



NEWS RELEASE

CareTrust REIT Acquires Midwest Skilled Nursing Portfolio for Approximately \$97 Million; Announces Phase 1 Closing of Tennessee Acquisition

2024-12-09

SAN CLEMENTE, Calif.--(BUSINESS WIRE)-- CareTrust REIT, Inc. (NYSE:CTRE) announced today that it has acquired a 46-facility, 3,820-bed/unit skilled nursing and seniors housing portfolio located in the Midwest for a total investment amount of approximately \$97 million (inclusive of transaction costs). Seven of the 46 facilities acquired are skilled nursing and assisted living campuses and an additional seven are assisted living facilities.

In connection with the acquisition, the company entered into a triple-net master lease with a large skilled nursing investor and operator who will sublease the portfolio to several licensed subtenant operators. The new master lease has an initial term of 15 years with two, 5-year extension options and provides for a year 1 contractual lease yield of 11% (inclusive of transaction costs). The master lease provides for some deferral of base rent in lease years 1 and 2 resulting in a cash rent yield of 9.0% in year 1 and 10.5% in year 2. Annual CPI-based rent escalators begin in year 4 and continue each remaining year of the lease term.

The acquisition was completed in coordination with the bankruptcy and sale of all assets of the debtor/seller. The master tenant has been granted purchase options for each sub-portfolio, with most purchase options opening in lease years 4 and 5. With the exercise of each purchase option, additional rent payments to CareTrust may be triggered up to an aggregate, annual 12.5% yield on CareTrust's investment amount.

James Callister, CareTrust's Chief Investment Officer, said, "This transaction commences a new relationship with a skilled nursing investor and operator we are very excited about and look forward to growing with in the future. The creative and opportunistic deal structure on this acquisition aligns incentives with the aim of improving clinical and operational performance at these facilities." Joe Callan, Senior Vice President of Investments, added, "We are

excited to be a part of bringing these motivated, talented operators to the residents and staff at these facilities.” The investment was funded using cash on hand.

CareTrust also announced today that, as anticipated in connection with the large Tennessee portfolio transaction announced on October 29, 2024, it has closed on its initial acquisition of 14 of the 31 facilities. The initial acquisition was, as previously announced, completed through a joint venture arrangement entered into between CareTrust and a large third-party healthcare real estate owner. At closing, CareTrust provided a combined common equity and preferred equity investment totaling approximately \$245 million at an initial contractual yield on its combined preferred and common equity investments in the joint venture of approximately 9.0%. The acquisition was funded using cash on hand. The company expects to complete its acquisition of the remaining facilities by year end.

The closing of these transactions brings the company’s annual investment total to over \$1.3 billion.

About CareTrust™

CareTrust REIT, Inc. is a self-administered, publicly-traded real estate investment trust engaged in the ownership, acquisition, development and leasing of skilled nursing, seniors housing and other healthcare-related properties. With a nationwide portfolio of long-term net-leased properties, and a growing portfolio of quality operators leasing them, CareTrust REIT is pursuing both external and organic growth opportunities across the United States. More information about CareTrust REIT is available at www.caretrustreit.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that are not historical statements of fact and statements regarding the Company’s intent, belief or expectations, including, but not limited to, statements regarding the following: industry and demographic conditions, the investment environment, the Company’s investment pipeline, and financing strategy.

Words such as “anticipate,” “believe,” “could,” “expect,” “estimate,” “intend,” “may,” “plan,” “seek,” “should,” “will,” “would,” and similar expressions, or the negative of these terms, are intended to identify such forward-looking statements, though not all forward-looking statements contain these identifying words. The Company’s forward-looking statements are based on management’s current expectations and beliefs, and are subject to a number of risks and uncertainties that could lead to actual results differing materially from those projected, forecasted or expected. Although the Company believes that the assumptions underlying these forward-looking statements are reasonable, they are not guarantees and the Company can give no assurance that its expectations will be attained. Factors which could have a material adverse effect on the Company’s operations and future prospects or which

could cause actual results to differ materially from expectations include, but are not limited to: (i) the ability and willingness of our tenants to meet and/or perform their obligations under the triple-net leases we have entered into with them, including without limitation, their respective obligations to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities; (ii) the risk that we may have to incur additional impairment charges related to our assets held for sale if we are unable to sell such assets at the prices we expect; (iii) the impact of healthcare reform legislation, including minimum staffing level requirements, on the operating results and financial conditions of our tenants; (iv) the ability of our tenants to comply with applicable laws, rules and regulations in the operation of the properties we lease to them; (v) the ability and willingness of our tenants to renew their leases with us upon their expiration, and the ability to reposition our properties on the same or better terms in the event of nonrenewal or in the event we replace an existing tenant, as well as any obligations, including indemnification obligations, we may incur in connection with the replacement of an existing tenant; (vi) the availability of and the ability to identify (a) tenants who meet our credit and operating standards, and (b) suitable acquisition opportunities and the ability to acquire and lease the respective properties to such tenants on favorable terms; (vii) the ability to generate sufficient cash flows to service our outstanding indebtedness; (viii) access to debt and equity capital markets; (ix) fluctuating interest rates; (x) the impact of public health crises, including significant COVID-19 outbreaks as well as other pandemics or epidemics; (xi) the ability to retain our key management personnel; (xii) the ability to maintain our status as a real estate investment trust (“REIT”); (xiii) changes in the U.S. tax law and other state, federal or local laws, whether or not specific to REITs; (xiv) other risks inherent in the real estate business, including potential liability relating to environmental matters and illiquidity of real estate investments; and (xv) any additional factors included in our Annual Report on Form 10-K for the year ended December 31, 2023 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, including in the section entitled “Risk Factors” in Item 1A of such reports, as such risk factors may be amended, supplemented or superseded from time to time by other reports we file with the SEC.

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