Chief Financial Officer is primarily responsible to assess and manage our material risks from cybersecurity threats with assistance from third-party service providers.

Our Chief Financial Officer oversees our cybersecurity policies and processes, including those described in “Risk Management and Strategy” above. The cybersecurity risk management program includes tools and activities to prevent, detect, and analyze current and emerging cybersecurity threats, and plans and strategies to address threats and incidents.

Our Chief Financial Officer and IT consultant provide periodic briefings to the audit committee regarding our Company’s cybersecurity risks and activities, including any recent cybersecurity incidents and related responses, cybersecurity systems testing, activities of third parties, and the like. Our Audit Committee provides regular updates to the Board of Directors on such reports.

ITEM 2. PROPERTIES

As of December 31, 2025, our portfolio consisted of seven properties, three of which we own 100%, and four of which we own through a 95.3% interest in CHP LLC. Five of the properties are 100% leased, on a triple net basis, to the tenants of the related facilities and the other two properties, Sundial Assisted Living and Pennington Gardens (the “Operated Properties”), are each 100% leased to an affiliated subsidiary. The following table (excluding the five properties held by our unconsolidated equity-method investment) provides summary information regarding these properties:

Property	Location	Date Purchased	Type(1)	Purchase Price(2)	Number of Beds
Sheridan Care Center	Sheridan, OR	August 3, 2012	SNF	$ 4,100,000	51
Fernhill Care Center	Portland, OR	August 3, 2012	SNF	4,500,000	63
Friendship Haven Healthcare and Rehabilitation Center	Galveston County, TX	September 14, 2012	SNF	15,000,000	150
Pacific Health and Rehabilitation Center	Tigard, OR	December 24, 2012	SNF	8,140,000	73
Brookstone of Aledo	Aledo, IL	July 2, 2013	AL	8,625,000	66
Sundial Assisted Living	Redding, CA	December 18, 2013	AL	3,500,000	65
Pennington Gardens	Chandler, AZ	July 17, 2017	AL/MC	13,400,000	90
Total:				$ 57,265,000	558

(1) SNF is an abbreviation for skilled nursing facility.
AL is an abbreviation for assisted living facility.
MC is an abbreviation for memory care facility.
(2) Excludes acquisition costs.

Disposal of Georgia Properties

In March 2024, we derecognized the eight skilled nursing facilities located in Georgia, purchased in 2021 through our wholly-owned subsidiary and the parent holding company (collectively, the “GA8 Properties”), and in December 2024, we transferred ownership and were released from all debt and guarantee obligations. See Notes 4 and 14 to the accompanying Notes to Consolidated Financial Statements for further information.

Sale of California Properties

In September 2024, we completed the sale of three properties located in California (“CA3 Properties”), purchased in 2021. See Note 3 to the accompanying Notes to Consolidated Financial Statements for further information.

Portfolio Lease Expirations

The following table sets forth lease expiration information for the ten years and thereafter following December 31, 2025. We expect that, prior to maturity, we will negotiate new terms of a lease to either the current tenant or another qualified operator.

Year Ending December 31	No. of Leases Expiring	Base Rent In Final Year of Expiring Leases (Annual $)	Percent of Total Leasable Area Expiring (%)	Percent of Total Annual Base Rent Expiring (%)
2027	1 (1)	1,538,000 (1)	35.9 %	30.9 %
2030	1	913,000	31.1 %	18.4 %
2033	3	2,522,000	33.0 %	50.7 %
	5	$ 4,973,000	100.0 %	100.0 %

(1) Excludes the intercompany leases for the Operated Properties and related rental revenue. These intercompany leases are eliminated in consolidation. Resident agreements for the Operated Properties are short-term and excluded from the table above and revenue is included in resident fees and services in the accompanying statements of operations.

ITEM 3. LEGAL PROCEEDINGS

See Note 10 to the accompanying Notes to Consolidated Financial Statements for a summary of our material legal proceedings.

On October 31, 2025, the Company filed a motion for specific performance in the Delaware Chancery Court against Best Years seeking to compel Best Years to complete the sale of its membership interests for five entities currently owned by the SUL JV pursuant to an agreement between the Operating Partnership and Best Years. Best Years has taken the position that there was no binding agreement to complete the sale. The matter went to trial and post-trial arguments are scheduled for early April 2026.

In addition, we are or may be subject to various other legal proceedings and actions arising in the normal course of our business. In the opinion of management, based upon the information presently known, the ultimate liability, if any, arising from such pending legal proceedings, as well as from asserted legal claims and known potential legal claims which are likely to be asserted, taking into account established accruals for estimated liabilities (if any), are not expected to be material individually and in the aggregate to our consolidated financial position, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Market Information

During the period covered by this report, there was no established public trading market for our shares of common stock.

On December 31, 2025, the estimated common stock per-share value is $2.28 per share, adjusted from the previous estimated common stock per-share value of $2.19 established on December 31, 2024. The estimated value per share was based on the methodologies and assumptions described further below. The estimated per-share value determined below is not audited and does not represent the fair value according to U.S. generally accepted accounting principles ("GAAP") of our assets less liabilities, nor does it represent the amount our shares would trade at on a national securities exchange or the amount a stockholder would obtain if he or she tried to sell his or her shares or if we liquidated our assets.

As with any valuation methodology, our methodology is based on a number of estimates and assumptions that may not be accurate or complete. Different parties with different assumptions and estimates could derive a different estimated per-share amount, and these differences could be significant. Accordingly, with respect to our estimated per-share value, we can provide no assurance that:

- a stockholder would be able to realize our estimated value per share upon attempting to resell his or her shares;
- we would be able to achieve, for our stockholders, our estimated value per share, upon a listing of our shares of common stock on a national securities exchange, selling our real estate portfolio, or merging with another company;
- an independent third-party appraiser or other third-party valuation firm would agree with our estimated value per share; or
- the estimated share value, or the methodologies relied upon to estimate the share value, will be found by any regulatory authority to comply with FINRA, ERISA, or any other regulatory requirements.

Our December 31, 2025 estimated per-share value was calculated by aggregating the estimated fair value of our investments in real estate and the estimated fair value of our other assets, subtracting the current book value of our liabilities, and dividing the total by the number of our common shares outstanding as of December 31, 2025. Our estimated per-share value is the same as our net asset value. Our estimated per-share value does not reflect "enterprise value," which may include a premium for the portfolio or the potential increase in our share value if we were to list our shares on a national securities exchange. Our estimated per-share value also does not reflect a liquidity discount for the fact that the shares are not currently traded on a national securities exchange.

The following is a summary of the valuation methodologies used:

Investments in Real Estate. For purposes of calculating an estimated value per share, we used the value of the 2025 lease payments and applied the current market lease rates for each asset type to determine fair market value of our properties or for recently purchased properties, the current appraised values.

Loans Payable. We reduced the fair value of our investments by the total amount due of our loans payable based on the current book value at December 31, 2025.

Other Assets and Liabilities. The carrying values of our other assets and liabilities are considered to be equal to fair value due to their short maturities. Certain balances, including straight-line rent related assets and liabilities, have been eliminated for the purpose of the valuation due to the fact that the value of those balances have no value or decrement to the assets going forward.

Equity-Method Investments. We estimate the value of our interests in our equity-method investments based on the discounted cash flows and then applying our ownership percentage in the individual equity-method investments after a sale to determine the amount of equity attributable to the Company.

Our estimated per-share value was calculated as follows:

		December 31, 2025
Investments in real estate	$	2.93
Loans payable		(1.75)
Other assets and liabilities, net		0.94
Equity-Method Investments		0.16
Estimated net asset value per-share	$	2.28
Estimated enterprise value premium		None applied
Estimated liquidity discount		None applied
Total estimated per-share value	$	2.28

The value of our shares will fluctuate over time in response to, among other things, changes in real estate market fundamentals, capital markets activities, and attributes specific to the properties within our portfolio. We generally update the estimated value per share at the end of each fiscal year, but we are not required to do so. We expect that any future estimates of the value of our properties will be performed by the Company; however, our board of directors may direct us to engage one or more independent, third-party valuation firms in connection with such estimates.

Our board of directors reviewed the report prepared by management which recommended an estimated per-share value, and considering all information provided in light of its own knowledge regarding our assets and unanimously agreed upon an estimated value of $2.28 per share, which is consistent with the recommendations of management.

A summary of our estimated per-share value for the last five years at December 31 is as follows:

2025	$	2.28
2024	$	2.19
2023	$	1.71
2022	$	2.73
2021	$	2.94

Stockholders

As of March 16, 2026, we had approximately 23.0 million shares of common stock outstanding held by 4,107 stockholders of record.

Dividends

Our directors will determine the amount and timing of distributions, if any. Our directors will consider all relevant factors, including the amount of cash available for distribution, capital expenditure, reserve requirements, general operational requirements, and the analysis of investing excess cash flow to grow the portfolio versus paying distributions to shareholders. We declared an approximately $0.045 per common share cash distribution during the year ended December 31, 2025. We did not declare a cash distribution per common share during the year ended December 31, 2024.

Recent Sales of Unregistered Securities

We did not sell any equity securities that were not registered under the Securities Act of 1933 during the period covered by this Form 10-K.

Equity Compensation Plans

See the “Equity Compensation Plan Information” in Item 12 of this report.

Purchases of Company Equity Securities

The Company has not engaged in any repurchases of its equity securities during the year ended December 31, 2025 and does not currently have any repurchase or redemption plan or program in place.

ITEM 6. [RESERVED]

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

The following discussion should be read in conjunction with our consolidated financial statements and related notes appearing elsewhere in this Form 10-K. See also the "Special Note about Forward-Looking Statements" preceding Item 1 of this report.

Overview

As of December 31, 2025, our ownership interests in our seven real estate properties of senior housing facilities was as follows: 100% ownership of three properties and a 95.3% interest in four properties in a consolidated joint venture, Cornerstone Healthcare Partners LLC. We have a 10% interest in one unconsolidated equity-method investment that holds five properties. As used in this report, the "Company," "we," "us" and "our" refer to Summit Healthcare REIT, Inc. and its consolidated subsidiaries, except where the context otherwise requires.

Our revenues are comprised largely of tenant rental income from our five real estate properties, including rents reported on a straight-line basis over the initial term of each tenant lease, resident fees and services from our two operated properties, and asset management fees resulting from our unconsolidated equity-method investments (collectively "Equity-Method Investments"). We also receive cash distributions from our Equity-Method Investments, which are included in net cash provided by operating activities and net cash provided by investing activities in our consolidated statements of cash flows. Our growth depends, in part, on our ability to continue to raise joint venture or other equity, acquire new healthcare properties at attractive prices, negotiate long-term tenant leases with sustainable rental rate escalation terms and control our expenses. Our operations are impacted by property-specific, market-specific, general economic, regulatory and other conditions.

We believe that continued investing in senior housing facilities is accretive to earnings and stockholder value. Senior housing facilities include independent living facilities ("IL"), skilled nursing facilities ("SNF"), assisted living facilities ("AL"), memory care facilities ("MC") and continuing care retirement communities ("CCRC"). Each of these types of facilities focuses on different segments of the senior population.

Current Market and Economic Conditions

During 2025, the U.S. economy experienced heightened volatility driven by changes in trade policy and persistent inflationary pressures. New tariffs on imports from several major trading partners contributed to increased uncertainty and higher costs across global supply chains. Within the real estate sector, these developments resulted in higher prices for certain construction materials, including steel, lumber, and aluminum, increasing development and capital expenditure costs. Inflationary pressures and a higher-for-longer interest rate environment continued to constrain capital availability and increase borrowing costs for real estate owners and developers.

In the senior housing and care sector, these macroeconomic conditions created challenges related to both financing and operations. Elevated interest rates moderated development and acquisition activity, while ongoing labor constraints continued to pressure operating margins. Inflation contributed to higher operating costs, including wages, food services, utilities, and insurance. Despite these headwinds, demand for senior housing and care remained supported by favorable long-term demographic trends, providing relative stability within the sector.

Recent Developments

During 2024 and 2025, management focused on strengthening the Company's balance sheet, streamlining the portfolio, and simplifying the organizational structure through the elimination of minority joint venture interests, with the objective of maximizing value and positioning the Company for a potential liquidity transaction for shareholders.

During 2024, we derecognized eight skilled nursing facilities located in Georgia and in December 2024, transferred ownership in exchange for being released from all debt and guarantee obligations associated with such properties. In September 2024, we sold three properties located in California and recorded a $11.2 million gain on sale and received approximately $14.9 million from the sale. See Notes 3, 4 and 14 to the accompanying Notes to Consolidated Financial Statements for further information.

With respect to our Equity-Method Investments (see below), in May 2024, the Fantasia III JV sold their eight properties which resulted in the winding-up of our equity-method investment. We received approximately $2.1 million from the sale. Additionally, during the year ended December 31, 2024, the SUL JV sold six properties within the SUL JV and we received an aggregate of approximately $2.9 million in cash. During 2025, the Fantasia II JV sold its two properties resulting in the winding-up of our equity-method investment. In October 2025, we completed the sale of our membership interest in the FPH JV. We received approximately $0.3 million for our interest, plus accrued distributions, for a total of approximately $0.4 million, and we wrote off the equity-method investment balance of approximately $(0.1 million), resulting in the winding-up of our equity-method investment. Additionally, we resigned as the manager of the FPH JV. Additionally, during the year ended December 31, 2025, the SUL JV sold four properties within the SUL JV and we received an aggregate of approximately $0.6 million in cash. As of December 31, 2025, we have an interest in one equity-method investment. See Note 5 to the accompanying Notes to Consolidated Financial Statements for further information.

Summit Portfolio Properties

At December 31, 2025, five of our seven properties are 100% leased to the tenants of the related facilities. The other two properties are each 100% leased to an affiliated subsidiary (Pennington Gardens Operations LLC ("Pennington Gardens") and Sundial Operations LLC ("Sundial"), collectively, the "Operated Properties") which are operated directly and earn resident fees and service revenue.

The following table provides summary information (excluding the five properties held by our unconsolidated Equity-Method Investments) regarding these properties as of December 31, 2025:

	Properties	Beds	Square Footage	Purchase Price
SNF	4	337	109,306	$ 31,740,000
AL or AL/MC	3	221	136,765	25,525,000
Total Real Estate Properties	7	558	246,071	$ 57,265,000

Property	Location	Date Purchased	Type	Beds	2025 Lease Revenue (1)
Sheridan Care Center	Sheridan, OR	August 3, 2012	SNF	51	$ 567,000
Fernhill Care Center	Portland, OR	August 3, 2012	SNF	63	605,000
Friendship Haven Healthcare and Rehabilitation Center	Galveston County TX	September 14, 2012	SNF	150	1,412,000
Pacific Health and Rehabilitation Center	Tigard, OR	December 24, 2012	SNF	73	1,109,000
Brookstone of Aledo	Aledo, IL	July 2, 2013	AL	66	765,000
Sundial Assisted Living (2)	Redding, CA	December 18, 2013	AL	65	—
Pennington Gardens (2)	Chandler, AZ	July 17, 2017	AL/MC	90	—
Total				558	

(1) Represents lease revenue for the year ended December 31, 2025, based on in-place leases, including straight-line rent and excluding $0.8 million in tenant reimbursement revenue.
(2) Lease revenue due under the Operated Properties intercompany leases are eliminated in consolidation and revenue is reflected in resident fees and services in the accompanying consolidated statements of operations for these Operated Properties.

Summit Equity-Method Investment Portfolio Properties

Summit Union Life Holdings, LLC - Equity - Method Investment

In April 2015, through our Operating Partnership, we entered into a limited liability company agreement (as amended, the "SUL LLC Agreement") with Best Years, LLC ("Best Years"), an unrelated entity and a U.S.-based affiliate of Union Life Insurance Co, Ltd. (a Chinese corporation), and formed Summit Union Life Holdings, LLC (the "SUL JV"). The SUL JV is not consolidated in our consolidated financial statements and is accounted for under the equity-method in our consolidated financial statements. As of December 31, 2025 and 2024, we have a 10% interest in the SUL JV which owns five properties as of December 31, 2025 and owned nine properties as of December 31, 2024. See Note 5 to the accompanying Notes to Consolidated Financial Statements for further information.

Equity-Method Partner - Fantasia Investment III LLC - Former Equity - Method Investments

In 2016 and 2017, through our Operating Partnership, we entered into two separate limited liability company agreements (collectively, the "Fantasia Agreements") with Fantasia Investment III LLC ("Fantasia"), an unrelated entity and a U.S.-based affiliate of Fantasia

Holdings Group Co., Limited (a Chinese corporation listed on the Stock Exchange of Hong Kong (HKEX)), and formed separate companies, Summit Fantasia Holdings II, LLC (“Fantasia II JV”) and Summit Fantasia Holdings III, LLC (“Fantasia III JV”). We held interests in certain facilities through Fantasia II JV and Fantasia III JV, which were accounted for as equity-method investments.

In May 2025, Fantasia II JV, of which we owned a 20% interest in two skilled nursing facilities located in Rhode Island, sold its two properties. As such, as of May 2025, we no longer have an equity-method investment in the Fantasia II JV and we wrote off the equity-method investment balance of approximately $(0.3 million). See Note 5 to the accompanying Notes to Consolidated Financial Statements for further information.

In May 2024, Fantasia III JV, of which we owned a 10% interest in eight skilled nursing facilities located in Connecticut, sold their eight properties for $60.0 million. We received approximately $2.1 million in cash from the sale resulting in the winding-up of our equity-method investment and as such, as of May 2024, we no longer have an equity-method investment in the Fantasia III JV. See Note 5 to the accompanying Notes to Consolidated Financial Statements for further information.

Summit Fantasy Pearl Holdings, LLC – Former Equity-Method Investment

In October 2017, through our Operating Partnership, we entered into a limited liability company agreement with Fantasia, Atlantis Senior Living 9, LLC, a Delaware limited liability company (“Atlantis”), and Fantasy Pearl LLC, a Delaware limited liability company (“Fantasy”), and formed Summit Fantasy Pearl Holdings, LLC (the “FPH JV”).

The FPH JV was not consolidated in our consolidated financial statements and was accounted for under the equity-method in our consolidated financial statements. In August 2025, Summit entered into a membership interest purchase agreement to sell our 10% interest to one of the existing FPH JV members. On October 29, 2025, we completed the membership interest sale, we received approximately $0.3 million for our interest plus accrued distributions for a total of approximately $0.4 million and we wrote off the equity-method investment balance of approximately $(0.1 million). Additionally, we resigned as the manager of the FPH JV. Consequently, as of October 29, 2025, we no longer have an equity-method interest in the FPH JV. See Note 5 to the accompanying Notes to Consolidated Financial Statements for further information.

Distributions from Equity-Method Investments

For the years ended December 31, 2025 and 2024, we recorded distributions and cash received for distributions from our Equity-Method Investments as follows:

	Years Ended December 31,	
	2025	**2024**
Distributions	$ 752,000	$ 5,320,000
Cash received for distributions	$ 838,000	$ 5,677,000

Results of Operations

Our results of operations are described below:

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

	December 31, 2025	December 31, 2024	$ Change
Total rental revenues (excludes security deposits below)	$ 5,271,000	$ 8,986,000	$ (3,715,000)
Property operating costs	(1,384,000)	(1,498,000)	114,000
Resident fees and services income	7,434,000	7,102,000	332,000
Resident costs	(5,777,000)	(6,008,000)	231,000
Net operating income (1)	5,544,000	8,582,000	(3,038,000)
Asset management fees	133,000	266,000	(133,000)
General and administrative	(4,443,000)	(4,621,000)	178,000
Depreciation and amortization	(1,447,000)	(2,716,000)	1,269,000
Income from equity-method investees	1,870,000	2,887,000	(1,017,000)
Gain on derecognition and disposal of assets associated with GA8 Properties	—	30,681,000	(30,681,000)
Gain on sale of real estate properties	—	11,151,000	(11,151,000)
Other income	952,000	523,000	429,000
Interest expense	(1,872,000)	(19,545,000)	17,673,000
Gain on sale FPH JV membership interest	293,000	—	293,000
Net income	1,030,000	27,208,000	(26,178,000)
Noncontrolling interests' share in income	(100,000)	(102,000)	2,000
Net income applicable to common stockholders	$ 930,000	$ 27,106,000	(26,176,000)

(1) Net operating income ("NOI") is a non-GAAP supplemental measure used to evaluate the operating performance of real estate properties. We define NOI as total rental revenues, resident fees and service income less property operating costs and resident costs. NOI excludes asset management fees, security deposits from terminated leases, general and administrative expense, depreciation and amortization, income (loss) from equity-method investees, impairment of real estate properties, other income, and interest expense. We believe NOI provides investors relevant and useful information because it measures the operating performance of the REIT's real estate at the property level on an unleveraged basis. We use NOI to assist in making decisions about resource allocations and to assess and compare property-level performance. We believe that net income (loss) is the most directly comparable GAAP measure to NOI. NOI should not be viewed as an alternative measure of operating performance to net income (loss) as defined by GAAP since it does not reflect the aforementioned excluded items. Additionally, NOI as we define it may not be comparable to NOI as defined by other REITs or companies, as they may use different methodologies for calculating NOI.

Total rental revenues for our properties includes rental revenues and tenant reimbursements for property taxes and insurance. Resident fees and services income are generated from the Operated Properties. Property operating costs include insurance, property taxes and other operating expenses, and resident costs are related to the Operated Properties. Net operating income decreased approximately $3.0 million for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily due the derecognition of the GA8 Properties in March 2024 and sale of the CA3 Properties in September 2024, which resulted in a decrease in total rental revenues of $3.7 million, offset by a net increase in operating income of $0.6 million from resident fees and services income and costs.

Asset management fees decreased approximately $0.1 million for the year ended December 31, 2025 compared to the year ended December 31, 2024 due primarily to the sale of the Fantasia III JV in 2024, and a reduction in the asset management fees from the SUL JV due to the sales of four properties in 2025 and six properties in 2024 (see Note 5 to the accompanying Notes to Consolidated Financial Statements).

The net decrease of approximately $0.2 million in general and administrative expense for the year ended December 31, 2025 compared to the year ended December 31, 2024 is primarily due to a decrease in professional other expense of approximately $0.3 million, payroll related expense of approximately $0.2 million, and a decrease in accounting/audit fees of $0.2 million, offset by an increase from a litigation settlement of $0.3 million, and state taxes of $0.2 million for the year ended December 31, 2025.

The decrease in depreciation and amortization of $1.3 million for the year ended December 31, 2025 compared to the year ended December 31, 2024 is primarily due to the derecognition of the GA8 Properties in March 2024 and no longer recording depreciation and amortization expense and the sale of the CA3 properties in September 2024.

The decrease in income from equity-method investees of approximately $1.0 million for the year ended December 31, 2025 compared to the year ended December 31, 2024 is mainly due to income from equity-method investees in 2024 of approximately $2.7 million recorded from the sales of six properties in the SUL JV during 2024 (aggregate of approximately $1.9 million) and income from the sale of properties in the Fantasia III JV in May 2024 (approximately $0.8 million) compared to the income from equity-method investees in 2025 of approximately $1.6 million from the sales of four of the properties in the SUL JV during 2025 ($1.3 million), the sale of the two properties in Fantasia II JV ($0.2 million) and sale of membership interest in FPH JV resulting in the termination of our equity-method investment ($0.1 million).

The approximately $30.7 million gain on derecognition and disposal of assets for the year ended December 31, 2024 is associated with GA8 Properties. See Note 14 in the accompanying Notes to the Consolidated Financial Statements.

The gain on sale of real estate of $11.2 million is related to the sale of the CA3 Properties in 2024. See Note 3 in the accompanying Notes to the Consolidated Financial Statements.

The increase in other income of approximately $0.4 million for the year ended December 31, 2025 compared to the year ended December 31, 2024 is mainly due to the increase in amounts invested in our money market accounts.

The decrease in interest expense of $17.7 million for the year ended December 31, 2025 compared to the year ended December 31, 2024 is mainly due to the interest incurred in 2024 for the GA8 Properties which were disposed of in December 2024.

Liquidity and Capital Resources

As of December 31, 2025, we had approximately $23.7 million in cash and cash equivalents on hand. Based on current conditions, we believe that we have sufficient capital resources to sustain operations and meet our capital needs for the next twelve months and the foreseeable future.

Going forward, we expect our primary sources of cash to be rental revenues and equity-method investment distributions. In addition, we may increase cash through the sale of additional properties, which may result in the deconsolidation of properties we already own, or borrowing against currently-owned properties. For the foreseeable future, we expect our primary uses of cash to be for funding future acquisitions, operating expenses, interest expense on outstanding indebtedness and the repayment of principal on loans payable. We may also incur expenditures for renovations of our existing properties, making our facilities more appealing in their market.

All our debt obligations are long-term, fixed rate U.S. Department of Housing and Urban Development (“HUD”)-insured loans that mature between 2039 and 2055. Our liquidity will increase if cash from operations exceeds expenses, we receive net proceeds from the sale of whole or partial interest in a property or properties, or refinancing results in excess loan proceeds. Our liquidity will decrease as proceeds are expended in connection with our acquisitions and operation of properties. In regard to our Operated Properties, our intent is to stabilize the operations of the facilities and market them for sale due to the significantly reduced willingness of AL manager/operators to execute long-term triple-net leases.

Credit Facilities and Loan Agreements

As of December 31, 2025, we had debt obligations of approximately $41.4 million. The outstanding balance by lender is as follows (see Note 4 to the accompanying Notes to Consolidated Financial Statements for further information regarding our financing arrangements):

- Capital One Multifamily Finance, LLC (HUD-insured) – approximately $9.5 million maturing September 2053
- Lument Capital (formerly ORIX Real Estate Capital, LLC) (HUD-insured) – approximately $31.9 million maturing from September 2039 through April 2055
- CIBC Bank, USA - Master Letter of Credit Agreement for $1.0 million (none outstanding)

Debt Service Requirements

Please refer to Note 4 in the accompanying Notes to Consolidated Financial Statements for a detailed discussion of our loans payable.

Funds from Operations

Funds from operations (“FFO”) is a non-GAAP supplemental financial measure that is widely recognized as a measure of REIT operating performance. We compute FFO in accordance with the definition outlined by the National Association of Real Estate Investment Trusts (“NAREIT”). NAREIT defines FFO as net income (loss), computed in accordance with GAAP, excluding gains or losses from sales of property, plus real estate depreciation and amortization, impairments, and after adjustments for unconsolidated partnerships and joint ventures.

Our FFO may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than we do. We believe that FFO is helpful to investors and our management as a measure of operating performance because it excludes depreciation and amortization, gains and losses from property dispositions, and impairments, and as a result, when compared year to year, reflects the impact on operations from trends in occupancy rates, rental rates, operating costs, development activities, general and administrative expenses, and interest costs, which is not immediately apparent from net income. Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered the presentation of operating results for real estate companies that use historical cost accounting alone to be insufficient. As a result, our management believes that the use of FFO, together with the required GAAP presentations, provide a more complete understanding of our performance. Factors that impact FFO include fixed costs, delays in buying assets, lower yields on cash held in accounts pending investment, income from portfolio properties and other portfolio assets, interest rates on acquisition financing and operating expenses. FFO should not be considered as an alternative to net income (loss), as an indication of our performance, nor is it indicative of funds available to fund our cash needs, including our ability to make distributions.

The following is the reconciliation from net income (loss) applicable to common stockholders, the most direct comparable financial measure calculated and presented with GAAP, to FFO for the years ended December 31, 2025 and 2024:

	Year Ended December 31	
	2025	2024
Net income applicable to common stockholders (GAAP)	$ 930,000	$ 27,106,000
Adjustments:		
Depreciation and amortization	1,353,000	2,636,000
Depreciation and amortization related to noncontrolling interests	(32,000)	(34,000)
Depreciation related to Equity-Method Investments	191,000	464,000
Gain on sale of properties in Equity-Method Investments (included in income from Equity-Method Investments)	(1,345,000)	(2,739,000)
Impairment on real estate properties in Equity-Method Investments	460,000	—
Gain on sale of FPH JV membership interest	(293,000)	—
Gain on sale of real estate properties	—	(11,151,000)
Gain on derecognition of assets associated with GA8 Properties	—	(30,681,000)
Funds provided by (used in) operations (FFO) applicable to common stockholders	$ 1,264,000	$ (14,399,000)
Weighted-average number of common shares outstanding – basic	23,027,978	23,027,978
FFO per weighted average common shares - basic	$ 0.05	$ (0.63)
Weighted-average number of common shares outstanding – diluted	23,071,886	23,027,978
FFO per weighted average common shares - diluted	$ 0.05	$ (0.63)

Subsequent Events

See Note 15 to the accompanying Notes to Consolidated Financial Statements for further information regarding subsequent events.

Critical Accounting Policies and Estimates

The preparation of our financial statements in accordance with GAAP, requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We believe that our critical accounting policies are those that require significant judgments and estimates. These estimates are made and evaluated on an on-going basis using information that is currently available as well as various other assumptions believed to be reasonable under the circumstances. Actual results could vary from those estimates, perhaps in materially adverse ways, and those estimates could be different under different assumptions or conditions. Our significant accounting policies are described in more detail in Note 2 to the accompanying Notes to Consolidated Financial Statements. We believe that the following discussion addresses our most critical accounting policies and estimates, which are those that are most important to the portrayal of our financial condition and results of operations and require management’s most difficult, subjective and complex judgments.

Real Estate Purchase Price Allocation and Useful Lives

In accordance with Accounting Standards Codification ("ASC") 805, Business Combinations, our acquisitions of real estate investments generally do not meet the definition of a business, and are treated as asset acquisitions. The assets acquired and liabilities assumed are measured at their acquisition date relative fair values. Acquisition costs are capitalized as incurred. We allocate the acquisition costs to the tangible assets, identifiable intangible assets/liabilities and assumed liabilities on a relative fair value basis. Purchase price allocations contain uncertainties because they require management to make significant estimates and assumptions and to apply judgment to allocate the purchase price of real estate acquired among its components. We assess fair value based on available market information, including comparable transactions, rental rates, discount rates, and capitalization rates.

The fair value of land is derived from comparable sales of land within the same submarket and/or region. The fair value of buildings and improvements and furniture and fixtures considers the value of the property as if it was vacant as well as replacement costs, depreciation factors, and other relevant market information.

In allocating the fair value of the identified intangible assets and liabilities of an acquired property, above-market and below-market lease values are recorded based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be received pursuant to the leases and (ii) management's estimate of the amount that would be received using fair market lease rates over the remaining non-cancelable term of the lease and, for below-market leases, we also evaluate any renewal options associated with that lease to determine if the intangible should include those periods. The capitalized above-market lease values are amortized as a reduction of rental income over the remaining non-cancelable terms of the respective leases. The capitalized below-market lease values, also referred to as acquired lease obligations, are amortized as an increase to rental income over the initial terms of the respective leases.

The value of in-place leases consisting of tenant origination and absorption costs and leasing commissions avoided is based on our evaluation of the specific characteristics of each tenant's lease. Factors considered include estimates of carrying costs during expected lease-up periods, current market conditions, discount rates, and costs to execute similar leases. The value of in-place leases are amortized over the remaining term of the respective leases and included in depreciation and amortization in the consolidated statements of operations. If a tenant vacates its space prior to its contractual expiration date, any unamortized balance of their related intangible asset is expensed in the consolidated statements of operations.

There were no real estate acquisitions during the years ended December 31, 2025 and 2024.

Impairment of Real Estate Properties

An assessment as to whether our investments in real estate are impaired is highly subjective. Impairment calculations involve management's best estimate of the holding period, market comparables, future occupancy levels, rental rates, capitalization rates, lease-up periods and capital requirements for each property at the point in time when a valuation analysis is performed. We review our properties for recoverability when events or circumstances, including changes in our use of property or the strategy for its overall business, plans to sell a property before its depreciable life has ended, occupancy changes, significant near-term lease expirations, significant deteriorations of the underlying cash flows of the property, and other market factors indicate that the carrying amount of the property may not be recoverable. Impairment is measured as the amount by which the carrying amount of the property exceeds the fair value of the property. A change in any one or more of these factors could materially impact whether a property is impaired as of any given valuation date.

There were no material changes in the accounting methodology we use to assess impairment charges during the year ended December 31, 2025.

We did not record any impairment charges during the years ended December 31, 2025 and 2024.

Revenue Recognition

Revenue Recognition – Rental Revenue and Asset Management Fees

We collect rent from our tenants based on our lease agreements. We recognize revenues on an accrual basis as earned. Revenue from minimum lease payments under our leases is recognized on a straight-line basis to the extent that future lease payments are considered collectible. If tenant lease payments are not likely to be collected, then the revenues will be recognized on a cash basis (or if the answer changes at a later date, the revenues are adjusted to reflect what it would have been on a cash basis) and the adjustments will be recorded through rental revenues, rather than bad debt expense. Tenant reimbursements that are collected from the tenants are included within rental revenues and are based on the actual property tax and insurance incurred for the properties.

We earn our asset management fees based on a percentage of the purchase price or equity raised. As the manager, our duty is to manage the day-to-day operations of the special-purpose entities which own the properties. Asset management fees are recognized as a single performance obligation (managing the properties) comprised of a series of distinct services (handling issues with our tenants, etc.). We believe that the overall service of asset management is substantially the same each day and has the same pattern of performance over the term of the agreement. As a result, each day of service represents a performance obligation satisfied at that point in time. These fees are recognized at the end of each period for services performed during that period, billed monthly and paid quarterly.

Revenue Recognition - Resident Fees and Services

We recognize resident fees and services revenue at the amount that we expect to be entitled to in exchange for providing resident care and services. Resident fees are recognized and billed monthly based on the contracted rate in the resident lease agreements and the reimbursements from Medicaid are based on contracted reimbursement rates. These amounts are paid directly from the residents and/or third-party payors (currently only Medicaid). Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by us. The majority of resident fees and services is attributable to the portion of the base monthly lease fee in the resident lease agreement. We elected the lessor practical expedient within ASC 842, Leases ("ASC 842") and recognize the resident fee revenue based upon the predominant component, either the lease or non-lease component, of the contracts. We have determined that the lease component is the predominant component and the services included under the resident agreements have the same timing and pattern of transfer and are performance obligations that are satisfied over time. Resident services consist of care level services and certain other ancillary services (i.e., housekeeping, laundry, etc.). These services are provided and paid for in addition to the standard fees included in each resident lease (i.e., room and board, standard meals, etc.).

Equity-Method Investments

We recognize our investments in unconsolidated entities over whose operating and financial policies we have the ability to exercise significant influence but not control, under the equity method of accounting. We initially record our investments based on our cash invested or for properties that we have contributed, at the carrying value of the properties at the time of contribution.

We evaluate our equity-method investments for impairment whenever events or changes in circumstances indicate that the carrying value of our investments may be other than temporarily impaired and when the carrying value may exceed the fair value. The fair value is estimated based on discounted cash flows models that include all estimated cash flows and terminal values based on an estimated hold period. The discounted cash flows are based on several assumptions including terminal capitalization rates, terminal lease rates, stabilized occupancy, stabilized operating margin, and discount rates. The assumptions are generally based on management's experience in its real estate markets, and the effects of current market conditions, which are subject to economic and market uncertainties. If we believe that there is an other-than temporary decline in the value of an equity method investment, we would record an impairment loss to the extent that the carrying value exceeds the estimated fair value of such equity-method investment.

For the years ended December 31, 2025 and 2024, we did not record any impairment of our Equity-Method Investments. See Note 5 to the accompanying Notes to Consolidated Financial Statements for further information.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See the index included at Item 15. Exhibits and Financial Statement Schedules.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management, under the supervision of our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), periodically evaluate the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities and 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, and that such information is accumulated and communicated to our senior management, including our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), as appropriate, to allow timely decisions regarding required disclosure. Based upon this evaluation as of December 31, 2025, our Chief Executive Officer (Principal Executive Officer) and our Chief Financial Officer (Principal Financial Officer) have concluded that these disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in reports we filed or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosures.

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, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Management's Report on Internal Control over Financial Reporting

Our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer) are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13(a)-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on their evaluation, our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer) have concluded that our internal control over financial reporting was effective as of December 31, 2025.

This report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. As a smaller reporting company under applicable SEC rules, we are not required to include an attestation of management's report from our independent registered public accounting firm.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

10b5-1 Plans

During the year ended December 31, 2025, no director or officer adopted or terminated any contract, instruction or written plan for the purchase or sale of securities of the registrant intended to satisfy the affirmative defense conditions of Rule 10b5–1(c) or any "non-Rule 10b5-1 trading arrangement" as defined in paragraph (c) of 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

Board of Directors

Our Board of Directors (our "Board") is currently comprised of three members, Mr. J. Steven Roush, Ms. Suzanne Koenig, and Ms. Elizabeth Pagliarini, of which, J. Steven Roush and Suzanne Koenig are independent directors.

J. Steven Roush, CPA, age 79 serves on our Audit, Independent Directors, Compensation and Investment Committees. Mr. Roush chairs our Board of Directors and our Audit Committee. Mr. Roush's terms on our Board and the Committees noted above expire on the date of the 2026 Annual Meeting. Mr. Roush retired from PricewaterhouseCoopers (PWC) in 2007 after 39 years, 30 of those as a Partner. Mr. Roush brings experience in a diverse number of industries ranging from manufacturing, non-profits and retail (restaurants) with concentrations in real estate (office, residential, hospitality and commercial), telecommunications and pharmaceutical. He has a background in dealing with both private and public company boards of directors. Mr. Roush has a Bachelor of Science Degree in Accounting from Drake University and an Executive Masters Professional Director Certification from the American College of Corporate Directors. Mr. Roush has served on our Board since 2014.

Mr. Roush brings to our Board years of dealing with the SEC and its various regulatory filings, Sarbanes Oxley (SOX 404) implementation and maintenance and the experience of working with many diverse boards running across varied industries. Over the years, he has served as an office managing partner, an SEC Review Partner (over 20 years) and a Risk Management Partner. Mr. Roush previously served as Chairman of the Board and Chairman of the Audit Committee of W.E. Hall Company, a privately held manufacturer and distributor of corrugated pipe and related drainage products and Chairman of the Board and Chairman of the Audit Committee for Fieldpiece Instruments, Inc., a privately held manufacturer of hand held instruments for HVAC/R field service. He is on the Extended Leadership Team of the American Heart Association - Orange County and previously served six years on the Audit Committee of the National American Heart Association. Mr. Roush serves on the Corporate Cabinet of the Tocqueville Society of United Way – Orange County. Mr. Roush is a founding member of the Private Directors Association-Southern California chapter. Mr. Roush also served on the Board of Trustees of the Orange County Museum of Art and was the Treasurer and the Chairman of the Finance Committee. He currently serves on the Board of Advisors to the UC Irvine Langson Orange County Museum of Art. He also previously served as a member of the Board and Chairman of the Audit committee of AirTouch Communications, Inc., a public telecommunication device company, and Staar Surgical Company, a public manufacturer of implantable lenses for the eye. Our Board has determined that Mr. Roush satisfies the SEC's requirements of an "audit committee financial expert."

Suzanne Koenig, age 65, serves on our Audit, Independent Directors, Compensation and Investment Committees. Ms. Koenig's terms on our Board and the Committees noted above expire on the date of the 2026 Annual Meeting. Ms. Koenig is president and founder of SAK Management Services LLC, a nationally recognized long-term care management and healthcare consulting services company, where she has worked for over 25 years. With over 35 years of extensive experience as an owner and operator, Ms. Koenig offers specialized skills in operations improvement, staff development and quality assurance with particular expertise in marketing, census development and operations enhancement for the whole spectrum of senior housing, long-term care and other healthcare entities requiring turnaround services. Ms. Koenig has served on our Board since 2015.

Ms. Koenig's professional experience has included executive positions in marketing, development and operations management for both regional and national healthcare providers representing property portfolios throughout the United States. Recently Ms. Koenig has been appointed as the Patient Care Ombudsman, Examiner, Receiver and Chapter 11 Trustee in several of the new Health Care Bankruptcy Filings (Chapter 11 and Chapter 7) with the advent of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, including healthcare entities such as physician practices and hospitals. In addition, Ms. Koenig has served in an advisory and consulting capacity for numerous client engagements involving bankruptcy proceedings as well as in turnaround management situations. She offers proven proficiency in maximizing financial return and cash flow, while maintaining the highest standards of quality care.

Ms. Koenig brings to our Board over 40 years of experience in operating long-term care and senior housing facilities. Ms. Koenig offers the practical perspective of the challenges and opportunities confronting healthcare providers in managing the changing dynamics of this industry. She is a Certified Turnaround Practitioner, a Licensed Nursing Home Administrator and a Licensed Social Worker.

Ms. Koenig also serves as an officer and director for several of the states' long term care provider associations. Ms. Koenig is a Board of Director of the American Bankruptcy Institute and the former Co-Chair of the Health Care Insolvency Committee of the American Bankruptcy Institute. Ms. Koenig is a Board of Director for the Global Turnaround Management Association. Ms. Koenig is a frequent speaker for various healthcare industry associations and business affiliates where she conducts continuing education and training programs. She holds a Master of Science Degree from Spertus College, Illinois, and a Bachelor of Social Work Degree from the University of Illinois, Champaign-Urbana, Illinois.

Elizabeth Pagliarini, age 55, currently serves as our Chief Executive Officer and Secretary. Further information regarding Ms. Pagliarini's business experience and specific skills that qualify her to serve as a director of the Company is set forth below in the "Executive Officers" section. Ms. Pagliarini has served on our Board since July 2023.

Executive Officers

Ms. Elizabeth Pagliarini is our Chief Executive Officer and Secretary. Our Chief Financial Officer and Treasurer is Ms. Sharyn Grant.

Elizabeth Pagliarini, age 55, was appointed as our Chief Executive Officer and Secretary, as well as a member of our Board of Directors, in July 2023, the term of which expires on the date of the 2026 Annual Meeting, and has been with the Company since June 2014. She previously served as our Chief Financial Officer and Treasurer since September 2014 and Chief Operating Officer since August 2019. Ms. Pagliarini is a seasoned executive with over 30 years of experience in financial services and investment banking having held positions including chief executive officer, president, chief financial officer and chief compliance officer. Ms. Pagliarini successfully broke the "glass ceiling" in her mid-twenties as chief executive officer and chairwoman of the board of an investment brokerage subsidiary of a public company in Beverly Hills, California. She also co-founded a boutique investment bank and registered broker-dealer. Prior to working at Summit, Ms. Pagliarini was a principal at a securities litigation and financial consulting firm since 2001 and chief compliance officer and FINOP (financial and operations principal) at a Los Angeles-based investment bank from 2005-2008. Ms. Pagliarini received her Bachelor of Science in Business Administration with a concentration in Finance from Valparaiso University where she was honored with their highest academic award, the Presidential Scholarship. She is also a Certified Fraud Examiner (CFE).

Ms. Pagliarini brings to the Board extensive executive experience in finance - related companies, including as chief executive officer, chief financial officer and chief operating officer of the Company.

Ms. Pagliarini is a member of the Board of Directors of First Foundation Inc. (NYSE: FFWM), and serves as chairperson of its risk committee, chairperson of its regulatory compliance oversight committee, and as a member of the compensation and nominating and governance committees. She has served as Chairwoman of the Mission Viejo, California Investment Advisory Commission and as an advisory board member of The CFO Executive Summit of Southern California. In addition, she proudly serves on the Emeritus Board of Directors for Forever Footprints, a non-profit organization that provides support to families that have suffered the loss of a baby during pregnancy or infancy and educates the medical community to improve quality of care and response. In 2020, Ms. Pagliarini was awarded with the Lifetime Achievement Award at the Orange County Business Journal's CFO of the Year Awards after receiving nominations for CFO of the Year in both 2019 and 2020. She has also been named one of "20 Women to Watch" by OC Metro magazine and nominated for The Orange County Business Journal's Women in Business Award. Additionally, she has been honored by Step Up Women's Network as the recipient of their prestigious Commitment to Philanthropy Volunteer Award and by Forever Footprints as the winner of their Compassion Award.

Sharyn Grant, age 63, was appointed as Summit's Chief Financial Officer and Treasurer in July 2023. She has been with the Company since 2015 and previously served as our Controller. Ms. Grant has over 25 years of experience in accounting and finance in real estate, healthcare and technology. Ms. Grant's responsibilities include corporate strategy, budgeting, forecasting and financial analysis, treasury, audit, SEC reporting and tax functions. Ms. Grant holds an active Certified Public Accountant (CPA) license, which she attained during her 10-year career at BDO USA, LLP, and is a member of the American Institute of Certified Public Accountants. Ms. Grant received her Bachelor of Arts in Business Administration with a concentration in Accounting, with high honors, from Cal State University, Fullerton.

Code of Business Conduct and Ethics

Our Board has adopted a Code of Business Conduct and Ethics that is applicable to all members of our Board and our executive officers. The Code of Business Conduct and Ethics can be accessed through our website: www.summithealthcarereit.com/code-of-business-conduct-and-ethics.

Changes to Director Nomination Procedures

The Board of Directors of the Company established August 11, 2026, as the date of the Company's 2026 annual meeting of stockholders (the "2026 Annual Meeting"). The time and location of the 2026 Annual Meeting will be specified in the Company's proxy statement for the 2026 Annual Meeting. The Board has fixed the close of business on June 15, 2026, as the record date for determining stockholders of the Company who are entitled to vote at the 2026 Annual Meeting, including any adjournments or postponements thereof.

Pursuant to the Company's Amended and Restated Bylaws, as amended (our "Bylaws"), any stockholder who wishes to make a nomination or introduce an item of business at the 2026 Annual Meeting, other than pursuant to Rule 14a-8 under the Exchange Act, must comply with the procedures set forth in our Bylaws, including delivering proper notice to us in writing to our Corporate Secretary at our principal executive offices not later than the close of business on April 13, 2026 (i.e. the 120th day prior to the date of such annual meeting). The notice must also include the information specified in our Bylaws.

In addition, to comply with the SEC's universal proxy rules, shareholders who intend to solicit proxies in support of director nominees other than the Company's nominees must provide notice in writing to our Corporate Secretary at our principal executive offices that sets forth the information required by Rule 14a-19 under the Exchange Act, no later than April 13, 2026.

Notices of intention to present proposals or nominate directors at the 2026 Annual Meeting, and all supporting information required by SEC rules and our Bylaws, as applicable, must be submitted to: Corporate Secretary, Summit Healthcare REIT, Inc. 23382 Mill Creek Drive, Suite 125, Laguna Hills, CA 92653.

Audit Committee

Our Board has a standing Audit Committee that selects the independent registered public accounting firm that audits our annual consolidated financial statements, reviews the plans and results of the audit engagement with the independent registered public accounting firm, approves the audit and non-audit services provided by the independent registered public accounting firm, reviews the independence of the independent registered public accounting firm, considers the range of audit and non-audit fees and reviews the adequacy of our internal accounting controls. The current members of the Audit Committee are J. Steven Roush and Suzanne Koenig. J. Steven Roush serves as the Chairman of the Audit Committee and satisfies the SEC's requirements of an "audit committee financial expert."

Insider Trading Policy

The Company has adopted a Policy on Insider Trading that governs the purchase, sale, and/or other dispositions of the Company's securities by directors, officers and employees, and which is filed as an exhibit to this Annual Report on Form 10-K. The Company believes its Policy on Insider Trading is reasonably designed to promote compliance with insider trading laws, rules and regulations.

ITEM 11. EXECUTIVE COMPENSATION

Executive Compensation

The following table provides certain information concerning compensation for services rendered in all capacities by our named executive officers during the fiscal years ended December 31, 2025 and 2024.

Name and Principal Position	Year	Salary	Bonus	Option Awards	All Other Comp	Total
Elizabeth Pagliarini, Chief Executive Officer and Secretary	2025	$ 575,760	$ 400,000	$ —	$ 14,000 (2)	$ 989,760
	2024	$ 575,760	$ 400,000 (3)	$ —	$ 13,800 (1)	$ 989,560
Sharyn Grant, Chief Financial Officer and Treasurer	2025	$ 250,760	$ 10,000	$ —	$ 10,430 (2)	$ 271,190
	2024	$ 250,760	$ 40,000	$ —	$ 32,297 (4)	323,057

(1) This amount relates to the employer matching 401(K) contributions which were paid in 2024.
(2) This amount relates to the employer matching 401(K) contributions which were paid in 2025.
(3) Relates to discretionary bonus earned in 2024 which was paid in 2025.
(4) $12,425 of this amount relates to the employer matching 401(K) contributions which were paid in 2024 and $19,872 related to unused paid time off earned in prior years paid out in 2024.

Employment Agreements with Named Executive Officers

In December 2024, the Company entered into an employment agreement with Elizabeth Pagliarini, Chief Executive Officer and Secretary, which was approved by the Company's Compensation Committee and Board of Directors. Ms. Pagliarini's employment agreement has a three-year term and contains standard terms relating to salary, bonus, position, duties and benefits (including eligibility for equity compensation), as well as a special cash payment following termination without cause or a change in control of the Company, as discussed in greater detail below. The base salary for Ms. Pagliarini was set at $575,000 per annum and is subject to annual merit increases.

In November 2024, the Company entered into an employment agreement with Sharyn Grant, Chief Financial Officer and Treasurer, which was approved by the Company's Compensation Committee and Board of Directors. Ms. Grant's employment agreement has a three-year term and contains standard terms relating to salary, bonus, position, duties and benefits (including eligibility for equity compensation), as well as a special cash payment following termination without cause or a change in control of the Company, as discussed in greater detail below. The base salary for Ms. Grant was set at $250,000 per annum and is subject to annual merit increases.

Potential Payments upon Termination or Change in Control

Under Ms. Pagliarini's and Ms. Grant's employment agreement, if there is a termination of the executive's employment by the Company without cause or by them for good reason, then the named executive officer will be entitled to receive payment of any base salary amounts that have accrued but not been paid as of the termination date, expenses not yet reimbursed, vested benefits accrued through the termination date payable pursuant to the plans providing such benefits and cash severance in the amount equal to two times base salary for Ms. Pagliarini and one times base salary for Ms. Grant. In addition, all options granted to the executive under the Summit Healthcare REIT, Inc. 2015 Omnibus Incentive Plan that otherwise were unvested shall immediately and fully accelerate and shall be deemed to be vested, and the executive shall be entitled to reimbursement for monthly COBRA premiums until the earliest of (A) the specified number of months from the anniversary of the termination date; or (B) the date on which she becomes eligible to enroll in comparable coverage with another employer.

If the Company undergoes a change in control during the executive's term of employment or within six months after the termination of the employment, other than for cause, then the Company will pay a cash bonus in the amount equal to three times base salary for Ms. Pagliarini and one times base salary for Ms. Grant, as defined in the employment agreements. In addition, all options granted to the executive under the Summit Healthcare REIT Inc. 2015 Omnibus Incentive Plan that otherwise were unvested shall immediately and fully accelerate and shall be deemed to be vested.

Director Compensation

In the event that a director is also one of our full-time executive officers, we do not pay any compensation for services rendered as a director. The amount and form of compensation payable to our directors for their service to us is determined by the Compensation Committee of our Board, based in part on its evaluation of third-party board compensation information.

The following table summarizes the annual compensation received by our independent directors for the fiscal year ended December 31, 2025.

Name	Fees Earned or Paid in Cash in 2025	Stock Awards	Total
J. Steven Roush	$ 82,000	$ —	$ 82,000
Suzanne Koenig	$ 62,000	$ —	$ 62,000

During fiscal year 2025, we paid each of our independent directors' compensation as follows:

- $50,000 annual retainer, paid pro-rata monthly ($12,500 per director per quarter);
- Board meeting fee of $2,000 per meeting for each regularly scheduled Board meeting ($2,000 per director per quarter);
- Special Board meeting fee of $1,000 per meeting, per director, which will apply to any Board meeting called by an executive officer of the Company that is not a regular scheduled Board meeting;
- Committee fees of $1,000 per committee meeting duly called by an officer of the Company (approximately $1,000 per director per quarter, plus other meetings); and
- Annual fee of $12,500 for the Chairman of the Board of Directors and $7,500 for the Chairman of the Audit Committee.

All directors are reimbursed for all reasonable out-of-pocket expenses incurred in connection with attendance at meetings of our Board and Committees.

Summit Healthcare REIT, Inc. 2015 Omnibus Incentive Plan

In October 2015, we adopted the Summit Healthcare REIT, Inc. 2015 Omnibus Incentive Plan. The purpose of the Omnibus Incentive Plan is to provide a means through which to attract and retain key personnel and to provide a means whereby current or prospective directors, officers, employees, consultants and advisors can acquire and maintain an equity interest in us, or be paid incentive compensation, including incentive compensation measured by reference to the value of our common stock, thereby strengthening their commitment to our welfare and aligning their interests with those of our stockholders.

The Omnibus Incentive Plan expired in accordance with its terms in October 2025.

The Company has not adopted a new equity incentive plan.

Policies and Practices Related to the Grant of Certain Equity Awards Close in Time to the Release of Material Nonpublic Information

Because there is no current public market for our common stock, the release of material nonpublic information is unlikely to result in changes to the price of our common stock. Similarly, the award of stock options or similar equity awards does not constitute a significant portion of the compensation paid to our executive officers or other employees. Notwithstanding the foregoing, our policy is to not grant stock options or similar awards in anticipation of the release of material nonpublic information, such as a significant positive or negative earnings announcement, and not time the public release of such information based on stock option grant dates.

In addition, it is our policy to not grant stock options or similar awards during periods in which there is material nonpublic information about our Company, including (i) during “blackout” periods or outside a “trading window” established in connection with the public release of earnings information under our insider trading policy or (ii) at any time during the four business days prior to or the one business day following the filing of our periodic reports or the filing or furnishing of a Form 8-K that discloses material nonpublic information.

We granted 33,000 stock options in April 2025. Historically, the Compensation Committee has awarded stock options or equity awards in April of a fiscal year. If we grant any stock options or equity awards on a go forward basis, we will ensure that such grants are made at least four business days before or after the filing of our annual report on Form 10-K for such recently completed fiscal year (with the first day being the filing date), any quarterly report on Form 10-Q or the filing or furnishing of any current report on Form 8-K that discloses material nonpublic information (other than a current report on Form 8-K disclosing a material new option award grant under Item 5.02(e) of that form).

Outstanding Equity Awards as of December 31, 2025

The following table presents information regarding the outstanding equity awards held by each of our named executive officers as of December 31, 2025, including the vesting dates for the portions of these awards that had not vested as of that date.

	Option Awards			
Name	Number of Securities Underlying Unexercised Options - Exercisable	Number of Securities Underlying Unexercised Options - Unexercisable	Option Exercise Price	Option Expiration Date
Elizabeth Pagliarini	73,118	—	$ 2.02	12/1/2026
Elizabeth Pagliarini	70,000	—	$ 2.04	4/1/2027
Elizabeth Pagliarini	17,445	—	$ 2.26	11/7/2027
Elizabeth Pagliarini	80,000	—	$ 2.24	4/1/2028
Elizabeth Pagliarini	225,000	—	$ 2.26	3/1/2029
Sharyn Grant	10,000	—	$ 2.02	12/31/2026
Sharyn Grant	10,000	—	$ 2.24	12/31/2027
Sharyn Grant	12,000	—	$ 2.26	12/31/2028
Sharyn Grant	12,000	—	$ 2.26	12/31/2029
Sharyn Grant	25,000	—	$ 2.35	3/31/2032
Sharyn Grant	22,222	2,778 (1)	$ 2.18	3/31/2033

(1) 695 stock options vest monthly and become fully vested on April 1, 2026

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

Equity Compensation Plan Information

Our only equity compensation plan was the Company's 2015 Omnibus Incentive Plan, which expired in accordance with its terms in October 2025, and the only form of equity granted pursuant to our 2015 Omnibus Incentive Plan to date are stock options. Our equity compensation plan information as of December 31, 2025 is as follows:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance
Equity compensation plans approved by security holders	1,041,063	$ 2.35	— (1)
Equity compensation plans not approved by security holders	—	—	—
Total	1,041,063	$ 2.35	—

(1) At the time of its expiration in October 2025, the 2015 Omnibus Incentive Plan had 1,865,270 securities remaining available for future issuance.

OWNERSHIP OF EQUITY SECURITIES

Security Ownership of Certain Beneficial Owners

There are no persons known to the Company to beneficially own 5% or more of our outstanding common stock.

Security Ownership of Management

The following table sets forth information as of March 15, 2026, regarding the beneficial ownership of our common stock by each of our directors, each of our named executive officers, and our directors and executive officers as a group. The percentage of beneficial ownership is calculated based on 23,027,978 shares of common stock outstanding as of March 15, 2026.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percentage of Class
Elizabeth Pagliarini	465,563	2.0 %
J. Steven Roush	160,000	*
Suzanne Koenig	110,000	*
Sharyn Grant	94,000	*
All current directors and executive officers as a group (4 persons)	829,563	3.6 %

* Less than 1%.

(1) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities and shares issuable pursuant to options, warrants and similar rights held by the respective person or group that may be exercised within 60 days following March 15, 2026. All amounts noted are stock options. Except as otherwise indicated by footnote, and subject to community property laws where applicable, the persons named in the table above have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. None of the securities listed are pledged as security.

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

The Independent Directors Committee has reviewed the material transactions between the Company and our affiliates (including CRA, our former advisor) since the beginning of 2025, as well as any such currently proposed transactions. Set forth below is a description of such transactions.

Our Relationship with Our Equity-Method Investments

We currently have an interest in one equity-method investment (see Note 5 to the accompanying Notes to Consolidated Financial Statements). We serve as the manager of our equity-method investments and provide various services in exchange for fees and reimbursements. Under the agreements, as the manager, we are paid an annual asset management fee based on the properties in the portfolios, as defined in the agreements. All asset management fees are paid to Summit Healthcare Asset Management, LLC ("SAM TRS"), our consolidated taxable REIT subsidiary, and expenses incurred by us, as the manager, are reimbursed from SAM TRS.

For the year ended December 31, 2025, we recorded approximately $0.1 million in asset management fees as the manager of our equity-method investments.

Our Policy regarding Transactions with Affiliates

Our charter requires our Independent Directors Committee to review and approve all transactions involving our affiliates and us. For example, prior to entering into a transaction with an affiliate, a majority of the Independent Directors Committee must have concluded that the transaction was fair and reasonable to us and on terms and conditions not less favorable to us than those available from unaffiliated third parties. Furthermore, our Independent Directors Committee must review at least annually our fees and expenses to determine that the expenses incurred are reasonable in light of our investment performance, our net asset value, our net income and the fees and expenses of other comparable unaffiliated REITs.

Our Code of Business Conduct and Ethics sets forth examples of types of transactions with related parties that would create conflicts of interest between the interests of our stockholders and the private interests of the parties involved in such transactions. Our directors and officers are required to take all reasonable action to avoid such conflicts of interest or the appearance of conflicts of interest. If a conflict of interest becomes unavoidable, our directors and officers are required to report the conflict to a designated ethics contact, which, depending on the circumstances of the transaction, would be either our Chief Executive Officer, Chief Financial Officer or the Chairman of our Audit Committee. The appropriate ethics contact is then responsible for working with the reporting director or officer to monitor and resolve the conflict of interest in accordance with our Code of Business Conduct and Ethics.

Director Independence

Our charter contains detailed criteria for determining the independence of our directors and requires a majority of the members of our Board to qualify as independent. Our Board consults with our legal counsel to ensure that its independence determinations are consistent with our charter and applicable securities and other laws and regulations. Consistent with these considerations, after reviewing all relevant transactions or relationships between each director, or any of his family members and the Company, our senior management and our independent registered public accounting firm, our Board has determined that a majority of our Board is independent. Furthermore, although our shares are not listed on a national securities exchange, our Board reasonably believes that a majority of our Board and, thus, a majority of our Audit Committee, Independent Directors Committee, Compensation Committee and Investment Committee are independent under the Nasdaq Stock Exchange listing standards.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table lists the aggregate fees billed for services incurred by us in fiscal years 2025 and 2024 rendered by Haskell & White LLP, our principal accountant, starting in August 2024:

	Year Ended December 31,	
Haskell & White LLP	**2025**	**2024**
Audit Fees[1]	$ 305,000	$ 227,000
Total	$ 305,000	$ 227,000

(1) Audit fees for 2025 and 2024 consisted of the audit of our annual consolidated financial statements, reviews of our quarterly consolidated financial statements, consents, and other audit services related to filings with the SEC.

The Audit Committee pre-approves all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for us by our independent auditor, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act and the rules and regulations of the SEC which are approved by the Audit Committee prior to the completion of the audit.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

The following financial statements are included in a separate section of this Annual Report on Form 10-K commencing on the page numbers specified on the next page:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2025 and 2024

Consolidated Statements of Operations for the Years Ended December 31, 2025 and 2024

Consolidated Statements of Equity for the Years Ended December 31, 2025 and 2024

Consolidated Statements of Cash Flows for the Years Ended December 31, 2025 and 2024

Notes to Consolidated Financial Statements

(2) Exhibits

The exhibits listed on the Exhibit Index (following the signatures section of this report) are included, or incorporated by reference, in this annual report.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Table of Contents

Report of Independent Registered Public Accounting Firm

Stockholders and Board of Directors
Summit Healthcare REIT, Inc
Laguna Hills, California

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Summit Healthcare REIT, Inc. and Subsidiaries (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of operations, equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2025 and 2024, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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 Public Company Accounting Oversight Board (United States) ("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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, audits of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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

Critical audit matters are matters arising from the current period audit of the 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 financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Haskell & White LLP

We have served as the Company's auditor since 2024.

Irvine, California

March 27, 2026

SUMMIT HEALTHCARE REIT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2025 and 2024

	December 31, 2025	December 31, 2024
ASSETS		
Cash and cash equivalents	$ 23,706,000	$ 25,195,000
Restricted cash	2,682,000	2,744,000
Real estate properties, net (Notes 3 and 14)	38,862,000	39,939,000
Tenant and other receivables, net	1,470,000	1,617,000
Other assets, net	784,000	874,000
Equity-method investments	1,775,000	449,000
Total assets	$ 69,279,000	$ 70,818,000
LIABILITIES AND EQUITY (DEFICIT)		
Accounts payable and accrued liabilities	$ 3,885,000	$ 4,193,000
Security deposits	337,000	338,000
Loans payable, net of debt issuance costs (Notes 4 and 14)	39,858,000	41,030,000
Total liabilities	44,080,000	45,561,000
Commitments and contingencies (Note 10)		
Stockholders' Equity		
Preferred stock, $0.001 par value; 10,000,000 shares authorized; no shares issued or outstanding at December 31, 2025 and 2024	—	—
Common stock, $0.001 par value; 290,000,000 shares authorized; 23,027,978 shares issued and outstanding at December 31, 2025 and 2024	23,000	23,000
Additional paid-in capital	115,518,000	116,520,000
Accumulated deficit	(90,499,000)	(91,429,000)
Total stockholders' equity	25,042,000	25,114,000
Noncontrolling interests	157,000	143,000
Total equity	25,199,000	25,257,000
Total liabilities and equity	$ 69,279,000	$ 70,818,000

The accompanying notes are an integral part of these consolidated financial statements

SUMMIT HEALTHCARE REIT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2025 and 2024

	2025	2024
Revenues:		
Total rental revenues	$ 5,271,000	$ 8,986,000
Resident fees and services	7,434,000	7,102,000
Asset management fees	133,000	266,000
Total operating revenue	12,838,000	16,354,000
Expenses:		
Property operating costs	1,384,000	1,498,000
Resident costs	5,777,000	6,008,000
General and administrative	4,443,000	4,621,000
Depreciation and amortization	1,447,000	2,716,000
Total operating expenses	13,051,000	14,843,000
Gain on derecognition and disposal associated with GA8 Properties (Note 14)	—	(30,681,000)
Gain on sale of real estate properties (Note 3)	—	(11,151,000)
Operating (loss) income	(213,000)	43,343,000
Income from equity-method investees	1,870,000	2,887,000
Other income	952,000	523,000
Interest expense	(1,872,000)	(3,086,000)
Interest expense associated with GA8 Properties (Note 14)	—	(16,459,000)
Gain on sale of equity-method investment	293,000	—
Net income	1,030,000	27,208,000
Noncontrolling interests' share in net income	(100,000)	(102,000)
Net income applicable to common stockholders	$ 930,000	$ 27,106,000
Earnings per common share:		
Basic:		
Net income applicable to common stockholders	$ 0.04	$ 1.18
Diluted:		
Net income applicable to common stockholders	$ 0.04	$ 1.18
Weighted average shares used to calculate earnings per common share:		
Basic	23,027,978	23,027,978
Diluted	23,071,886	23,067,460

The accompanying notes are an integral part of these consolidated financial statements

SUMMIT HEALTHCARE REIT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY

For the Years Ended December 31, 2025 and 2024

	Common Stock						
	Number of Shares	**Common Stock Par Value**	**Additional Paid-In Capital**	**Accumulated Deficit**	**Total Stockholders' Equity**	**Noncontrolling Interests**	**Total Equity**
Balance — January 1, 2024	**23,027,978**	**$ 23,000**	**$ 116,473,000**	**$ (118,535,000)**	**$ (2,039,000)**	**$ 122,000**	**$ (1,917,000)**
Stock-based compensation	—	—	47,000	—	47,000	—	47,000
Distributions paid to noncontrolling interests	—	—	—	—	—	(81,000)	(81,000)
Net income	—	—	—	27,106,000	27,106,000	102,000	27,208,000
Balance — December 31, 2024	**23,027,978**	**23,000**	**116,520,000**	**(91,429,000)**	**25,114,000**	**143,000**	**25,257,000**
Stock-based compensation	—	—	34,000	—	34,000	—	34,000
Distributions paid to noncontrolling interests	—	—	—	—	—	(86,000)	(86,000)
Distributions paid to stockholders	—	—	(1,036,000)	—	(1,036,000)	—	(1,036,000)
Net income	—	—	—	930,000	930,000	100,000	1,030,000
Balance — December 31, 2025	**23,027,978**	**$ 23,000**	**$ 115,518,000**	**$ (90,499,000)**	**$ 25,042,000**	**$ 157,000**	**$ 25,199,000**

The accompanying notes are an integral part of these consolidated financial statements

SUMMIT HEALTHCARE REIT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Net income	$ 1,030,000	$ 27,208,000
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Amortization of debt issuance costs	70,000	259,000
Depreciation and amortization	1,447,000	2,716,000
Amortization of above-market lease intangible	—	42,000
Straight-line rents	(21,000)	(196,000)
Stock-based compensation expense	34,000	47,000
Gain on sale of real estate properties	—	(11,151,000)
Gain on derecognition and disposal of assets and liabilities associated with GA8 Properties	—	(30,681,000)
Gain on sale of equity-method investment	(293,000)	—
Income from equity-method investees	(1,870,000)	(2,887,000)
Change in operating assets and liabilities, net of consolidated interest in unconsolidated equity-method investment and derecognition of assets:		
Tenant and other receivables, net	929,000	3,270,000
Other assets, net	(21,000)	207,000
Accounts payable and accrued liabilities	(144,000)	8,583,000
Security deposits	—	(109,000)
Net cash provided by (used in) operating activities	1,161,000	(2,692,000)
Cash flows from investing activities:		
Proceeds from sale of real estate properties, net of cash	—	27,906,000
Change in cash associated with the derecognition of assets associated with GA8 Properties	—	4,286,000
Additions to real estate and other assets	(423,000)	(268,000)
Investments in equity-method investees	(218,000)	(29,000)
Proceeds from sale of equity-method investment	293,000	2,711,000
Net cash (used in) provided by investing activities	(348,000)	34,606,000
Cash flows from financing activities:		
Payments of loans payable	(1,242,000)	(3,077,000)
Payment of distributions to stockholders	(1,036,000)	—
Repayment of loan payable related to sale of real estate properties	—	(15,000,000)
Distributions paid to noncontrolling interests	(86,000)	(81,000)
Net cash used in financing activities	(2,364,000)	(18,158,000)
Net (decrease) increase in cash, cash equivalents and restricted cash	(1,551,000)	13,756,000
Cash, cash equivalents and restricted cash — beginning of year	27,939,000	14,183,000
Cash, cash equivalents and restricted cash – end of year	$ 26,388,000	$ 27,939,000
Supplemental disclosure of cash flow information:		
Cash paid for interest:	$ 1,538,000	$ 10,798,000
Supplemental disclosure of non-cash investing activities:		
Derecognition of assets associated with GA8 Properties (Note 14):		
Real estate properties, net	$ —	$ 97,637,000
Intangible lease assets, net	$ —	$ 10,250,000
Other assets	$ —	$ 12,000
Accounts payable and accrued liabilities	$ —	$ (751,000)
Write off of deferred financing costs	$ —	$ 790,000
Security deposits	$ —	$ (2,589,000)
Release of loans payable associated with GA8 Properties	$ —	$ (121,870,000)
Release of interest payable associated with GA8 Properties	$ —	$ (9,872,000)

The accompanying notes are an integral part of these consolidated financial statements

SUMMIT HEALTHCARE REIT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2025 and 2024

1. Organization

Summit Healthcare REIT, Inc. ("Summit") is a real estate investment trust that, as of December 31, 2025, owns 100% of three properties, 95.3% of four properties, and a 10% interest in an unconsolidated equity-method investment that holds five properties. Summit is a Maryland corporation, formed in 2004 under the General Corporation Law of Maryland for the purpose of investing in and owning real estate. As used in these notes, the "Company", "we", "us" and "our" refer to Summit and its consolidated subsidiaries, including Summit Healthcare Operating Partnership, L.P. (the "Operating Partnership"), except where the context otherwise requires.

We conduct substantially all of our operations through the Operating Partnership, which is a Delaware limited partnership. We own a 99.88% general partner interest in the Operating Partnership, and Cornerstone Realty Advisors, LLC ("CRA"), a former affiliate, owns a 0.12% limited partnership interest.

Summit and the Operating Partnership are managed and operated as one entity, and Summit has no significant assets other than its investment in the Operating Partnership. Summit, as the general partner of the Operating Partnership, controls the Operating Partnership and consolidates the assets, liabilities, and results of operations of the Operating Partnership.

Cornerstone Healthcare Partners LLC – Consolidated Joint Venture

We own 95 % of Cornerstone Healthcare Partners LLC ("CHP LLC"), which was formed in 2012, and the remaining 5% noncontrolling interest is owned by Cornerstone Healthcare Real Estate Fund, Inc. ("CHREF"), an affiliate of CRA. CHP LLC is consolidated within our financial statements and owns four properties (the "JV Properties") with another partially owned subsidiary.

As of December 31, 2025 and 2024, we own a 95.3% interest in the four JV Properties, and CHREF owns a 4.7% interest.

Summit Union Life Holdings, LLC – Equity-Method Investment

In April 2015, through our Operating Partnership, we entered into a limited liability company agreement with Best Years, LLC ("Best Years"), an unrelated entity and a U.S.-based affiliate of Union Life Insurance Co, Ltd. (a Chinese corporation), and formed Summit Union Life Holdings, LLC (the "SUL JV"). The SUL JV is not consolidated in our consolidated financial statements and is accounted for under the equity-method in our consolidated financial statements. As of December 31, 2025, we have a 10% interest in the SUL JV which owns five properties and, as of December 31, 2024, owned nine properties. See Note 5 for further information.

Summit Fantasia Holdings II, LLC – Former Equity-Method Investment

In December 2016, through our Operating Partnership, we entered into a limited liability company agreement (the "Fantasia II LLC Agreement") with Fantasia Investment III LLC ("Fantasia"), an unrelated entity and a U.S.-based affiliate of Fantasia Holdings Group Co., Limited (a Chinese corporation listed on the Stock Exchange of Hong Kong (HKEX)), and formed Summit Fantasia Holdings II, LLC (the "Fantasia II JV"). The Fantasia II JV was not consolidated in our consolidated financial statements and was accounted for under the equity-method in our consolidated financial statements.

In May 2025, the Fantasia II JV sold its two properties resulting in the winding-up of our equity-method investment and as such, as of May 2025, we no longer have an equity-method investment in the Fantasia II JV. As of December 31, 2025 and 2024, we had a 0% and a 20% interest in the Fantasia II JV. See Note 5 for further information.

Summit Fantasia Holdings III, LLC – Former Equity-Method Investment

In July 2017, through our Operating Partnership, we entered into a limited liability company agreement with Fantasia and formed Summit Fantasia Holdings III, LLC (the "Fantasia III JV"). In May 2024, the Fantasia III JV sold their eight properties resulting in the winding-up of our equity-method investment and as such, as of May 2024, we no longer have an equity-method investment in the Fantasia III JV. See Note 5 for further information.

Summit Fantasy Pearl Holdings, LLC – Former Equity-Method Investment

In October 2017, through our Operating Partnership, we entered into a limited liability company agreement with Fantasia, Atlantis Senior Living 9, LLC, a Delaware limited liability company (“Atlantis”), and Fantasy Pearl LLC, a Delaware limited liability company (“Fantasy”), and formed Summit Fantasy Pearl Holdings, LLC (the “FPH JV”). The FPH JV was not consolidated in our consolidated financial statements and was accounted for under the equity-method in our consolidated financial statements.

In October 2025, we sold our 10% membership interest to an existing member of the FPH JV, we resigned as the manager, and as of October 2025, no longer have an equity-method investment in the FPH JV. As of December 31, 2025 and 2024, we had a 0% and 10% interest, respectively, in the FPH JV. See Note 5 for further information.

Taxable REIT Subsidiaries

Summit Healthcare Asset Management, LLC

Summit Healthcare Asset Management, LLC (“SAM TRS”) is our wholly-owned taxable REIT subsidiary (“TRS”). SAM TRS serves, or formerly served, as applicable, as the manager of the SUL JV, Fantasia II JV (through May 2024), Fantasia III JV (through May 2025), and FPH JV (through October 2025) (collectively, our “Equity-Method Investments”), and provide management services in exchange for fees and reimbursements. All asset management fees earned by us are paid to SAM TRS and expenses incurred by us, as the manager, are reimbursed from SAM TRS. See Notes 5 and 7 for further information.

SHOP TRS LLC

SHOP TRS LLC (“SHOP TRS”) is our wholly-owned taxable REIT subsidiary that is the sole member for two of our real estate properties that no longer have a lease with an unrelated tenant. Each of these properties are leased to an affiliated subsidiary, Pennington Gardens Operations LLC (“Pennington Gardens”) and Sundial Operations LLC (“Sundial”)(collectively, the “Operated Properties”), which are operated directly and earn resident fees and service revenue and the operations are consolidated in our financial statements.

2. Summary of Significant Accounting Policies

The summary of significant accounting policies presented below conform to accounting principles generally accepted in the United States of America, or GAAP, in all material respects, and have been consistently applied in preparing the accompanying consolidated financial statements.

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, the Operating Partnership, and its consolidated companies and are prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”).

All intercompany accounts and transactions have been eliminated in consolidation.

Accounting Standard Codification (“ASC”) 810, *Consolidation,* addresses how a business enterprise should evaluate whether it has a controlling interest in an entity through means other than voting rights and accordingly should consolidate the entity. Before concluding that it is appropriate to apply the voting interest consolidation model to an entity, an enterprise must first determine that the entity is not a variable interest entity. We evaluate, as appropriate, our interests, if any, in joint ventures and other arrangements to determine if consolidation is appropriate.

Variable Interest Entities

We analyze our contractual and/or other interests to determine whether such interests constitute an interest in a variable interest entity (VIE) in accordance with ASC 810, *Consolidation*, and, if so, whether we are the primary beneficiary. If we are determined to be the primary beneficiary of a VIE, we must consolidate the VIE. A VIE is broadly defined as an entity with one or more of the following characteristics: (a) the total equity investment at risk is insufficient to finance the entity’s activities without additional subordinated financial support; (b) as a group, the holders of the equity investment at risk lack (i) the ability to make decisions about the entity’s activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; and (c) the equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity’s activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. In determining whether we are the primary beneficiary, we consider, among other things, whether we have the power to direct the activities of the VIE that most significantly impact the entity's economic performance, including, but not limited to, determining or limiting the scope or purpose of the VIE, selling or transferring property owned or controlled by the VIE, or arranging financing for the VIE. We also consider whether we have the obligation to absorb losses of the VIE or the right to receive benefits from the VIE. We evaluated our wholly and partially-owned subsidiaries, the Operating Partnership and CHP, LLC and equity method investments to determine if they are a VIE, and if such VIE should be consolidated. The Operating Partnership and CHP, LLC are consolidated as the Company is deemed the primary beneficiary. Our Operating Partnership's equity investment in our Equity-Method Investments met the definition and criteria of VIEs. However, as we do not have power to direct the activities that most significantly impact economic performance of these VIEs, they are accounted for under the equity method of accounting and are reflected as equity-method investments.

Use of Estimates

The preparation of our consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We base these estimates on various assumptions that we believe to be reasonable under the circumstances, and these estimates form the basis for our judgments concerning the carrying values of assets and liabilities that are not readily apparent from other sources. We periodically evaluate these estimates and judgments based on available information and experience. Actual results could differ from our estimates under different assumptions and conditions. If actual results significantly differ from our estimates, our financial condition and results of operations could be materially impacted. The most significant estimates made include that of real estate acquisition valuation and the allocation of property purchase price to tangible and intangible assets acquired and liabilities assumed at relative fair value, the evaluation of potential impairment of long-lived assets and equity method investments, and the estimated useful lives of real estate assets and intangibles.

Cash and Cash Equivalents

We consider all short-term, highly liquid investments that are readily convertible to cash with a maturity of three months or less at the time of purchase to be cash equivalents. As of December 31, 2025, we had cash accounts in excess of FDIC-insured limits. To date, the Company has not experienced losses or lack of access to cash in its cash and cash equivalent accounts.

Restricted Cash

Restricted cash represents restricted cash held by our lenders in interest bearing accounts related to impound reserve accounts for property taxes, insurance and capital funds as required under the terms of the loan agreements.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown on the consolidated statements of cash flows:

	December 31, 2025	December 31, 2024
Cash and cash equivalents	$ 23,706,000	$ 25,195,000
Restricted cash	2,682,000	2,744,000
Total cash, cash equivalents, and restricted cash shown on the consolidated statements of cash flows	$ 26,388,000	$ 27,939,000

Investments in Real Estate and Depreciation

We allocate the purchase price of our properties in accordance with ASC 805 – Business Combinations. If the acquisition does not meet the definition of a business, we record the acquisition as an asset acquisition. For transactions that are business combinations, acquisition costs are expensed as incurred. For transactions that are an asset acquisition, acquisition costs are capitalized as incurred. Upon an asset acquisition of a property, we allocate the purchase price of the property based upon the relative fair value of the tangible and intangible assets acquired and liabilities assumed, which generally consists of land, buildings, site improvements, furniture and fixtures and intangible assets. 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. We allocate the purchase price to tangible assets of an acquired property by valuing the property as if it were vacant.

We are required to make subjective assessments as to the estimated useful lives of our depreciable assets. We consider the period of future benefit of the assets to determine the appropriate estimated useful lives. Depreciation of our assets is being charged to expense on a straight-line basis over the estimated useful lives. We depreciate the fair value allocated to building and improvements over estimated useful lives ranging from 15 to 39 years.

We estimate the value of furniture and fixtures based on the assets' depreciated replacement cost. We depreciate the fair value allocated to furniture and fixtures over estimated useful lives ranging from three to six years.

In allocating the purchase price to identified intangible assets and liabilities of an acquired property, the value of above/below-market leases and in-place leases are estimated as follows:

The value of above/below market leases is based on the differences between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) estimated fair market lease rates from the perspective of a market participant for the corresponding in-place leases, measured, for above-market leases, over a period equal to the remaining non-cancelable term of the lease and, for below-market leases, over a period equal to the initial term plus any below market fixed rate renewal periods. The above/below market leases are amortized as an adjustment to rental revenue over the remaining term of the respective leases.

The value of in-place leases consisting of tenant origination and absorption costs and leasing commissions avoided is based on the Company's evaluation of the specific characteristics of each tenant's lease. Factors considered include estimates of carrying costs during expected lease-up periods, current market conditions, discount rates, and costs to execute similar leases. The value of in-place leases are amortized over the remaining term of the respective leases and included in depreciation and amortization in the consolidated statements of operations. If a tenant vacates its space prior to its contractual expiration date, any unamortized balance of the related intangible asset is recorded in the consolidated statements of operations.

Held for Sale

We consider properties to be assets held for sale when (1) management commits to a plan to sell the property, (2) it is unlikely that the disposal plan will be significantly modified or discontinued; (3) the property is available for immediate sale in its present condition; (4) actions required to complete the sale of the property have been initiated; (5) sale of the property is probable and we anticipate the completed sale will occur within one year; and (6) the property is actively being marketed for sale at a price that is reasonable given our estimate of current market value. Upon designation of a property as an asset held for sale, we record the property's value at the lower of its carrying value or its estimated fair value, less estimated transaction costs. Depreciation and amortization of the property are discontinued. If a property subsequently no longer meets the criteria to be classified as held for sale, it is reclassified as held and used and measured at the lower of (i) its original carrying amount before the asset was classified as held for sale, adjusted for any depreciation expense not recognized while it was classified as held for sale, and (ii) its fair value.

Impairment of Real Estate Properties and Related Intangible Lease Assets

We evaluate the recoverability of the carrying value of our real estate properties and related intangible lease assets on a property-by-property basis. We review our real estate properties and related intangible lease assets for recoverability when events or circumstances, including changes in the Company's use of property or the strategy for its overall business, plans to sell a property before its depreciable life has ended, occupancy changes, significant near-term lease expirations, significant deteriorations of the underlying cash flows of the property, and other market factors indicate that the carrying amount of the property may not be recoverable. Impairment is measured as the amount by which the carrying amount of the real estate properties and related intangible lease assets exceeds the fair value of the property.

We did not record any impairments during the years ended December 31, 2025 and 2024.

Fair Value Measurements

Fair value represents the estimate of the proceeds to be received, or paid in the case of a liability, in a current transaction between willing parties. ASC 820, *Fair Value Measurement,* establishes a fair value hierarchy to categorize the inputs used in valuation techniques to measure fair value. Inputs are either observable or unobservable in the marketplace. Observable inputs are based on market data from independent sources and unobservable inputs reflect the reporting entity's assumptions about market participant assumptions used to value an asset or liability.

Financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1. Quoted prices in active markets for identical instruments.

Level 2. Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3. Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets and liabilities measured at fair value are classified according to the lowest level input that is significant to their valuation. A financial instrument that has a significant unobservable input along with significant observable inputs may still be classified as a Level 3 instrument.

We generally determine or calculate the fair value of financial instruments using quoted market prices in active markets when such information is available or use appropriate present value or other valuation techniques, such as discounted cash flow analyses, incorporating available market discount rate information for similar types of instruments and our estimates for non-performance and liquidity risk. These techniques are significantly affected by the assumptions used, including the discount rate, credit spreads, and estimates of future cash flow.

Fair Value Measurement of Financial Instruments

Our consolidated balance sheets include the following financial instruments: cash and cash equivalents, restricted cash, tenant and other receivables, certain other assets, accounts payable and accrued liabilities, security deposits and loans payable. With the exception of the loans payable discussed below, we consider the carrying values to approximate fair value for such financial instruments because of the short period of time between origination of the instruments and their expected payment. These are considered a Level 1 inputs.

As of December 31, 2025 and 2024, the fair value of our fixed rate U.S. Department of Housing and Urban Development (“HUD”)-insured loans payable was $34.2 million and $37.3 million, compared to the principal balance (excluding debt issuance costs) of $41.4 million and $42.7 million, respectively. The fair value of loans payable was estimated using lending rates available to us for financial instruments with similar terms and maturities. The fair value of our fixed and variable rate loans payable was estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. As the inputs to our valuation estimate are neither observable in nor supported by market activity, our loans payable are classified as Level 3 liability within the fair value hierarchy. At December 31, 2025 and 2024, we do not have any significant financial assets or financial liabilities that are measured at fair value on a recurring basis in our consolidated financial statements.

Tenant and Other Receivables

Tenant and other receivables are comprised mainly of the cumulative amount of future adjustments necessary to present tenant rental income on a straight-line basis, accounts receivable due from residents for our Operated Properties, asset management fees and distributions receivable.

Allowance for Credit Losses

The allowance for credit losses is maintained on all receivables except for lease receivables and is maintained at a level believed adequate to absorb potential losses in our receivables. The determination of the credit allowance is based on a quarterly evaluation of each of these receivables, including general economic conditions and estimated collectability. We evaluate the collectability of our receivables based on a combination of credit quality indicators, including, but not limited to, payment status, historical charge-offs, and financial strength of the equity method investment. A receivable is considered to have deteriorated in credit quality when, based on current information, future economic conditions and events, it is probable that we will be unable to collect all amounts due. As of December 31, 2025 and 2024, the allowance for credit losses is immaterial.

Deferred Financing Costs

Costs incurred with potential financing arrangements are recorded as deferred financing costs. Costs incurred in connection with completed debt financing are recorded as debt issuance costs. Debt issuance costs are amortized using the straight-line basis which approximates the effective interest rate method, over the contractual terms of the respective financings, and are presented net of loans payable in loans payable, net of debt issuance costs, in the consolidated balance sheets. Costs incurred in connection with an unexercised debt financing are recorded as expense when financing is no longer deemed probable.

Other Assets

Other assets consist primarily of deferred financing costs, deposits, prepaid insurance, property taxes and other and corporate assets. Additionally, other assets will be amortized to expense over their future service periods. Balances without future economic benefit are expensed as they are identified.

Equity-Method Investments

We report our investments in unconsolidated entities, over whose operating and financial policies we have the ability to exercise significant influence but not control, under the equity method of accounting. Under this method of accounting, our pro rata share of the applicable entity's earnings or losses is included in our consolidated statements of operations. We initially record our investments based on either the carrying value for properties contributed or the cash invested.

We evaluate our Equity-Method Investments for impairment whenever events or changes in circumstances indicate that the carrying value of our investments may exceed the fair value. If it is determined that a decline in the fair value of our investments is not temporary, and if such reduced fair value is below its carrying value, an impairment is recorded. Determining fair value involves significant judgment. Our estimates consider available evidence including the present value of the expected future cash flows discounted at market rates, general economic conditions and other relevant factors. For the years ended December 31, 2025 and 2024, we did not record any impairments related to our Equity-Method Investments.

Rental Revenue

We recognize rental revenue based on ASC 842, *Leases* ("Topic 842"). This requires a lessor to classify leases as either sales-types, finance or operating leases. A lease will be treated as a sales-type lease if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as a financing lease. If the lessor does not convey risks and rewards or control, an operating lease results. After evaluating our tenant leases, we have concluded that these are operating leases. Additionally, as lessors we elected to not separate lease and nonlease components in a contract for the purpose of revenue recognition and disclosure.

Additionally, where real estate taxes and insurance expenses were paid directly by our tenants to taxing authorities or insurance companies, respectively, we do not record any revenue or expense. For our triple-net leasing arrangements in which the tenant remits payment for certain costs to us and we pay the vendor, we have reported the gross amounts in total rental revenues and property operating costs on the consolidated statements of operations.

Additionally, under Topic 842, we must assess if substantially all payments due under the lease are likely to be collected. If tenant lease payments are not likely to be collected, then the revenues will be recognized on a cash basis (or if the circumstances change at a later date, the revenues are adjusted to reflect what it would have been on a cash basis) and the adjustments will be recorded through rental revenues, rather than bad debt expense.

Resident Fees and Services Revenue

We recognize resident fees and services revenue for the Operated Properties at the amount that we expect to be entitled to in exchange for providing resident care and services. Resident fees are recognized and billed monthly based on the contracted rate in the resident lease agreements and the reimbursements from Medicaid are based on contracted reimbursement rates. These amounts are paid directly from the residents and/or third-party payors (currently only Medicaid). Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by us. The majority of resident fees and services is attributable to the portion of the base monthly lease fee in the resident lease agreement. The Company recognizes the resident fee revenue based upon the predominant component, either the lease or non-lease component, of the contracts. The Company has determined that the lease component is the predominant component and the services included under the resident agreements have the same timing and pattern of transfer and are performance obligations that are satisfied over time. Resident services consist of care level services and certain other ancillary services (i.e., housekeeping, laundry, etc.). These services are provided and paid for in addition to the standard fees included in each resident lease (i.e., room and board, standard meals, etc.).

Asset Management Fees

We record asset management fee revenue based on ASC 606, *Revenue from Contracts with Customers (Topic 606)*. We earn our asset management fees based on a percentage of the purchase price or equity raised. As the manager, our duty is to manage the day-to-day operations of the special-purpose entities which own the properties. Asset management fees are recognized as a single performance obligation (managing the properties) comprised of a series of distinct services (handling issues with the tenants, etc.). We believe that the overall service of asset management is substantially the same each day and has the same pattern of performance over the term of the agreement. As a result, each day of service represents a performance obligation satisfied at that point in time. These fees are recognized at the end of each period for services performed during that period, billed monthly and paid quarterly.

Stock-Based Compensation

We record stock-based compensation expense for share-based payments to employees and directors, including grants of stock options based on the estimated fair value of the options on the date of grant using the Black-Scholes option-pricing model. Compensation expense is recognized ratably over the vesting term and is included in general and administrative expense in our consolidated statements of operations. Forfeitures are recognized as they occur. See Note 12 for further information.

Noncontrolling Interest in Consolidated Subsidiary

Noncontrolling interest relates to the interest in the consolidated entities that are not wholly-owned by us. As of December 31, 2025 and 2024, the noncontrolling interest mainly relates to CHP, LLC.

ASC 810-10-65, *Consolidation*, clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. ASC 810-10-65 also requires consolidated net income/loss to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest and requires disclosure, on the face of the consolidated statements of operations, of the amounts of consolidated net income/loss attributable to the parent and to the noncontrolling interest.

We periodically evaluate individual noncontrolling interests for the ability to continue to recognize the noncontrolling interest as permanent equity in the consolidated balance sheets. Any noncontrolling interest that fails to qualify as permanent equity will be reclassified as temporary equity and adjusted to the greater of (a) the carrying amount, or (b) its redemption value as of the end of the period in which the determination is made.

Income Taxes

We have elected to be taxed as a REIT, under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the “Code”) beginning with our taxable year ending December 31, 2006. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to currently distribute at least 90% of the REIT’s ordinary taxable income to stockholders. As a REIT, we generally will not be subject to federal income tax on taxable income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will then be subject to federal income taxes on our taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost unless the Internal Revenue Service were to grant us relief under certain statutory provisions. Such an event could materially and adversely affect our net income/loss and net cash available for distribution to stockholders. However, we believe that we will be organized and operate in such a manner as to qualify for treatment as a REIT and intend to operate for the foreseeable future in such a manner so that we will remain qualified as a REIT for federal income tax purposes. Given the applicable statute of limitations, we generally are subject to audit by the Internal Revenue Service (“IRS”) for the year ended December 31, 2022 and subsequent years, and state income tax returns are subject to audit for the year ended December 31, 2021 and subsequent years.

We have elected to treat SAM TRS and SHOP TRS as taxable REIT subsidiaries (collectively, the “TRS Subsidiaries”), which generally may engage in any business, including the provision of customary or non-customary services for our tenants. The TRS Subsidiaries are treated as a regular corporation and are subject to federal income tax and applicable state income and franchise taxes at regular corporate rates. As of December 31, 2025 and 2024, respectively, the TRS Subsidiaries have net deferred tax assets, related primarily to their net operating losses (collectively “NOL”), of approximately \$1.5 million and \$1.4 million, for which there is a full valuation allowance recorded.

The Company regularly assesses the ability to realize deferred tax assets recorded based upon the weight of available evidence, including such factors as recent earnings history and expected future taxable income on a jurisdiction-by-jurisdiction basis. If the Company changes its determination as to the amount of realizable deferred tax assets, the Company will adjust its valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made. The Company's management believes that, based on a number of factors, it is more likely than not, that all or some portion of the deferred tax assets will not be realized; and accordingly, for the year ended December 31, 2025, the Company continues to provide a full valuation allowance against the TRS Subsidiaries net deferred tax assets.

The net change in the valuation allowance for the year ended December 31, 2025 was an increase of $0.1 million. As of December 31, 2025, the TRS Subsidiaries have NOL carryforwards for federal income tax purposes of approximately $5.5 million that will begin to expire in 2035 with approximately $4.7 million of the federal net operating loss carryforward lasting indefinitely. As of December 31, 2025, the TRS Subsidiaries had net operating loss carryforwards for state income tax purposes of approximately $5.6 million that will begin to expire at various dates beginning in 2035.

During the years ended December 31, 2025 and 2024, cash paid for state taxes, net of refunds, were approximately $193,000 and $2,000, respectively.

Uncertain Tax Positions

In accordance with the requirements of ASC 740, *Income Taxes,* favorable tax positions are included in the calculation of tax liabilities if it is more likely than not that our adopted tax position will prevail if challenged by tax authorities. As a result of our REIT status, we are able to claim a dividends-paid deduction on our tax return to deduct the full amount of common dividends paid to stockholders when computing our annual taxable income, which results in our taxable income being passed through to our stockholders. A REIT is subject to a 100% tax on the net income from prohibited transactions. A "prohibited transaction" is the sale or other disposition of property held primarily for sale to customers in the ordinary course of a trade or business. There is a safe harbor provision which, if met, expressly prevents the IRS from asserting the prohibited transaction test. We have no income tax expense, deferred tax assets or deferred tax liabilities associated with any such uncertain tax positions for the operations of any entity included in the consolidated results of operations. We classify interest and penalties related to uncertain tax positions, if any, in our consolidated financial statements as a component of general and administrative expense.

Basic and Diluted Net Income (Loss) and Distributions per Common Share

Basic earnings per share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income (loss) by the weighted-average number of common shares and dilutive potential common shares outstanding during the period. Dilutive potential common shares are calculated in accordance with the treasury stock method. See Note 12.

Recent Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Topic 220): Disaggregation of Income Statement Expenses. This guidance requires additional disclosure of certain amounts included in the expense captions presented on the statement of operations as well as disclosures about selling expenses. The ASU is effective on a prospective basis, with the option for retrospective application, for annual periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Early adoption is permitted for annual financial statements that have not yet been issued. The Company is evaluating the impact of adopting this ASU.

On December 14, 2023, the Financial Accounting Standards Board issued Accounting Standards Update No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"), to enhance the transparency and decision-usefulness of income tax disclosures. The amendments primarily require expanded disaggregation within the effective tax rate reconciliation and enhanced disclosures regarding income taxes paid, including additional jurisdictional detail. The Company adopted ASU 2023-09 during the year ended December 31, 2025 with minimal impact to its income tax disclosures.

3. Investments in Real Estate Properties

The table below includes our seven real estate properties held by our consolidated subsidiaries, five of which are 100% leased to the tenants of the related facilities and two are each 100% leased to an affiliated subsidiary, and excludes our unconsolidated equity-method investment properties.

	December 31, 2025	December 31, 2024
Land	$ 6,237,000	$ 6,237,000
Buildings and improvements	48,872,000	48,628,000
Less: accumulated depreciation	(16,344,000)	(15,082,000)
Buildings and improvements, net	32,528,000	33,546,000
Furniture and fixtures	4,534,000	4,534,000
Less: accumulated depreciation	(4,437,000)	(4,378,000)
Furniture and fixtures, net	97,000	156,000
Real estate properties, net	$ 38,862,000	$ 39,939,000

Depreciation and amortization expense (excluding leasing commission amortization) for the years ended December 31, 2025 and 2024 was approximately $1.4 million and $2.5 million, respectively.

The following table provides summary information regarding our seven real estate properties held by our consolidated subsidiaries (excluding the five properties owned by our unconsolidated equity-method investment) as of December 31, 2025:

Property	Location	Date Purchased	Type[(1)]	Purchase Price	Loans Payable, Excluding Debt Issuance Costs
Sheridan Care Center	Sheridan, OR	August 3, 2012	SNF	$ 4,100,000	$ 3,462,000
Fernhill Care Center	Portland, OR	August 3, 2012	SNF	4,500,000	3,037,000
Friendship Haven Healthcare and Rehabilitation Center	Galveston County, TX	September 14, 2012	SNF	15,000,000	10,655,000
Pacific Health and Rehabilitation Center	Tigard, OR	December 24, 2012	SNF	8,140,000	5,062,000
Brookstone of Aledo	Aledo, IL	July 2, 2013	AL	8,625,000	6,170,000
Sundial Assisted Living	Redding, CA	December 18, 2013	AL	3,500,000	3,503,000
Pennington Gardens	Chandler, AZ	July 17, 2017	AL/MC	13,400,000	9,532,000
Total:				$ 57,265,000	$ 41,421,000

(1) SNF is an abbreviation for skilled nursing facility.
AL is an abbreviation for assisted living facility.
MC is an abbreviation for memory care facility.

GA8 Properties Disposal

In March 2024, we derecognized the eight skilled nursing facilities located in Georgia, acquired in 2021 through our wholly-owned subsidiary and the parent holding company (collectively, the "GA8 Properties"), and in December 2024, we transferred ownership and were released from all obligations. See Notes 4 and 14 for further information.

Sale of CA3 Properties

In September 2024, we completed the sale of the three properties located in California ("CA3 Properties") that we acquired in 2021, through first priority $15.0 million mortgage loan collateralized by the CA3 Properties with CIBC Bank, USA ("CIBC") and cash, for an aggregate sales price of $30.0 million. The net cash proceeds we received following the closing of the CA3 Properties was approximately $14.9 million after the payoff of the outstanding $15.0 million loan payable from CIBC, and less the expenses and fees incurred with the sale. We recorded a gain on the sale of approximately $11.2 million, which is recorded in gain on sale of real estate properties in the consolidated statements of operations.

Future Minimum Lease Payments

The future minimum lease payments to be received under existing tenant operating leases (excluding the five properties owned by our unconsolidated equity-method investment and the two intercompany leases for the Operated Properties as well as their related resident fees and services) for our consolidated properties as of December 31, 2025 are as follows:

Years ending December 31,		
2026	$	4,525,000
2027		4,616,000
2028		3,140,000
2029		3,202,000
2030		3,038,000
Thereafter		6,534,000
	$	25,055,000

There were no acquisitions in the years ended December 31, 2025 and 2024.

4. Loans Payable

As of December 31, 2025 and 2024, loans payable consisted of the following:

		December 31, 2025		December 31, 2024
Loans payable to Lument (insured by HUD) in monthly installments of approximately $183,000, including interest, ranging from a fixed rate of 2.79% to 4.2%, due in September 2039 through April 2055, and as of December 31, 2025 and 2024, collateralized by Sheridan, Fernhill, Pacific Health, Aledo, Sundial and Friendship Haven.	$	31,889,000	$	32,955,000
Loan payable to Capital One Multifamily Finance, LLC (insured by HUD) in monthly installments of approximately $54,000, including interest at a fixed rate of 4.23%, due in September 2053, and collateralized by Pennington Gardens.		9,532,000		9,708,000
		41,421,000		42,663,000
Less debt issuance costs		(1,563,000)		(1,633,000)
Total loans payable	**$**	**39,858,000**	**$**	**41,030,000**

As of December 31, 2025, we have total debt obligations of approximately $41.4 million that will mature between 2039 and 2055. See Note 3 for loans payable balance for each property. All of the loans payable have certain financial and non-financial covenants, including ratios and financial statement considerations. As of December 31, 2025, we were in compliance with all of our debt covenants.

During the years ended December 31, 2025 and 2024, we incurred approximately $1.8 million and $19.2 million of interest expense, respectively, and for the year ended December 31, 2024, includes interest expense related to the GA8 Properties (see below for further information) of approximately $16.4 million, and excluding debt issuance costs amortization, related to our loans payable.

As of December 31, 2025 and 2024, the unamortized balance of the debt issuance costs was approximately $1.6 million. These debt issuance costs are being amortized over the life of their respective financing agreements using the straight-line basis which approximates the effective interest rate method. For the years ended December 31, 2025 and 2024, approximately $0.1 million and $0.3 million, respectively, of debt issuance costs were amortized and included in interest expense in our consolidated statements of operations.

The principal payments due on the loans payable (excluding debt issuance costs and cash collateral funds) for each of the five following years and thereafter ending December 31 are as follows:

Year		Principal Amount
2026	$	1,292,000
2027		1,341,000
2028		1,391,000
2029		1,443,000
2030		1,497,000
Thereafter		34,457,000
	$	41,421,000

GA8 Properties

The GA8 Properties were financed with a $91.0 million first priority mortgage loan with CIBC collateralized by those properties, a $20.0 million subordinated term loan with Oxford Finance LLC ("Oxford") collateralized by those properties and a $12.75 million mezzanine loan with Oxford secured by the equity interests of the Summit Georgia Holdings LLC ("GA Holdco").

On March 13, 2024, we received a notice of default from Oxford, dated March 12, 2024, for the mezzanine loan primarily based on the non-compliance with the existing loans, whereby Oxford exercised certain rights, including, their right to act as attorney-in-fact of GA HoldCo, and appointed an independent manager over the GA8 Properties, thereby removing the Company as the manager and removing the Company's voting rights and rights to receive any distributions with respect to such properties. The Oxford notice of default also constituted an event of default under the GA8 Properties subordinated term loan with Oxford and the first priority mortgage loan with CIBC. On May 7, 2024, we received a notice of default and reservation of rights letter from CIBC. On December 20, 2024, we transferred our ownership to an unaffiliated entity and were released from all debt and guarantee obligations. As such, we wrote off all amounts pertaining to the GA8 Properties. See Note 14 for further information regarding the derecognition in March 2024 and transfer of ownership of the GA8 Properties and related debt in December 2024.

HUD-insured loans

All of the HUD-insured loans are subject to customary representations, warranties and ongoing covenants and agreements with respect to the operation of the facilities, including the provision for certain maintenance and other reserve accounts for property tax, insurance, and capital expenditures, with respect to the facilities all as described in the HUD agreements. These reserves are included in restricted cash on our consolidated balance sheets.

Master Letter of Credit Agreement

In June 2023, we entered into a $1.0 million Master Letter of Credit Agreement with CIBC. As of December 31, 2025, there are no outstanding letters of credit under this agreement.

5. Equity-Method Investments

As of December 31, 2025 and 2024, the aggregate balances of our Equity-Method Investments were approximately $1.8 million and $0.4 million, respectively, and are as follows:

Summit Union Life Holdings, LLC

The SUL JV will exist until an event of dissolution occurs, as defined in the limited liability company agreement of the SUL JV (the "SUL LLC Agreement").

Under the SUL LLC Agreement, net operating cash flow of the SUL JV will be distributed monthly, first to the Operating Partnership and Best Years *pari passu* up to a 9% to 10% annual return, as defined, and thereafter to Best Years 75% and the Operating Partnership 25%. All capital proceeds from the sale of the properties held by the SUL JV, a refinancing or another capital event will be paid first to the Operating Partnership and Best Years *pari passu* until each has received an amount equal to its accrued but unpaid 9% to 10% return plus its total capital contribution, and thereafter to Best Years 75% and the Operating Partnership 25%.

For the years ended December 31, 2025 and 2024, we invested approximately $0.3 million and $0.03 million related to capital calls for the SUL JV.

During 2025, the SUL JV sold four of its properties for an aggregate gain of approximately $13.6 million. We recorded our 10% share of the gain on the sales of approximately $1.4 million in income from equity-method investees in the consolidated statements of operations for the year ended December 31, 2025. We received approximately $0.6 million in cash related to the sales. Additionally, in 2025, the SUL JV impaired two properties (both of which were sold in 2025) and wrote off the remaining balance of a note payable related to one of the sold properties for an aggregate gain of $1.4 million. We recorded our 10% share of the gain of approximately $0.1 million in income from equity-method investees in the consolidated statements of operations for the year ended December 31, 2025.

During 2024, the SUL JV sold six of its properties for an aggregate gain of approximately $19.8 million. We recorded our 10% share of the gain of approximately $2.0 million in income from equity-method investees in the consolidated statements of operations for the year ended December 31, 2024 and received approximately $2.9 million in cash related to the sales.

As of December 31, 2025 and 2024, the balance of our equity-method investment related to the SUL JV was approximately $1.8 million and $0.7 million, respectively.

Summit Fantasia Holdings II, LLC

In May 2025, the Fantasia II JV sold its two properties. Due to our intention to fund the Fantasia II JV prior to the execution of the sale agreements in April 2025, we recorded the losses incurred in the Fantasia II JV which resulted in a negative balance of our equity-method investment. Due to the sale of the properties in May 2025, we wrote off the approximately $(0.3) million equity-method investment balance, which is included in the consolidated statements of operations for the year ended December 31, 2025 and we no longer have an equity-method investment in the Fantasia II JV. As of December 31, 2024, the balance of our equity-method investment was approximately $(0.2) million.

Summit Fantasia Holdings III, LLC

In May 2024, the Fantasia III JV sold their eight properties for $60.0 million. We received approximately $2.1 million in cash from the sale resulting in the winding-up of our equity-method investment and recorded income from the sale of approximately $0.9 million, which is recorded in income from equity-method investees in the consolidated statements of operations. Due to the sale of the properties, as of May 2, 2024, we no longer have an equity-method investment in the Fantasia III JV.

Summit Fantasy Pearl Holdings, LLC

In August 2025, Summit entered into a membership interest purchase agreement to sell our 10% interest to one of the existing FPH JV members. On October 29, 2025, we completed the membership interest sale. In October 2025, we received approximately $0.3 million for our membership interest plus accrued distributions for a total of approximately $0.4 million and we wrote off the equity-method investment balance of approximately $(0.1) million. Additionally, we resigned as the manager of the FPH JV and no longer have an equity-method investment in the FPH JV.

As of December 31, 2024, the balance of our equity-method investment related to the FPH JV was approximately $(0.1) million.

Our remaining SUL JV Equity-Method Investment is considered a significant equity-method investment.

The results of operations of our SUL JV for the year ended December 31, 2025 are summarized below:

	December 31, 2025
Revenue	$ 8,663,000
Income from operations	$ 17,907,000
Net income	$ 15,628,000
Summit's interest in Equity-Method Investment net income	$ 1,559,000

Distributions from Equity-Method Investments

As of December 31, 2025 and 2024, we have distributions receivable, which is included in tenant and other receivables in our consolidated balance sheets, as follows:

	December 31, 2025	December 31, 2024
SUL JV	$ 57,000	$ 49,000
Fantasia II JV	—	30,000
FPH JV	—	56,000
Total	$ 57,000	$ 135,000

For the years ended December 31, 2025 and 2024, we received cash distributions, which are included in our cash flows from operating activities in the change in tenant and other receivables, and cash flows from investing activities, using the cumulative earnings approach, as follows:

	Year Ended December 31, 2025			Year Ended December 31, 2024		
	Total Cash Distributions Received	Cash Flow from Operating	Cash Flow from Investing	Total Cash Distributions Received	Cash Flow from Operating	Cash Flow from Investing
SUL JV	$ 740,000	$ 740,000	$ —	$ 3,391,000	$ 2,050,000	$ 1,341,000
Fantasia II JV	42,000	42,000	—	—	—	—
Fantasia III JV	—	—	—	2,158,000	916,000	1,242,000
FPH JV	56,000	56,000	—	128,000	—	128,000
Total	$ 838,000	$ 838,000	$ —	$ 5,677,000	$ 2,966,000	$ 2,711,000

6. Receivables

Tenant and Other Receivables, net

Tenant and other receivables, net consists of:

	December 31, 2025	December 31, 2024
Straight-line rent receivables	$ 1,106,000	$ 1,085,000
Distribution receivables from Equity-Method Investments	57,000	135,000
Asset management fees	34,000	135,000
Other receivables	273,000	262,000
Total	$ 1,470,000	$ 1,617,000

7. Related Party Transactions

Equity-Method Investments

See Notes 5 and 6 for further discussion of distributions and asset management fees related to our Equity-Method Investments.

8. Right of Use Asset – Operating Lease

In November 2022, we entered into an operating lease for office space ("Office Lease"), located in Laguna Hills, California, for a period of sixty-six (66) months, with a five-year renewal option. On November 11, 2024, we executed an amendment to the Office Lease to reduce the lease term to April 2026 instead of April 2028. Additionally, the landlord can provide us with a written termination notice at least 30 days prior to the date on which we would be required to surrender the premises, the lease would terminate and we would no longer have any obligations to the landlord. As a result, we reduced our ROU asset and corresponding liability by approximately $0.4 million and recorded a gain on the lease modification of approximately $0.1 million, which is included in general and administrative expenses in the consolidated statements of operations during the year ended December 31, 2024.

The Office Lease is classified as an operating lease. A "right to use" or "ROU asset" represents the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Office Lease did not provide an explicit rate of interest; therefore we used an estimated incremental borrowing rate of 5% based on a fully collateralized and fully amortizing loan with a maturity date of the same length as the lease that is based on information available at the commencement date in determining the present value of lease payments. At inception, we recorded an ROU asset and lease liability of approximately $0.9 million. The Office Lease does not contain material residual value guarantees or material restrictive covenants.

Supplemental balance sheet information related to the Office Lease as of December 31, 2025 is as follows:

Component	Consolidated Balance Sheet Caption		
Right of use asset - operating	Other assets, net	$	58,000
Lease liability - operating	Accounts payable and accrued liabilities	$	74,000

Lease expense is presented as part of continuing operations within general and administrative expenses in the consolidated statements of operations. For each of the years ended December 31, 2025 and 2024, we recognized approximately $0.2 million in lease expense related to this lease. The lease payments are classified within operating activities in the consolidated statements of cash flows. As of December 31, 2025 and 2024, we paid approximately $218,000 and $211,000, respectively, in lease payments and the weighted average remaining lease term is 0.3 years.

Pursuant to ASC 842, lease payments on the Office Lease for each of the five following years ending December 31 are as follows:

Year		Lease payments
2026	$	75,000
Less imputed interest		(1,000)
Total lease liability	$	74,000

9. Concentration of Risk

As of December 31, 2025, we owned one property in California, three properties in Oregon, one property in Texas, one property in Illinois, and one property in Arizona (excluding the five properties held by our equity-method investment). Accordingly, there is a geographic concentration of risk subject to economic conditions in certain states.

Additionally, as of December 31, 2025, we leased our 5 real estate properties to 3 different tenants under long-term triple net leases. For the year ended December 31, 2025, three tenants each had rental revenue greater than 10% (50%, 31% and 19%).

As of December 31, 2024, we leased our 5 real estate properties to 3 different tenants under long-term triple net leases. For the year ended December 31, 2024, three tenants each had rental revenue greater than 10% (50%, 31% and 19%).

As of December 31, 2025, none of our real estate properties are considered a significant asset concentration as none were greater than 20% of our total assets.

10. Commitments and Contingencies

We inspect our properties under a Phase I assessment for the presence of hazardous or toxic substances. While there can be no assurance that a material environmental liability does not exist, we are not currently aware of any environmental liability with respect to the properties that would have a material effect on our consolidated financial condition, results of operations and cash flows. Further, we are not aware of any environmental liability or any unasserted claim or assessment with respect to an environmental liability that we believe would require additional disclosure or the recording of a loss contingency.

Our commitments and contingencies include the usual obligations of real estate owners and licensed operators in the normal course of business. In the opinion of management, these matters are not expected to have a material impact on our consolidated financial condition, results of operations and cash flows. We are also subject to contingent losses resulting from litigation against the Company.

Legal Proceedings

HCRE

The Company is currently engaged in litigation with Healthcare Real Estate Partners, LLC ("HCRE") regarding certain matters surrounding a September 2015 bankruptcy petition against HCRE and subsequent claims related thereto. The Bankruptcy Court entered an Order and Judgment with respect to the amounts set forth below on May 2, 2024. The Company filed a notice of appeal in the Delaware District Court with respect to the $664,637 fee award, which summarily affirmed the Bankruptcy Court's ruling on August 22, 2025. The Company filed a notice of appeal with the Third Circuit Court of Appeals on September 19, 2025, and HCRE filed a notice of cross-appeal. The appeals in the Third Circuit remain pending. The Company has also asserted counterclaims against HCRE, which are pending in the Delaware District Court, and which are stayed pending a final determination of the matters addressed in the Bankruptcy Court, including the appeal. Based on the assessment by management, as of December 31, 2025, the Company has accrued $75,000 for the reimbursement of legal fees related to the involuntary petition filing and $0 for the $665,000 in attorney's fees related to the stay violation as we believe that a loss is currently not probable under Accounting Standards Codification ("ASC") 450, Contingencies.

Eikanas Dispute

On June 5, 2024, Kent Eikanas, the Company's former Chief Executive Officer and Board Member, filed a lawsuit against the Company in the Superior Court of California for, among other things, wrongful termination and breach of contract, and seeking unspecified monetary damages. On April 8, 2025, Mr. Eikanas amended his Complaint to add additional causes of action and three new defendants – Steven Roush, Board Member; Suzanne Koenig, Board Member; and Elizabeth Pagliarini, Chief Executive Officer and Board Member.

In December 2025, the parties agreed upon a settlement, which was paid on December 29, 2025. The Company recorded a gross settlement expense of approximately $1.0 million, recovered approximately $0.7 million of this amount through insurance, resulting in the net expense of approximately $0.3 million which is recorded in general and administrative expense in the statement of operations for the year ended December 31, 2025.

Indemnification and Employment Agreements

We have entered into indemnification agreements with certain of our executive officers and directors which indemnify them, subject to limited exceptions, against all judgments, penalties, fines and amounts paid in settlement and all expenses actually and reasonably incurred by him or her in connection with any proceeding they become involved in by virtue of the status of a person as a present or former director, officer, employee, consultant or agent of the Company.

Management of our Equity-Method Investments

As the manager of our Equity-Method Investment, we are responsible for managing the day-to-day operations. Additionally, we could be subject to a capital call from our Equity-Method Investment.

11. Equity

Distributions

The Company declared an approximately $0.045 cash distribution per common share during the year ended December 31, 2025 and $0 for the year ended December 31, 2024.

Our distribution reinvestment plan was suspended indefinitely effective December 31, 2010. At this time, we cannot provide any assurance as to if or when we will resume our distribution reinvestment plan.

Share-Based Compensation Plans

Upon the grant of stock options, we determine the exercise price by using our estimated per-share value, which is calculated by aggregating the estimated fair value of our investments in real estate and the estimated fair value of our other assets, subtracting the book value of our liabilities, utilizing a discount for the fact that the shares are not currently traded on a national securities exchange and a lack of a control premium, and divided the total by the number of our common shares outstanding at the time the options were granted.

The fair value of each grant is estimated on the date of grant using the Black-Scholes option-pricing model. Assumptions required by the model include the risk-free interest rate, the expected life of the options, the expected stock price volatility over the expected life of the options, and the expected distribution yield. Compensation expense for employee stock options is recognized ratably over the vesting term. The expected life of the options was based on the simplified method as we do not have sufficient historical exercise data. The risk-free interest rate was based on the U.S. Treasury yield curve at the date of grant using the expected life of the options at the date of grant. Volatility was based on historical volatility of the stock prices for a sample of publicly traded companies with risk profiles similar to ours. The valuation model applied in this calculation utilizes highly subjective assumptions that could potentially change over time, including the expected stock price volatility and the expected life of an option.

Summit Healthcare REIT, Inc. 2015 Omnibus Incentive Plan

On October 28, 2015, we adopted the Summit Healthcare REIT, Inc. 2015 Omnibus Incentive Plan (“Incentive Plan”). The purpose of the Incentive Plan is to provide a means through which to attract and retain key personnel and to provide a means whereby current or prospective directors, officers, employees, consultants and advisors can acquire and maintain an equity interest in us, or be paid incentive compensation, including incentive compensation measured by reference to the value of our common stock, thereby strengthening their commitment to our welfare and aligning their interests with those of our stockholders.

We may grant non-qualified stock options and incentive stock options, stock appreciation rights, restricted stock and restricted stock units, and performance based compensation awards. Stock options granted under the Incentive Plan are required to have a per share exercise price that is not less than 100% of the fair market value of our common stock underlying such stock options on the date an option is granted (other than in the case of options that are substitute awards). All stock options that are intended to qualify as incentive stock options must be granted pursuant to an award agreement expressly stating that the option is intended to qualify as an incentive stock option, and will be subject to the terms and conditions that comply with the rules as may be prescribed by Section 422 of the Code. The maximum term for stock options granted under the Incentive Plan will be ten years from the initial date of grant.

The Incentive Plan expired in accordance with its terms in October 2025 and no further awards will be made under such plan.

The Company has not adopted a new equity incentive plan.

On April 1, 2025, we granted 33,000 stock options to our non-executive employees under our Summit Healthcare REIT, Inc. 2015 Omnibus Incentive Plan. The stock options vest monthly beginning on May 1, 2025 and continuing over a three-year period through April 1, 2028. The options expire 10 years from the grant date. The weighted-average fair value per share of the stock options granted was $0.76.

The estimated fair value using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2025
Stock options granted	33,000
Expected volatility	39.4 %
Expected term	5.75 years
Risk-free interest rate	3.96 %
Dividend yield	— %
Fair value per share	$ 0.76

In 2025 and 2024, 26,667 and 13,333, respectively, vested stock options were forfeited due to employee terminations. Additionally, in 2025, 100,000 stock options expired.

The following table summarizes our stock options as of December 31, 2025:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Options outstanding at January 1, 2024	1,148,063	$ 2.16		
Granted	—			
Exercised	—			
Cancelled/forfeited	13,333	2.25		
Options outstanding at December 31, 2024	1,134,730	$ 2.16		
Granted	33,000	$ 1.75		
Exercised	—			
Expired/forfeited	126,667	$ 1.82		
Options outstanding at December 31, 2025	1,041,063	$ 2.35	3.19	$ 100,110
Options exercisable at December 31, 2025	1,007,618	$ 2.20	3.01	$ 85,728

For our outstanding non-vested options as of December 31, 2025, the weighted average grant date fair value per share was $0.80. As of December 31, 2025, we have unrecognized stock-based compensation expense related to unvested stock options which is expected to be recognized as follows:

Years Ending December 31,	
2026	$ 15,000
2027	8,000
2028	3,000
	$ 26,000

The stock-based compensation expense reported for the years ended December 31, 2025 and 2024 was approximately $34,000 and $47,000, respectively, and is included in general and administrative expense in the consolidated statements of operations.

12. Earnings Per Common Share

The following table presents the calculation of basic and diluted earnings per share ("EPS") for the Company's common stock for the years ended December 31, 2025 and 2024, and reconciles the weighted-average common shares outstanding used in the calculation of basic EPS to the weighted-average common shares outstanding used in the calculation of diluted EPS:

	2025	2024
Numerator:		
Net income	$ 1,030,000	$ 27,208,000
Net income attributable to noncontrolling interests	(100,000)	(102,000)
Net income applicable to common stockholders	$ 930,000	$ 27,106,000
Denominator:		
Basic:		
Denominator for basic EPS - weighted average shares	23,027,978	23,027,978
Effect of dilutive shares:		
Stock options	43,908	39,482
Denominator for diluted EPS – adjusted weighted average shares	23,071,886	23,067,460
Basic EPS	$ 0.04	$ 1.18
Diluted EPS	$ 0.04	$ 1.18

During the years ended December 31, 2025 and 2024, approximately 0.1 million and 0.7 million stock options, respectively, were excluded from computing diluted earnings per share because they were considered anti-dilutive.

13. Segment Reporting

ASC 280, *Segment Reporting*, establishes standards for reporting financial and descriptive information about an enterprise's reportable segments. In November 2024, the FASB issued ASU 2024-07, "*Segment Reporting* (Topic 280): Improvements to Reportable Segment Disclosures" which enhances reportable segment disclosures on both an annual and interim basis.

As of December 31, 2025 and 2024, we manage our business of investing in healthcare real estate as one reportable segment and although our portfolio is located throughout the United States, we do not distinguish or group our operations on a geographical basis for purposes of allocating resources or measuring performance. We are managed as one segment for internal purposes and for internal decision making by the Chief Operating Decision Maker ("CODM"), which is the Company's Chief Executive Officer, for making decisions and assessing performance as the source of the Company's reportable segment. The CODM evaluates performance and makes resource allocation and operating decisions based on net income (loss). Expenses that are significant are the same as shown on the accompanying consolidated statements of operations. Additionally, the CODM regularly reviews the asset information by our reportable segment that are the same as shown on the accompanying consolidated balance sheets.

14. Derecognition of GA8 Properties

As noted in Note 4, on March 13, 2024, we received a notice of default from Oxford, dated March 12, 2024, for events of default under the mezzanine loan, whereby Oxford exercised certain rights as the agent, including, their right to act as attorney-in-fact of Summit Georgia Holdings LLC ("GA Holdco"), and appointed an independent manager over the GA8 Properties, thereby removing Summit as the manager and removing our voting rights and rights to receive any distributions with respect to such properties. As such, the independent manager took control over all activities of the GA8 Properties and Summit no longer had any control or authority over the properties' operations or activities.

As a result of these actions, Summit derecognized the GA8 Properties as of March 12, 2024, the effective date of when the independent manager took control, and accordingly recognized an initial gain of $17.7 million as of March 11, 2024. Subsequent to March 11, 2024, we were continuing to accrue interest associated with GA8 Properties and adjust the contract asset through gain on derecognition of assets with the corresponding changes in loan payable and accrued interest associated with the derecognition of GA8 Properties.

On December 20, 2024, we, and the GA8 Properties, entered into a Membership Interest Assignment and Release of Guaranty Agreements (the "Release Agreements") with Oxford, the holder of the second and mezzanine loans, and CIBC, the senior lender for the first priority loan. As a result of the execution of the Release Agreements, Summit transferred all of the outstanding membership interests in the GA Holdco and GA8 Properties to an unaffiliated transferee and obtained the release of all guaranties from all three loans with no further obligations. Summit also concurrently resigned as Manager of GA Holdco. As of December 20, 2024, GA Holdco and GA8 Properties are no longer included in our consolidated financial statements.

For the year ended December 31, 2024, we recorded a total gain of $30.7 million, which is primarily related to the accrued interest through the date of the Release Agreements, which is included in gain on derecognition and disposal associated with GA8 Properties in our consolidated statements of operations.

The results of operations included in our consolidated statements of operations (including operations from January 1, 2024 through December 20, 2024, the date of the Release Agreements) are as follows:

		December 20, 2024
Statement of Operations:		
Total rental revenue	$	2,083,000
Property operating costs	$	75,000
Depreciation and amortization	$	929,000
Interest expense	$	16,459,000

15. Subsequent Events

None.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

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

SUMMIT HEALTHCARE REIT, INC.

Date: March 27, 2026

By: /s/ Elizabeth A. Pagliarini
Elizabeth A. Pagliarini
Chief Executive Officer and Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 27, 2026.

Name	Title
/s/ Elizabeth A. Pagliarini Elizabeth A. Pagliarini	Chief Executive Officer and Secretary (Principal Executive Officer)
/s/ Sharyn Grant Sharyn Grant	Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)
/s/ J. Steven Roush J. Steven Roush	Director
/s/ Suzanne Koenig Suzanne Koenig	Director
/s/ Elizabeth A. Pagliarini Elizabeth A. Pagliarini	Director

EXHIBIT INDEX

Ex.	Description
2.1	Purchase and Sale Agreement, dated February 1, 2025, by and between Summit Yucaipa, LLC, Summit Mentone LLC, and Summit Creekside, LLC, and Rockwell Healthcare Propco RE, LLC, as amended on April 1, 2024, May 1, 2024, May 30, 2024 and August 27, 2024 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 11, 2024).
2.2	Membership Interest Assignment and Release of Guaranty Agreements entered into by Summit Healthcare REIT, Inc., Summit Healthcare Operating Partnership, L.P. and Oxford Finance LLC, a Delaware limited liability company and CIBC Bank USA, an Illinois banking corporation, dated December 20, 2024 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 26, 2024).
3.1	Second Articles of Amendment and Restatement of Articles of Incorporation of Cornerstone Core Properties REIT, Inc. dated June 30, 2010 (incorporated by reference to the Company's Annual Report on Form 10-K filed on March 20, 2015).
3.2	Articles of Amendment of Cornerstone Core Properties REIT, Inc. dated October 16, 2013 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on October 22, 2013).
3.3	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.3 to Post-Effective Amendment No. 1 to the Registration Statement on Form S-11 (No. 333-121238) filed on December 23, 2005 ("Post-Effective Amendment No. 1")).
3.4	Amendment No. 1 to the Bylaws of Summit Healthcare REIT, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on February 20, 2025).
4.1	Statement regarding restrictions on transferability of shares of common stock (to appear on stock certificate or to be sent upon request and without charge to stockholders issued shares without certificates) (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-11 (No. 333-121238) filed on December 14, 2004).
4.2	Description of the Registrant's Common Stock (incorporated by reference to the Company's Annual Report on Form 10-K filed on March 25, 2020).
10.1	Healthcare Facility Note (incorporated by reference to the form of such note on Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 23, 2014).
10.2	Cornerstone Healthcare Partners LLC Operating Agreement dated June 11, 2012 (incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q filed on November 14, 2012).
10.3	Limited Liability Company Agreement of Summit Union Life Holdings, LLC between Summit Healthcare Operating Partnership, LP and Best Years, LLC dated as of April 7, 2015 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 1, 2015).
10.4	Healthcare Facility Note with respect to HUD – insured loans between HP Aledo, LLC and Lancaster Pollard Mortgage Company, LLC dated October 1, 2015 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 9, 2015).
10.5	Healthcare Regulatory Agreement – Borrower between HP Aledo, LLC and HUD dated October 1, 2015 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 9, 2015).
10.6	Second Amendment to Limited Liability Company Agreement of Summit Union Life Holdings, LLC dated as of December 21, 2015 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 30, 2015).
10.7	Agreement of Limited Partnership of Cornerstone Operating Partnership, L.P. (incorporated by reference to Exhibit 10.2 to Pre-Effective Amendment No. 4 to the Registration Statement on Form S-11 (No. 333-121238) filed on August 30, 2005).
10.8	Form of Indemnification Agreement (incorporated by reference to the form of such agreement on Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 10, 2025).
10.9	Lease Agreement between CHP Portland, LLC, CHP Tigard, LLC and Sheridan Care Center LLC, and SNF Management, LLC dated September 1, 2014 (incorporated by reference on Exhibit 10.29 to the Company's Annual Report on Form 10 - K filed on March 20, 2015).
10.10	Amended and Restated Lease between CHP Friendswood SNF, LLC and Friendswood TRS, LLC dated January 1, 2018 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8 - K filed on January 5, 2018).
10.11	Healthcare Facility Note with respect to HUD – insured loans between Summit Chandler, LLC and Capital One Multifamily Finance, LLC, dated September 27, 2018 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 1, 2018).
10.12	Healthcare Regulatory Agreement - Borrower between Summit Chandler, LLC and HUD, dated September 27, 2018 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8 - K filed on October 1, 2018).
10.13	Healthcare Facility Note with respect to HUD - insured loans between CHP Friendswood, LLC and ORIX Real Estate Capital, LLC, dated April 1, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8 - K filed on April 28, 2020).

10.14	Healthcare Regulatory Agreement - Borrower between CHP Friendswood, LLC and HUD, dated April 1, 2020 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8 - K filed on April 28, 2020).
10.15	Standard Office lease between Lakehills CM - CG LLC, a Delaware limited liability company, as landlord, and Summit Healthcare REIT, Inc., as tenant, dated April 1, 2022 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8 - K filed on April 7, 2022).
10.16	2015 Omnibus Incentive Plan dated October 28, 2015 (incorporated by reference to Appendix A to the Definitive Proxy Statement on Schedule 14A filed on September 28, 2015).
10.17	Form of Stock Option Agreement under 2015 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K filed on April 16, 2025)
10.18	Employment Agreement between Summit Healthcare REIT, Inc., a Maryland Corporation, and Elizabeth A Pagliarini, dated December 3, 2024 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8 - K filed on December 6, 2024).
10.19	Employment Agreement between Summit Healthcare REIT, Inc., a Maryland Corporation, and Sharyn Grant, dated November 6, 2024 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8 - K filed on December 6, 2024).
10.20	First Amendment to Office lease between KB Mill Creek MT, LLC and Summit Healthcare REIT, Inc. dated November 11, 2024 (incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10 - K filed on March 26, 2025).
14.1	Code of Business Conduct and Ethics (incorporated by reference to Exhibit 14.1 to the Company's Annual Current Report on Form 8 - K filed on June 23, 2014).
19.1	Policy on Insider Trading (Code of Business Conduct and Ethics) (incorporated by reference to Exhibit 19.1 to the Company's Annual Current Report on Form 10 - K filed on March 26, 2025).
21.1	List of Subsidiaries (filed herewith).
23.1	Consent of Haskell & White LLP (filed herewith).
31.1	Certification of Principal Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Principal Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of Principal Executive Officer and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

Exhibit 21.1

Summit Healthcare Operating Partnership, L.P.	Delaware
Summit Healthcare Asset Management, LLC	Delaware
SHOP TRS LLC	Delaware
Healthcare Properties	
Cornerstone Healthcare Partners, LLC	Delaware
Cornerstone Healthcare Holdings 1, LLC	Delaware
CHP Sheridan LLC	Delaware
CHP Portland LLC	Delaware
CHP Friendswood SNF, LLC	Delaware
CHP Tigard, LLC	Delaware
Healthcare Property Holding Co., LLC	Delaware
NHP Holding Co., LLC	Delaware
HP Aledo, LLC	Delaware
HP Redding, LLC	Delaware
Summit Chandler, LLC	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

Summit Healthcare REIT, Inc.
Laguna Hills, California

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-212231) of Summit Healthcare REIT, Inc. (the “Company”) of our report dated March 27, 2026, relating to the Company’s consolidated financial statements as of December 31, 2025 and 2024 and for the years then ended, which appears in this Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

/s/ Haskell & White LLP

Irvine, California
March 27, 2026

Exhibit 31.1

CERTIFICATIONS

I, Elizabeth A. Pagliarini, certify that:

1. I have reviewed this annual report on Form 10-K of Summit Healthcare REIT, Inc.;

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; and

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 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 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 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.

/s/ Elizabeth A. Pagliarini

Date: March 27, 2026

Elizabeth A. Pagliarini
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Sharyn Grant, certify that:

1. I have reviewed this annual report on Form 10-K of Summit Healthcare REIT, Inc.;

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; and

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 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 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 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: March 27, 2026

/s/ Sharyn Grant
Sharyn Grant
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATIONS PURSUANT TO
18 U.S.C. Sec.1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Elizabeth A. Pagliarini and Sharyn Grant, do each hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his or her knowledge, the Annual Report of Summit Healthcare REIT, Inc. on Form 10-K for the year ended December 31, 2025 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-K fairly presents in all material respects the financial condition and results of operations of Summit Healthcare REIT, Inc.

	/s/ Elizabeth A. Pagliarini
Date: March 27 2026	Eilzabeth A. Pagliarini *Chief Executive Officer* *(Principal Executive Officer)*
	/s/ Sharyn Grant
Date: March 27, 2026	Sharyn Grant *Chief Financial Officer* *(Principal Financial Officer)*