



NEWS RELEASE

CareTrust REIT Funds \$378 Million in New Investments; Announces Replenished Investment Pipeline of \$270 Million

2024-08-01

SAN CLEMENTE, Calif.--(BUSINESS WIRE)-- CareTrust REIT, Inc. (NYSE:CTRE) announced today that it has funded approximately \$378 Million in new investments this week, including the funding of a \$260 million senior mortgage loan and a \$43 million preferred equity investment in connection with the borrower's acquisition of a 37-facility skilled nursing and seniors housing portfolio located in the Pacific Northwest. The \$378 million in investments was funded using cash on hand.

The portfolio consists of 2,713 operating beds/units with 21 skilled nursing facilities and 16 seniors housing facilities located in Oregon, Washington, Alaska, Arizona, Idaho, California, Montana, and Nevada. The borrower, which is a joint venture between a large health care real estate owner and a subsidiary of PACS Group, Inc., acquired the 37 facilities, which will be operated by other PACS subsidiaries. The loan is secured by a first priority lien on the borrowers' ownership interest in the real estate and carries a five-year maturity and a starting annual effective yield of 8.5%. CareTrust also funded a \$43 million preferred equity investment in an uptier parent entity of the borrower. The preferred equity investment does not have a stated maturity date and has a contractual yield of 11%. Subject to very limited exceptions, the preferred equity investment has a minimum hold period of seven (7) years.

CareTrust's Chief Investment Officer, James Callister, stated that "We are excited to be a part of such a significant investment opportunity where high-quality assets are being matched with one of the industry's most elite operators in the PACS Group." Mr. Callister went on to remark that, "The combination of loan dollars with the longer duration of the preferred equity investment further builds on our commitment to lend with the purpose of developing additional real estate equity investment opportunities."

“Not only are we and our operating subsidiaries thrilled to welcome these great facilities to the PACS family,” said Derick Apt, CFO of PACS Group, Inc., “we’re also excited to once again work alongside our great partners at CareTrust. We look forward to the respective growth stories of CareTrust and PACS continuing to intersect through this and future transaction opportunities.”

Separately, CareTrust had previously announced in June its funding of \$90 million of a \$165 million senior mortgage term loan. KeyBank National Association participated the remaining \$75 million of the \$165 million loan. On July 30th, CareTrust funded approximately \$75 million in connection with the exercise of its right to call the participated loan. CareTrust now holds the entire senior mortgage loan with an outstanding principal balance of approximately \$165 million at an interest rate of SOFR (floor 5.15%) + 4.25%.

Dave Sedgwick, CareTrust’s Chief Executive Officer, said, “As of today, our year-to-date investment total equals approximately \$765 million at an average yield of 9.5%. The investments announced today are the realization of our consistent messaging that this year would be a unique one in CareTrust’s 10-year history. And we are not done yet.” Mr. Sedgwick also announced a replenished investment pipeline of approximately \$270 million of near-term, actionable real estate acquisition opportunities.

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 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.

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