



CareTrust REIT Expands in California

February 12, 2019

SAN CLEMENTE, Calif., Feb. 12, 2019 (GLOBE NEWSWIRE) -- CareTrust REIT, Inc. (NASDAQ:CTRE) announced today that it acquired a 503-bed, four-property skilled nursing portfolio in California in a sale-leaseback transaction with subsidiaries of Covenant Care, Inc. As part of the transaction, CareTrust and Covenant Care entered into a new master lease, which combined the four newly-acquired facilities with four Covenant Care facilities already in CareTrust's existing portfolio.

"We're pleased to be expanding our relationship with Covenant Care in California, where they have a long-established track record as one of the state's most seasoned and highly-regarded regional operators," said Mark Lamb, CareTrust's Chief Investment Officer. Mr. Lamb explained that CareTrust and Covenant Care have enjoyed a positive landlord-tenant relationship since 2016, when CareTrust purchased two skilled nursing facilities and two assisted living facilities from a private landlord with three separate, standalone leases to Covenant Care subsidiaries in place. "This latest transaction not only brought four very good properties into the CareTrust portfolio, but also allowed us to consolidate the three standalone Covenant Care leases into a single, unified long-term master lease for all eight assets," he said.

Mr. Lamb noted that the transaction was designed to help Covenant Care retire existing debt and strengthen its balance sheet. In addition, he reported that CareTrust had retained the right to re-tenant one of the newly-acquired buildings at a future date, at CareTrust's option.

The total investment for the sale-leaseback was approximately \$43.9 million, inclusive of transaction costs, with approximately \$4.0 million in initial annual cash rent. The master lease carries an initial term of fifteen years, with two five-year renewal options and CPI-based rent escalators. The three standalone leases that were consolidated and eliminated had remaining lease terms of less than five years.

In conjunction with the sale-leaseback, CareTrust also provided Covenant Care with a short-term \$11.4 million secured term loan at an interest rate of 9.0%. The loan is secured by a first mortgage on a five-property, 440-bed skilled nursing portfolio owned and operated by Covenant Care subsidiaries in Illinois. The sale-leaseback and secured term loan were funded using cash on hand.

About CareTrust

CareTrust REIT, Inc. is a self-administered, publicly-traded real estate investment trust engaged in the ownership, acquisition and leasing of seniors housing and healthcare-related properties. With 199 net-leased healthcare properties and three operated seniors housing properties in 27 states, CareTrust REIT is pursuing opportunities nationwide to acquire additional properties that will be leased to a diverse group of local, regional and national seniors housing operators, healthcare services providers, and other healthcare-related businesses. More information about CareTrust REIT is available at www.caretrustreit.com.

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