CARETRUST REIT

NEWS RELEASE

CareTrust REIT Announces Phase 2 Closing of Tennessee Acquisition; Brings Annual Investment Total to Approximately $1.5 Billion; Announces Replenished Investment Pipeline of $350 Million

2025-01-06

SAN CLEMENTE, Calif.--(BUSINESS WIRE)-- CareTrust REIT, Inc. (NYSE:CTRE) has announced that it has closed Phase 2 of the large Tennessee portfolio transaction announced on October 29, 2024 with the acquisition last week of an additional thirteen skilled nursing facilities. As anticipated, the second phase of the acquisition was 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 $176 million at an initial contractual yield on its combined preferred and common equity investments in the joint venture of approximately 9.0%.

All thirteen of the newly-acquired facilities will be operated by existing CareTrust tenant relationships under new long-term master lease agreements. Six of the facilities will be operated by affiliates of The Ensign Group (NASDAQ: ENSG) and the remaining seven will be operated by affiliates of Links Healthcare Group. The company has now acquired a total of 27 facilities in connection with this portfolio transaction and has provided a combined common equity and preferred equity investment totaling approximately $421 million. The acquisition of the final facility in the transaction is expected to close in the first quarter of 2025 upon the satisfaction of applicable closing conditions. The acquisition was funded using cash on hand.

James Callister, CareTrust's Chief Investment Officer, stated that, "It has been an exciting, unprecedented year of growth at CareTrust. The successful closing of this transaction brings our annual investment total to approximately $1.5 billion and we are excited to ride the momentum into 2025 as we continue to source and execute on investment opportunities in our pipeline."

Dave Sedgwick, CareTrust's President and Chief Executive Officer, stated that, "2024 was historic on many levels for the company. While the investment total was extraordinary, the discipline around underwriting and operator selection remained constant. We do not grow for growth's sake. From day one, our focus has been to grow the per-share value for our investors by matching the right operators with the right opportunities. The full impact of last year's record investments will be achieved this year, significantly increasing our cash flow and earnings." Mr. Sedgwick concluded, "We begin 2025 with a stronger balance sheet, deeper operator relationships, an active pipeline, and a reinforced team that is better equipped to take advantage of the opportunities for growth in front of us."

CareTrust also reported that its replenished investment pipeline sits at approximately $350 million of near-term, actionable opportunities, not including larger portfolios the company is reviewing.

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 closing of the transaction, lease arrangements for the acquired facilities, and the Company's investment pipeline.

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 the transaction will close in the anticipated timeframe, or at all, or 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) uncertainties as to the timing of closing of the transaction and other anticipated investments; (ii) the possibility that conditions to closing the transaction may not be satisfied or waived; (iii) 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; (iv) 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; (v) the impact of healthcare reform legislation, including minimum staffing level requirements, on the operating results and financial conditions of our tenants; (vi) the ability of our tenants to comply with applicable laws, rules and regulations in the operation of the properties we lease to them; (vii) 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; (viii) 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; (ix) the ability to generate sufficient cash flows to service our outstanding indebtedness; (x) access to debt and equity capital markets; (xi) fluctuating interest rates; (xii) the impact of public health crises, including significant COVID-19 outbreaks as well as other pandemics or epidemics; (xiii) the ability to retain our key management personnel; (xiv) the ability to maintain our status as a real estate investment trust ("REIT"); (xv) changes in the U.S. tax law and other state, federal or local laws, whether or not specific to REITs; (xvi) other risks inherent in the real estate business, including potential liability relating to environmental matters and illiquidity of real estate investments; and (xvii) any additional factors included in our Annual Report on Form 10-K for the year ended December 31, 2023 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2024 and June 30, 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.

As used in this press release, unless the context requires otherwise, references to "CTRE," "CareTrust," "CareTrust REIT" or the "Company" refer to CareTrust REIT, Inc. and its consolidated subsidiaries.

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Source: CareTrust REIT, Inc.