



NEWS RELEASE

CareTrust REIT Announces Second Quarter 2023 Operating Results

2023-08-03

Conference Call Scheduled for Friday, August 4, 2023 at 1:00 pm ET

SAN CLEMENTE, Calif.--(BUSINESS WIRE)-- CareTrust REIT, Inc. (NYSE:CTRE) today reported operating results for the quarter ended June 30, 2023, as well as other recent events.

For the quarter, CareTrust REIT reported:

- 96.7% of contractual rents collected;
- Net loss of \$0.5 million and net loss per share of \$0.01;
- Normalized FFO of \$34.6 million and normalized FFO per share of \$0.35;
- Normalized FAD of \$36.1 million and normalized FAD per share of \$0.36;
- A quarterly dividend of \$0.28 per share, representing a payout ratio of approximately 78% on normalized FAD;
- Acquired 12 properties for \$173.5 million;
- Commenced six new operator relationships;
- Originated a \$26.0 million loan investment; and
- Sold 6.7 million shares on a forward basis under its ATM Program for expected net proceeds of \$131.1 million

CareTrust's President and Chief Executive Officer, Dave Sedgwick, expressed enthusiasm for the Company's performance in the second quarter. "We are pleased to not only report \$173 million of new investments and six new operator relationships but also to report that we have largely funded those investments with equity via ATM forward contracts." Mr. Sedgwick continued, "We have announced new investments every month since March and yet we sit here today with ample dry powder to continue to grow the portfolio. The investment pipeline today is

roughly \$150 million and is composed mostly of skilled nursing acquisitions."

The Company gave an update on its portfolio management initiatives. Mr. Sedgwick said, "As of today, from last year's announced disposition plan, three facilities remain on the market. Two of those are under contract to sell in the coming months pending the standard diligence and licensing process. The third facility is under a Letter of Intent." With regards to the delinquent operator that accounts for approximately \$5 million of annual contractual rent, the Company has classified those assets as held-for-sale, removed the properties from its lease coverage report in the quarterly supplemental, and is currently negotiating a sale of the properties. The Company recognized \$0.4 million of rent from this operator in the quarter and reports receiving \$0.3 million in July.

Turning to the portfolio performance in the quarter, the Company's reported EBITDARM and EBITDAR lease coverage, excluding Provider Relief Funds, improved to 2.70x and 2.13x, respectively. Based on preliminary operator reports, June 2023 occupancy (excluding properties held for sale) increased slightly to 76.2% from 76.0% in March 2023 for skilled nursing and seniors housing held steady at 74.9% in March and June 2023.

Financial Results for Quarter Ended June 30, 2023

Chief Financial Officer, Bill Wagner, reported that, for the second quarter, CareTrust reported net loss of \$0.5 million, or \$0.01 per diluted weighted-average common share, normalized FFO of \$34.6 million, or \$0.35 per diluted weighted-average common share, and normalized FAD of \$36.1 million, or \$0.36 per diluted weighted-average common share.

Liquidity

As of quarter end, CareTrust reported net debt-to-annualized normalized run rate EBITDA of 3.8x, which is below the Company's target leverage range of 4.0x to 5.0x, and a net debt-to-enterprise value of approximately 26.2%. Mr. Wagner stated that, as of today, the Company has approximately \$310 million outstanding on its \$600 million revolving credit line, with no scheduled debt maturities prior to 2026. He also disclosed that CareTrust currently has approximately \$12 million in cash on hand. He further noted that the Company had \$367.2 million and \$290.7 million in available authorization remaining on its at-the-market equity program as of June 30, 2023 and August 3, 2023, respectively. During the three months ended June 30, 2023, the Company executed sales under its ATM Program with a financial institution acting as a forward purchaser to sell 6,736,089 shares of common stock at a weighted average sales price of \$19.71 per share before commissions and offering expenses. In July 2023, the Company executed sales under its forward ATM Program to sell 3,839,348 shares of common stock at a weighted average sales price of \$19.94 per share before commissions and offering expenses. "With substantial availability on our revolver, and equity markets readily accessible to us at present, we continue to have a wide range of capital options for funding our opportunistic growth strategy," said Mr. Wagner.

Dividend Maintained

During the quarter, CareTrust declared a quarterly dividend of \$0.28 per common share. On an annualized basis, the payout ratio was approximately 80% based on second quarter 2023 normalized FFO, and 78% based on normalized FAD.

Conference Call

A conference call will be held on Friday, August 4, 2023, at 1:00 p.m. Eastern Time (10:00 a.m. Pacific Time), during which CareTrust's management will discuss second quarter results, recent developments and other matters. The toll-free dial-in number is 1 (888) 510-2379 or toll dial-in number is 1 (646) 960-0691 and the conference ID number is 6808360. To listen to the call online, or to view any financial or other statistical information required by SEC Regulation G, please visit the Investors section of the CareTrust REIT website at <http://investor.caretrustreit.com>. This call will be recorded, and will be available for replay via the website for 30 days following the call.

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, and the related conference call will include, 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: future financial and financing plans; strategies related to the Company's business and its portfolio, including acquisition opportunities and disposition plans; growth prospects; operating and financial performance; expectations regarding the making of distributions and payment of dividends; and the performance of the Company's tenants and operators and their respective facilities.

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 impact of possible additional surges of COVID-19 infections or the risk of other pandemics, epidemics or infectious disease outbreaks, measures taken to prevent the spread of such outbreaks and the related impact on our business or the businesses of our tenants; (ii) 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; (iii) 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; (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 and inflation; (x) the ability to retain our key management personnel; (xi) the ability to maintain our status as a real estate investment trust ("REIT"); (xii) changes in the U.S. tax law and other state, federal or local laws, whether or not specific to REITs; (xiii) other risks inherent in the real estate business, including potential liability relating to environmental matters and illiquidity of real estate investments; and (xiv) additional factors included in our Annual Report on Form 10-K for the year ended December 31, 2022 and Quarterly Reports on Form 10-Q for the quarter ended March 31, 2023 and June 30, 2023, including in the sections 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.

This press release and the related conference call provides information about the Company's financial results as of and for the quarter ended June 30, 2023 and is provided as of the date hereof, unless specifically stated otherwise. The Company expressly disclaims any obligation to update or revise any information in this press release or the related conference call (and replays thereof), including forward-looking statements, whether to reflect any change in the Company's expectations, any change in events, conditions or circumstances, or otherwise.

As used in this press release or the related conference call, unless the context requires otherwise, references to

"CTRE," "CareTrust," "CareTrust REIT" or the "Company" refer to CareTrust REIT, Inc. and its consolidated subsidiaries. GAAP refers to generally accepted accounting principles in the United States of America.

CARETRUST REIT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Revenues:				
Rental income	\$ 47,745	\$ 46,806	\$ 93,908	\$ 92,813
Interest and other income	3,808	747	8,251	1,216
Total revenues	<u>51,553</u>	<u>47,553</u>	<u>102,159</u>	<u>94,029</u>
Expenses:				
Depreciation and amortization	12,716	12,559	24,954	26,134
Interest expense	11,040	6,303	20,867	12,045
Property taxes	1,390	1,254	2,270	2,674
Impairment of real estate investments	21,392	1,701	23,278	61,384
Provision for loan losses, net	—	—	—	3,844
Property operating expenses	658	89	1,621	536
General and administrative	4,718	4,978	9,779	10,193
Total expenses	<u>51,914</u>	<u>26,884</u>	<u>82,769</u>	<u>116,810</u>
Other (loss) income:				
Gain on sale of real estate, net	2,028	—	1,958	186
Unrealized losses on other real estate related investments, net	(2,151)	—	(2,605)	—
Total other (loss) income	<u>(123)</u>	<u>—</u>	<u>(647)</u>	<u>186</u>
Net (loss) income	\$ (484)	\$ 20,669	\$ 18,743	\$ (22,595)
(Loss) earnings per common share:				
Basic	\$ (0.01)	\$ 0.21	\$ 0.19	\$ (0.24)
Diluted	<u>\$ (0.01)</u>	<u>\$ 0.21</u>	<u>\$ 0.19</u>	<u>\$ (0.24)</u>
Weighted-average number of common shares:				
Basic	99,117	96,564	99,090	96,487
Diluted	<u>99,117</u>	<u>96,598</u>	<u>99,194</u>	<u>96,487</u>
Dividends declared per common share	\$ 0.28	\$ 0.275	\$ 0.56	\$ 0.55

CARETRUST REIT, INC.
RECONCILIATIONS OF NET (LOSS) INCOME TO NON-GAAP FINANCIAL MEASURES
(in thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
\$	\$	\$	\$	\$
Net (loss) income	\$ (484)	\$ 20,669	\$ 18,743	\$ (22,595)
Depreciation and amortization	12,716	12,559	24,954	26,134
Interest expense	11,040	6,303	20,867	12,045
Amortization of stock-based compensation	924	1,394	1,860	2,915
EBITDA	<u>24,196</u>	<u>40,925</u>	<u>66,424</u>	<u>18,499</u>
Impairment of real estate investments	21,392	1,701	23,278	61,384
Provision for loan losses, net	—	—	—	3,844
Provision for doubtful accounts and lease restructuring	—	—	—	977

Property operating expenses	831	631	1,965	1,862
Gain on sale of real estate, net	(2,028)	—	(1,958)	(186)
Unrealized losses on other real estate related investments, net	2,151	—	2,605	—
Normalized EBITDA	\$ 46,542	\$ 43,257	\$ 92,314	\$ 86,380
 Net (loss) income	 \$ (484)	 \$ 20,669	 \$ 18,743	 \$ (22,595)
Real estate related depreciation and amortization	12,712	12,553	24,945	26,124
Impairment of real estate investments	21,392	1,701	23,278	61,384
Gain on sale of real estate, net	(2,028)	—	(1,958)	(186)
Funds from Operations (FFO)	31,592	34,923	65,008	64,727
Provision for loan losses, net	—	—	—	3,844
Provision for doubtful accounts and lease restructuring	—	—	—	977
Property operating expenses	831	631	1,965	1,862
Unrealized losses on other real estate related investments, net	2,151	—	2,605	—
Normalized FFO	\$ 34,574	\$ 35,554	\$ 69,578	\$ 71,410

CARETRUST REIT, INC.
RECONCILIATIONS OF NET (LOSS) INCOME TO NON-GAAP FINANCIAL MEASURES (continued)
(in thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net (loss) income	\$ (484)	\$ 20,669	\$ 18,743	\$ (22,595)
Real estate related depreciation and amortization	12,712	12,553	24,945	26,124
Amortization of deferred financing fees	608	520	1,217	1,040
Amortization of stock-based compensation	924	1,394	1,860	2,915
Straight-line rental income	7	(5)	14	(11)
Impairment of real estate investments	21,392	1,701	23,278	61,384
Gain on sale of real estate, net	(2,028)	—	(1,958)	(186)
Funds Available for Distribution (FAD)	33,131	36,832	68,099	68,671
Provision for loan losses, net	—	—	—	3,844
Provision for doubtful accounts and lease restructuring	—	—	—	977
Property operating expenses	831	631	1,965	1,862
Unrealized losses on other real estate related investments, net	2,151	—	2,605	—
Normalized FAD	\$ 36,113	\$ 37,463	\$ 72,669	\$ 75,354
 FFO per share	 \$ 0.32	 \$ 0.36	 \$ 0.65	 \$ 0.67
Normalized FFO per share	\$ 0.35	\$ 0.37	\$ 0.70	\$ 0.74
 FAD per share	 \$ 0.33	 \$ 0.38	 \$ 0.69	 \$ 0.71
Normalized FAD per share	\$ 0.36	\$ 0.39	\$ 0.73	\$ 0.78
 Diluted weighted average shares outstanding [1]	 99,360	 96,672	 99,278	 96,687

[1] For the periods presented, the diluted weighted average shares have been calculated using the treasury stock method.

CARETRUST REIT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS - 5 QUARTER TREND
(in thousands, except per share data)
(Unaudited)

	Quarter Ended June 30, 2022	Quarter Ended September 30, 2022	Quarter Ended December 31, 2022	Quarter Ended March 31, 2023	Quarter Ended June 30, 2023

Revenues:					
Rental income	\$ 46,806	\$ 47,018	\$ 47,675	\$ 46,163	\$ 47,745
Interest and other income	747	3,275	4,135	4,443	3,808
Total revenues	<u>47,553</u>	<u>50,293</u>	<u>51,810</u>	<u>50,606</u>	<u>51,553</u>
Expenses:					
Depreciation and amortization	12,559	12,256	11,926	12,238	12,716
Interest expense	6,303	8,355	9,608	9,827	11,040
Property taxes	1,254	691	968	880	1,390
Impairment of real estate investments	1,701	12,322	5,356	1,886	21,392
Property operating expenses	89	3,808	695	963	658
General and administrative	4,978	5,159	4,813	5,061	4,718
Total expenses	<u>26,884</u>	<u>42,591</u>	<u>33,366</u>	<u>30,855</u>	<u>51,914</u>
Other loss:					
(Loss) gain on sale of real estate, net	—	(2,287)	(1,668)	(70)	2,028
Unrealized losses on other real estate related investments, net	—	(4,706)	(2,396)	(454)	(2,151)
Total other loss	<u>—</u>	<u>(6,993)</u>	<u>(4,064)</u>	<u>(524)</u>	<u>(123)</u>
Net income (loss)	\$ 20,669	\$ 709	\$ 14,380	\$ 19,227	\$ (484)
Diluted earnings (loss) per share	\$ 0.21	\$ 0.01	\$ 0.15	\$ 0.19	\$ (0.01)
Diluted weighted average shares outstanding	96,598	96,625	97,272	99,087	99,117

CARETRUST REIT, INC.
RECONCILIATIONS OF NET INCOME (LOSS) TO NON-GAAP FINANCIAL MEASURES - 5 QUARTER TREND
(in thousands)
(Unaudited)

	Quarter Ended June 30, 2022	Quarter Ended September 30, 2022	Quarter Ended December 31, 2022	Quarter Ended March 31, 2023	Quarter Ended June 30, 2023
Net income (loss)	\$ 20,669	\$ 709	\$ 14,380	\$ 19,227	\$ (484)
Depreciation and amortization	12,559	12,256	11,926	12,238	12,716
Interest expense	6,303	8,355	9,608	9,827	11,040
Amortization of stock-based compensation	1,394	1,380	1,463	936	924
EBITDA	40,925	22,700	37,377	42,228	24,196
Impairment of real estate investments	1,701	12,322	5,356	1,886	21,392
Provision for doubtful accounts and lease restructuring	—	—	390	—	—
Property operating expenses	631	3,821	914	1,134	831
Loss (gain) on sale of real estate, net	—	2,287	1,668	70	(2,028)
Unrealized losses on other real estate related investments, net	—	4,706	2,396	454	2,151
Normalized EBITDA	\$ 43,257	\$ 45,836	\$ 48,101	\$ 45,772	\$ 46,542
Net income (loss)	\$ 20,669	\$ 709	\$ 14,380	\$ 19,227	\$ (484)
Real estate related depreciation and amortization	12,553	12,251	11,921	12,233	12,712
Impairment of real estate investments	1,701	12,322	5,356	1,886	21,392
Loss (gain) on sale of real estate, net	—	2,287	1,668	70	(2,028)
Funds from Operations (FFO)	34,923	27,569	33,325	33,416	31,592
Provision for doubtful accounts and lease restructuring	—	—	390	—	—
Property operating expenses	631	3,821	914	1,134	831
Unrealized losses on other real estate related investments, net	—	4,706	2,396	454	2,151
Normalized FFO	\$ 35,554	\$ 36,096	\$ 37,025	\$ 35,004	\$ 34,574

CARETRUST REIT, INC.
RECONCILIATIONS OF NET INCOME (LOSS) TO NON-GAAP FINANCIAL MEASURES - 5 QUARTER TREND (continued)
(in thousands, except per share data)
(Unaudited)

	Quarter Ended June 30, 2022	Quarter Ended September 30, 2022	Quarter Ended December 31, 2022	Quarter Ended March 31, 2023	Quarter Ended June 30, 2023
Net income (loss)	\$ 20,669	\$ 709	\$ 14,380	\$ 19,227	\$ (484)
Real estate related depreciation and amortization	12,553	12,251	11,921	12,233	12,712
Amortization of deferred financing fees	520	520	535	609	608
Amortization of stock-based compensation	1,394	1,380	1,463	936	924
Straight-line rental income	(5)	(3)	(3)	7	7
Impairment of real estate investments	1,701	12,322	5,356	1,886	21,392
Loss (gain) on sale of real estate, net	—	2,287	1,668	70	(2,028)
Funds Available for Distribution (FAD)	36,832	29,466	35,320	34,968	33,131
Provision for doubtful accounts and lease restructuring	—	—	390	—	—
Property operating expenses	631	3,821	914	1,134	831
Unrealized losses on other real estate related investments, net	—	4,706	2,396	454	2,151
Normalized FAD	\$ 37,463	\$ 37,993	\$ 39,020	\$ 36,556	\$ 36,113
FFO per share	\$ 0.36	\$ 0.28	\$ 0.34	\$ 0.34	\$ 0.32
Normalized FFO per share	\$ 0.37	\$ 0.37	\$ 0.38	\$ 0.35	\$ 0.35
FAD per share	\$ 0.38	\$ 0.30	\$ 0.36	\$ 0.35	\$ 0.33
Normalized FAD per share	\$ 0.39	\$ 0.39	\$ 0.40	\$ 0.37	\$ 0.36
Diluted weighted average shares outstanding [1]	96,672	96,752	97,408	99,195	99,360

[1] For the periods presented, the diluted weighted average shares have been calculated using the treasury stock method.

CARETRUST REIT, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)
(Unaudited)

	December 31, June 30, 2023	2022
Assets:		
Real estate investments, net	\$ 1,528,234	\$ 1,421,410
Other real estate related investments, at fair value (including accrued interest of \$1,136 as of June 30, 2023 and \$1,320 as of December 31, 2022)	166,822	156,368
Assets held for sale, net	21,554	12,291
Cash and cash equivalents	1,145	13,178
Accounts and other receivables	387	416
Prepaid expenses and other assets, net	14,029	11,690
Deferred financing costs, net	4,781	5,428
Total assets	\$ 1,736,952	\$ 1,620,781
Liabilities and Equity:		
Senior unsecured notes payable, net	\$ 395,594	\$ 395,150
Senior unsecured term loan, net	199,454	199,348
Unsecured revolving credit facility	280,000	125,000
Accounts payable, accrued liabilities and deferred rent liabilities	21,039	24,360
Dividends payable	27,843	27,550
Total liabilities	923,930	771,408
Equity:		
Common stock	991	990
Additional paid-in capital	1,245,717	1,245,337
Cumulative distributions in excess of earnings	(433,686)	(396,954)
Total equity	813,022	849,373
Total liabilities and equity	\$ 1,736,952	\$ 1,620,781

CARETRUST REIT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	For the Six Months Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Net income (loss)	\$ 18,743	\$ (22,595)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization (including below-market ground leases)	24,983	26,167
Amortization of deferred financing costs	1,217	1,040
Unrealized losses on other real estate related investments, net	2,605	—
Amortization of stock-based compensation	1,860	2,915
Straight-line rental income	14	(11)
Adjustment for collectibility of rental income	—	977
Noncash interest income	184	(13)
Gain on sale of real estate, net	(1,958)	(186)
Impairment of real estate investments	23,278	61,384
Provision for loan losses, net	—	3,844
Change in operating assets and liabilities:		
Accounts and other receivables	14	578
Prepaid expenses and other assets, net	(330)	(1,724)
Accounts payable, accrued liabilities and deferred rent liabilities	(3,624)	(4,074)
Net cash provided by operating activities	<u>66,986</u>	<u>68,302</u>
Cash flows from investing activities:		
Acquisitions of real estate, net of deposits applied	(172,453)	(21,915)
Purchases of equipment, furniture and fixtures and improvements to real estate	(6,380)	(3,628)
Investment in real estate related investments and other loans receivable	(27,262)	(102,086)
Principal payments received on real estate related investments and other loans receivable	15,287	1,026
Escrow deposits for potential acquisitions of real estate	(300)	—
Net proceeds from sales of real estate	14,464	959
Net cash used in investing activities	<u>(176,644)</u>	<u>(125,644)</u>
Cash flows from financing activities:		
Proceeds from (costs paid for) the issuance of common stock, net	(629)	—
Borrowings under unsecured revolving credit facility	155,000	125,000
Payments of deferred financing costs	(21)	—
Net-settle adjustment on restricted stock	(1,479)	(4,469)
Dividends paid on common stock	(55,246)	(52,817)
Net cash provided by financing activities	<u>97,625</u>	<u>67,714</u>
Net (decrease) increase in cash and cash equivalents	(12,033)	10,372
Cash and cash equivalents as of the beginning of period	13,178	19,895
Cash and cash equivalents as of the end of period	<u>\$ 1,145</u>	<u>\$ 30,267</u>

CARETRUST REIT, INC.
DEBT SUMMARY
(dollars in thousands)
(Unaudited)

Debt	Interest Rate	Maturity Date	June 30, 2023			
			Principal	% of Principal	Deferred Loan Costs	Net Carrying Value
Fixed Rate Debt						
Senior unsecured notes payable	3.875%	2028	\$ 400,000	45.5%	\$ (4,406)	\$ 395,594
Floating Rate Debt						
Senior unsecured term loan	6.691% [1]	2026	200,000	22.7%	\$ (546)	\$ 199,454
Unsecured revolving credit facility	6.299% [2]	2028 [3]	280,000	31.8%	— [4]	\$ 280,000
	6.462%		480,000	54.5%	\$ (546)	\$ 479,454
Total Debt	5.286%		\$ 880,000	100.0%	\$ (4,952)	\$ 875,048

[1] Funds can be borrowed at applicable SOFR plus 1.50% to 2.20% or at the Base Rate (as defined) plus 0.50% to 1.20%.

[2] Funds can be borrowed at applicable SOFR plus 1.10% to 1.55% or at the Base Rate (as defined) plus 0.10% to 0.55%.

[3] Maturity date assumes exercise of two 6-month extension options.

[4] Deferred financing fees are not shown net for the unsecured revolving credit facility and are included in assets on the balance sheet.

Non-GAAP Financial Measures

EBITDA represents net income before interest expense (including amortization of deferred financing costs), amortization of stock-based compensation, and depreciation and amortization. Normalized EBITDA represents EBITDA as further adjusted to eliminate the impact of certain items that the Company does not consider indicative of core operating performance, such as recovery of previously reversed rent, lease termination revenue, property operating expenses, gains or losses from dispositions of real estate, real estate impairment charges, provision for loan losses, non-routine transaction costs, loss on extinguishment of debt, unrealized loss on other real estate related investments and provision for doubtful accounts and lease restructuring, as applicable. EBITDA and Normalized EBITDA do not represent cash flows from operations or net income as defined by GAAP and should not be considered an alternative to those measures in evaluating the Company's liquidity or operating performance. EBITDA and Normalized EBITDA do not purport to be indicative of cash available to fund future cash requirements, including the Company's ability to fund capital expenditures or make payments on its indebtedness. Further, the Company's computation of EBITDA and Normalized EBITDA may not be comparable to EBITDA and Normalized EBITDA reported by other REITs.

Funds from Operations ("FFO"), as defined by the National Association of Real Estate Investment Trusts ("Nareit"), and Funds Available for Distribution ("FAD") are important non-GAAP supplemental measures of operating performance for a REIT. Because the historical cost accounting convention used for real estate assets requires straight-line depreciation except on land, such accounting presentation implies that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market and other conditions, presentations of operating results for a REIT that uses historical cost accounting for depreciation could be less informative. Thus, Nareit created FFO as a supplemental measure of operating performance for REITs that excludes historical cost depreciation and amortization, among other items, from net income, as defined by GAAP.

FFO is defined by Nareit as net income computed in accordance with GAAP, excluding gains or losses from dispositions of real estate investments, real estate related depreciation and amortization and real estate impairment charges, and adjustments for unconsolidated partnerships and joint ventures. The Company computes FFO in accordance with Nareit's definition.

FAD is defined as FFO excluding noncash income and expenses, such as amortization of stock-based compensation, amortization of deferred financing fees and the effects of straight-line rent. The Company considers FAD to be a useful supplemental measure to evaluate the Company's operating results excluding these income and expense items to help investors, analysts and other interested parties compare the operating performance of the Company

between periods or as compared to other companies on a more consistent basis.

In addition, the Company reports Normalized FFO and Normalized FAD, which adjust FFO and FAD for certain revenue and expense items that the Company does not believe are indicative of its ongoing operating results, such as provision for loan losses, non-routine transaction costs, provision for doubtful accounts and lease restructuring, loss on extinguishment of debt, unrealized loss on other real estate related investments, recovery of previously reversed rent, lease termination revenue and property operating expenses. By excluding these items, investors, analysts and our management can compare Normalized FFO and Normalized FAD between periods more consistently.

While FFO, Normalized FFO, FAD and Normalized FAD are relevant and widely-used measures of operating performance among REITs, they do not represent cash flows from operations or net income as defined by GAAP and should not be considered an alternative to those measures in evaluating the Company's liquidity or operating performance. FFO, Normalized FFO, FAD and Normalized FAD do not purport to be indicative of cash available to fund future cash requirements.

Further, the Company's computation of FFO, Normalized FFO, FAD and Normalized FAD may not be comparable to FFO, Normalized FFO, FAD and Normalized FAD reported by other REITs that do not define FFO in accordance with the current Nareit definition or that interpret the current Nareit definition or define FAD differently than the Company does.

The Company believes that net income, as defined by GAAP, is the most appropriate earnings measure. The Company also believes that the use of EBITDA, Normalized EBITDA, FFO, Normalized FFO, FAD and Normalized FAD, combined with the required GAAP presentations, improves the understanding of operating results of REITs among investors and makes comparisons of operating results among such companies more meaningful. The Company considers EBITDA and Normalized EBITDA useful in understanding the Company's operating results independent of its capital structure, indebtedness and other charges that are not indicative of its ongoing results, thereby allowing for a more meaningful comparison of operating performance between periods and against other REITs. The Company considers FFO, Normalized FFO, FAD and Normalized FAD to be useful measures for reviewing comparative operating and financial performance because, by excluding gains or losses from real estate dispositions, impairment charges and real estate related depreciation and amortization, and, for FAD and Normalized FAD, by excluding noncash income and expenses such as amortization of stock-based compensation, amortization of deferred financing fees, and the effects of straight-line rent, FFO, Normalized FFO, FAD and Normalized FAD can help investors compare the Company's operating performance between periods and to other REITs.

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Source: CareTrust REIT, Inc.