



CARETRUST REIT, INC.

THIRD QUARTER 2019 FINANCIAL SUPPLEMENT



Expertise. Partnership. Growth.

Disclaimers



This supplement 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 our intent, belief or expectations, including, but not limited to, statements regarding future financial and financing positions, business and acquisition strategies, growth prospects, operating and financial performance, expectations regarding the making of distributions, payment of dividends, compliance with and changes in governmental regulations, and the performance of our 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. Our forward-looking statements are based on our 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 we believe that the assumptions underlying these forward-looking statements are reasonable, they are not guarantees and we can give no assurance that our expectations will be attained. Factors which could have a material adverse effect on our 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 ability of our tenants to comply with applicable laws, rules and regulations in the operation of the properties we lease to them; (iii) 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; (iv) 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; (v) the ability to generate sufficient cash flows to service our outstanding indebtedness; (vi) access to debt and equity capital markets; (vii) fluctuating interest rates; (viii) the ability to retain our key management personnel; (ix) the ability to maintain our status as a real estate investment trust (“REIT”); (x) changes in the U.S. tax law and other state, federal or local laws, whether or not specific to REITs; (xi) other risks inherent in the real estate business, including potential liability relating to environmental matters and illiquidity of real estate investments; and (xii) any additional factors included in our Annual Report on Form 10-K for the year ended December 31, 2018, including in the section entitled “Risk Factors” in Item 1A of Part I of such report, as such risk factors may be amended, supplemented or superseded from time to time by other reports we file with the Securities and Exchange Commission (the “SEC”).

This supplement contains certain non-GAAP financial information relating to CareTrust REIT including EBITDA, Normalized EBITDA, FFO, Normalized FFO, FAD, Normalized FAD, and certain related ratios. Explanatory footnotes and a glossary explaining this non-GAAP information are included in this supplement. Reconciliations of these non-GAAP measures are also included in this supplement. Other financial information, including GAAP financial information, is also available on our website. Non-GAAP financial information does not represent financial performance under GAAP and should not be considered in isolation, as a measure of liquidity, as an alternative to net income, or as an indicator of any other performance measure determined in accordance with GAAP. You should not rely on non-GAAP financial information as a substitute for GAAP financial information, and should recognize that non-GAAP information presented herein may not compare to similarly-termed non-GAAP information of other companies (i.e., because they do not use the same definitions for determining any such non-GAAP information).

This supplement also includes certain information regarding operators of our properties (such as EBITDARM Coverage, EBITDAR Coverage, and Occupancy), most of which are not subject to audit or SEC reporting requirements. The operator information provided in this supplement has been provided by the operators. We have not independently verified this information, but have no reason to believe that such information is inaccurate in any material respect. We are providing this information for informational purposes only. The Ensign Group, Inc. (“Ensign”) and Pennant Group, Inc. (“Pennant”) are subject to the registration and reporting requirements of the SEC and are required to file with the SEC annual reports containing audited financial information and quarterly reports containing unaudited financial information. Ensign’s and Pennant’s financial statements, as filed with the SEC, can be found at the SEC’s website at www.sec.gov.

Information in this supplement is provided as of September 30, 2019, unless specifically stated otherwise. We expressly disclaim any obligation to update or revise any information in this supplement (including forward-looking statements), whether to reflect any change in our expectations, any change in events, conditions or circumstances, or otherwise.

As used in this supplement, 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.

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Company Profile



CareTrust REIT is a self-administered, publicly-traded real estate investment trust engaged in the ownership, acquisition, development and leasing of seniors housing and healthcare-related properties. CareTrust REIT generates revenues primarily by leasing properties to a diverse group of local, regional and national seniors housing operators, healthcare services providers, and other healthcare-related businesses.

Since its debut as a standalone public company on June 1, 2014, and as of November 7, 2019, CareTrust REIT has expanded its tenant roster to 23 operators, and has grown its real estate portfolio to 209 net-leased healthcare properties and two operated seniors housing properties across 28 states, consisting of 21,344 operating beds/units. As of November 7, 2019, we also had other real estate investments consisting of one preferred equity investment and three mortgage loans receivable.

Management

Greg Stapley
Chairman and Chief Executive Officer

Bill Wagner
Chief Financial Officer

Dave Sedgwick
Chief Operating Officer

Mark Lamb
Chief Investment Officer

Board of Directors

Greg Stapley
Chairman

Diana Laing

Jon Kline

Allen Barbieri

Spencer Plumb

Analyst Coverage

KeyBanc Capital Markets
Jordan Sadler | (917) 318-2280

Raymond James
Jonathan Hughes | (727) 567-2438

Wells Fargo Securities
Todd Stender | (562) 637-1371

RBC Capital Markets
Michael Carroll | (440) 715-2649

Stifel, Nicolaus & Company
Chad Vanacore | (518) 587-2581

BMO Capital Markets
John Kim | (212) 885-4115

CapitalOne Securities
Dan Bernstein | (571) 835-7202

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www.caretrustreit.com

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P.O. Box 1342
Brentwood, NY 11717
(800) 733-1121 | shareholder@broadridge.com

At a Glance

CareTrust REIT, Inc.

Nasdaq: CTRE

Market Data

(as of September 30, 2019)

Closing Price: \$23.50

52 Week Range: \$25.54– \$16.68

Market Cap: \$2,247M

Enterprise Value: \$2,806M

Outstanding Shares: 95.6M

Credit Ratings

S&P

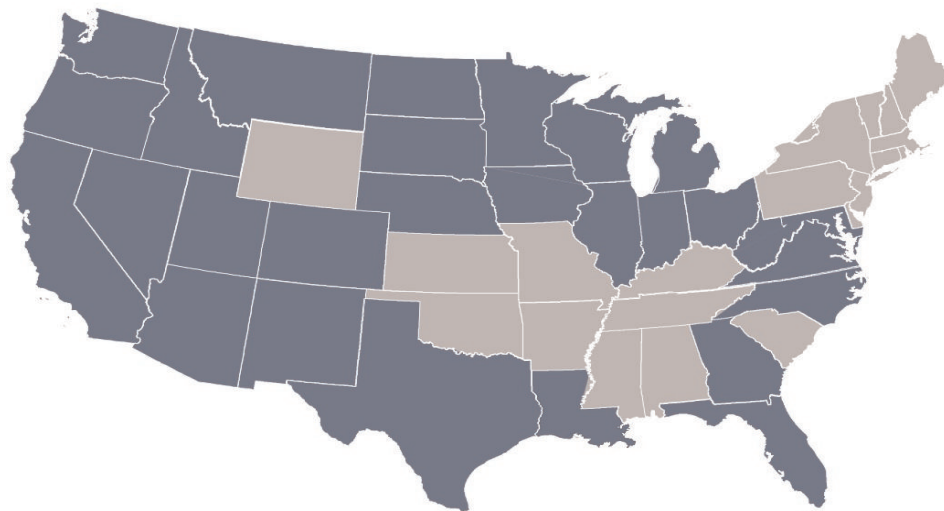
Corporate Rating: BB- (positive)

Senior Unsecured Notes: BB

Moody's

Corporate Rating: Ba2 (stable)

Senior Unsecured Notes: Ba2



207
Properties

28 States

22 Operators

21,103
Operating
Beds/Units

\$1,669.3 M
Investments

Note:

Amounts are as of September 30, 2019 and exclude our three operated seniors housing properties, one preferred equity investment and three mortgage loans receivable. Additionally, all held for sale properties are excluded.

Investments

(dollars in thousands)

Date	Operator	Property Type	Location	Facilities	Initial Investment ^[1]	Initial Operating Beds/Units ^[2]	Cost per Bed/Unit ^[3]	Initial Rent ^[4]	Initial Yield ^[5]
6/1/2014	The Ensign Group	ALF, SNF, Campus	Various	94	\$ 501,673	10,053	\$ 50	\$ 56,000	N/A
2014 Investments				6	33,609	157	166	3,076	9.2%
2015 Investments				20	233,028	1,840	127	22,263	9.6%
2016 Investments				35	288,023	2,800	101	26,084	9.1%
2017 Investments				36	309,805	3,324	92	28,000	9.0%
2018 Investments				12	111,950	1,103	101	9,955	8.9%
01/31/2019	WLC Management	Campus	IL	1	8,940	128	70	854	9.6%
02/11/2019	Covenant Care	SNF	CA	4	43,938	492	89	3,983	9.1%
02/11/2019	Covenant Care ^[6]	SNF	IL	5	11,389	440	26	1,025	9.0%
04/01/2019	PMG and Southwest LTC ("Project Gulf Coast")	SNF, Campus	LA/TX	12	214,958	1,734	124	19,030	8.9%
05/01/2019	Next Gen P, LLC	SNF	TX	1	10,035	118	85	900	9.0%
06/18/2019	Cascadia Healthcare	SNF	ID	1	16,198	99	164	1,450	9.0%
09/18/2019	Bayshire, LLC	ALF	CA	1	12,596	96	131	1,031	8.2%
10/01/2019	Kalesta Healthcare, LLC	SNF, Campus	CA	2	22,800	241	95	1,895 ^[7]	8.3%
2019 Investments				27	340,854	3,348	113	30,168	8.9%
Total Post Spin-off Investments^[8]				136	1,317,269	12,572	107	119,546	9.1%
Total Investments^[8]				230	\$ 1,818,942	22,625	\$ 81	\$ 175,546	

Notes:

[1] Initial Investment for pre-spin properties represents Ensign's gross book value. Initial Investment for post-spin properties represents CareTrust REIT's purchase price and transaction costs.

[2] Initial Operating Beds/Units as of the acquisition date.

[3] Cost per Bed/Unit excludes preferred equity investments and mortgage loans receivable.

[4] Initial Rent represents the annualized acquisition-date cash rent or deferred interest income on preferred equity investments and excludes ground lease income.

[5] Initial Yield represents Initial Rent divided by Initial Investment.

[6] Term loan secured by first mortgages on five skilled nursing facilities owned and operated by Covenant Care subsidiaries. The term loan was paid in full during Q3 2019.

[7] Subject to fixed escalators in the first twelve months.

[8] All amounts exclude our three operated seniors housing properties and, except as otherwise indicated, include the preferred equity investments and mortgage loans receivable.

Top 10 Tenants Lease Coverage

(dollars in thousands)

	Primary Facility Type	As of September 30, 2019 ^[1]			Twelve Months Ended June 30, 2019 ^[1]	
		Number of CTRE Properties	Rent ^[2]	% of Annualized Total Rent	EBITDAR Coverage ^[3]	EBITDARM Coverage ^[3]
1 The Ensign Group ^[4]	Skilled Nursing	84	\$ 53,167	33.2%	2.69x	3.41x
2 Priority Management Group	Skilled Nursing	15	26,968	16.8%	1.37x	1.68x
3 Providence Group	Skilled Nursing	8	9,861	6.2%	1.56x	1.98x
4 Cascadia Healthcare	Skilled Nursing	12	9,652	6.0%	1.67x	2.17x
5 The Pennant Group ^[4]	Seniors Housing	11	7,831	4.9%	1.37x	1.59x
6 Covenant Care	Skilled Nursing	6	6,523	4.1%	1.68x	2.24x
7 Eduro Healthcare, LLC	Skilled Nursing	6	6,456	4.0%	1.12x	1.58x
8 Premier Senior Living Group	Seniors Housing	8	6,290	3.9%	0.88x	1.01x
9 WLC Management	Skilled Nursing	8	4,725	3.0%	1.85x	2.28x
10 Trio Healthcare	Skilled Nursing	7	4,676	2.9%	0.98x	1.44x
Total Top 10 Tenants		165	\$ 136,149	85.0%	1.97x	2.50x
All Other Tenants		42	\$ 23,964	15.0%	1.13x	1.56x
Total		207	\$ 160,113	100.0%	1.86x	2.37x

Notes:

[1] All amounts exclude our three operated seniors housing properties, one preferred equity investment and two mortgage loans receivable. Additionally, amounts exclude properties classified as held for sale as of September 30, 2019.

[2] Rent represents September 2019 rent, annualized, or based on the initial cash rents annualized, and excludes ground lease income. Additionally, if a lease was entered into, amended or restructured subsequent to September 30, 2019, the new contractual cash rent is used.

[3] EBITDAR Coverage and EBITDARM Coverage include information provided by our tenants. We have not independently verified this information, but have no reason to believe that such information is inaccurate in any material respect. Coverage metrics are based on contractual cash rents in place during the period presented unless a lease has been entered into, amended or restructured and the new contractual rent is used. EBITDAR includes a 5% management fee.

[4] On October 1, 2019, Ensign completed its previously announced separation of its home health and hospice operations and substantially all of its senior living operations into a separate independent publicly traded company through the distribution of shares of common stock of Pennant. The obligation under the Pennant master lease is guaranteed by Ensign. If Pennant achieves and maintains a specified portfolio coverage ratio, Ensign's obligation under the guaranty would be released.

See "Glossary" for additional information.

Tenant Summary

Top Five Tenants by Rent



The Ensign Group (Nasdaq: ENSG) is a publicly-traded, nationwide operator of 226 skilled nursing and assisted living facilities, 84 of which are owned by CareTrust REIT. In addition to being a blue-chip operator, Ensign also operates 38 hospice agencies, home health agencies, and home care businesses.

www.ensigngroup.net



Priority Management Group is a privately-held, Dallas-based healthcare company which operates 26 post-acute facilities in Texas and Louisiana, 15 of which are owned by CareTrust REIT.

www.prioritymgt.com



Providence Group is a privately-held, Utah-based post-acute healthcare company which operates 67 skilled nursing and seniors housing facilities, 8 of which are owned by CareTrust REIT.

www.providencegroupphc.com



Cascadia Healthcare is a privately-held, Idaho-based post-acute healthcare company which operates 16 post-acute facilities in Idaho, Oregon, Washington, and Montana, 12 of which are owned by CareTrust REIT.

www.cascadiahc.com

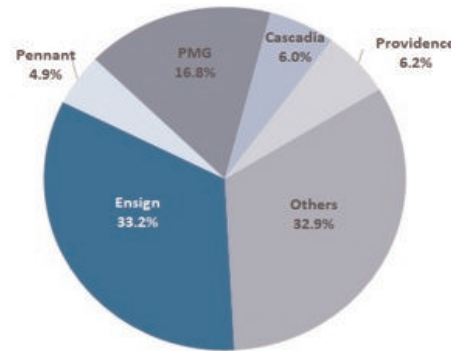


The Pennant Group, Inc. (Nasdaq: PNTG) is publicly-traded holding company of independent operating subsidiaries which provide healthcare services through 63 home health and hospice agencies and 52 senior living communities, 11 of which are owned by CareTrust REIT.

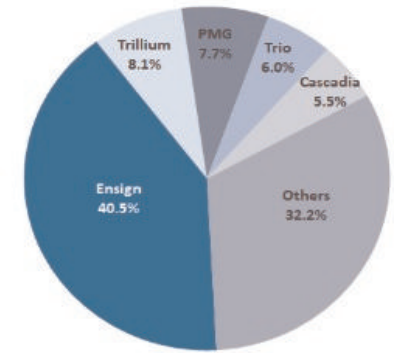
www.pennantgroup.com

Run-Rate Rent Concentration^[1]

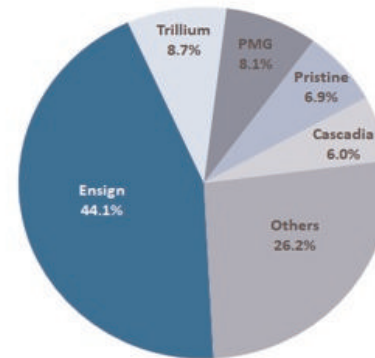
September 30, 2019^[2]



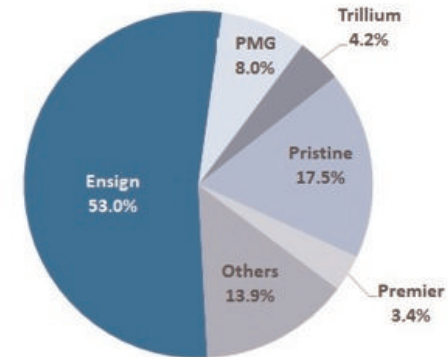
December 31, 2018



December 31, 2017



December 31, 2016



Note:

[1] All amounts exclude our three operated seniors housing properties, one preferred equity investment and two mortgage loans receivable. Additionally, amounts exclude properties classified as held for sale as of September 30, 2019.

[2] On October 1, 2019, Ensign completed its previously announced separation of its home health and hospice operations and substantially all of its senior living operations into a separate independent publicly traded company through the distribution of shares of common stock of Pennant. The obligation under the Pennant master lease is guaranteed by Ensign. If Pennant achieves and maintains a specified portfolio coverage ratio, Ensign's obligation under the guaranty would be released.

Rent Diversification by Tenant

(dollars in thousands)

As of September 30, 2019^[1]

	Facilities	Operating Beds/Units	Investment ^[2]	% of Total Investment	Rent ^[3]	% of Total Rent
1 The Ensign Group ^[4]	84	8,531	452,956	27.1%	\$ 53,167	33.2%
2 Priority Management Group	15	2,145	303,007	18.2%	26,968	16.8%
3 Providence Group	8	1,061	127,759	7.7%	9,861	6.2%
4 Cascadia Healthcare	12	1,013	102,659	6.1%	9,652	6.0%
5 The Pennant Group ^[4]	11	1,444	57,165	3.4%	7,831	4.9%
Total Top 5 Tenants	130	14,194	1,043,546	62.5%	107,479	67.1%
6 Covenant Care	6	791	69,478	4.2%	6,523	4.1%
7 Eduro Healthcare, LLC	6	752	70,760	4.2%	6,456	4.0%
8 Premier Senior Living Group	8	385	68,564	4.1%	6,290	3.9%
9 WLC Management	8	772	46,363	2.8%	4,725	3.0%
10 Trio Healthcare	7	672	89,516	5.4%	4,676	2.9%
Total Top 10 Tenants	165	17,566	1,388,227	83.2%	136,149	85.0%
All Other Tenants	42	3,537	281,113	16.8%	23,964	15.0%
Total	207	21,103	\$ 1,669,340	100.0%	\$ 160,113	100.0%

Notes:

[1] All amounts exclude our three operated seniors housing properties, one preferred equity investment and two mortgage loans receivable. Additionally, amounts exclude properties classified as held for sale as of September 30, 2019.

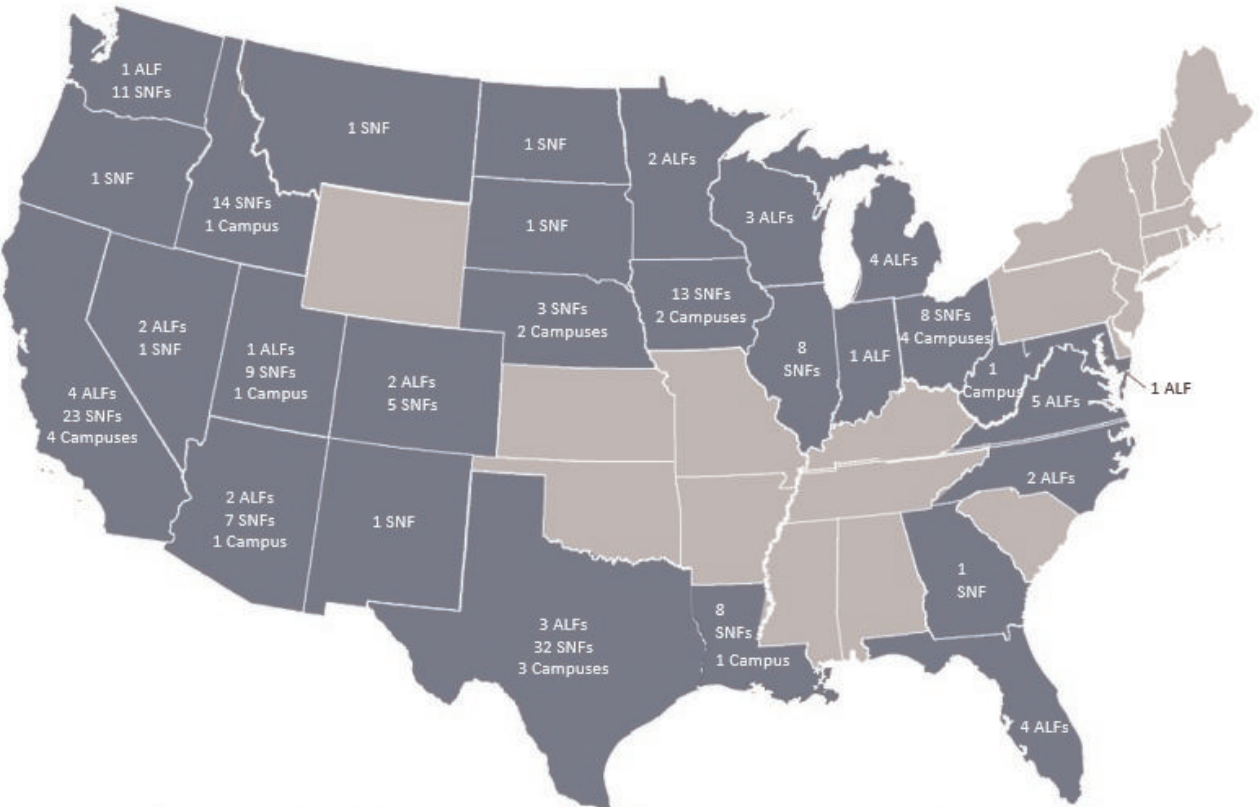
[2] Investment for pre-spin properties represents Ensign's and Pennant's gross book value. Investment for post-spin properties represents CareTrust REIT's cumulative capital investment. Capital investment includes purchase price, transaction costs and landlord-funded capital expenditures, if any.

[3] Rent represents September 2019 rent, annualized, or based on the initial cash rents annualized and excludes ground lease income. Additionally, if a lease was entered into, amended or restructured subsequent to September 30, 2019, the new contractual cash rent is used.

[4] On October 1, 2019, Ensign completed its previously announced separation of its home health and hospice operations and substantially all of its senior living operations into a separate independent publicly traded company through the distribution of shares of common stock of Pennant. The obligation under the Pennant master lease is guaranteed by Ensign. If Pennant achieves and maintains a specified portfolio coverage ratio, Ensign's obligation under the guaranty would be released.

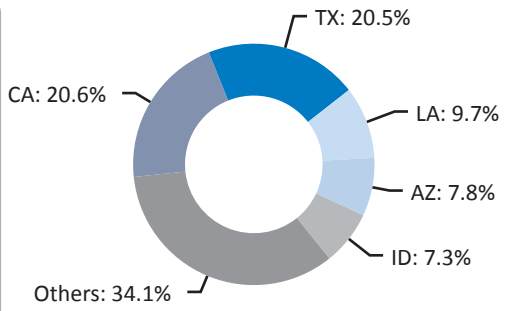
Geographic Diversification

Top Five States

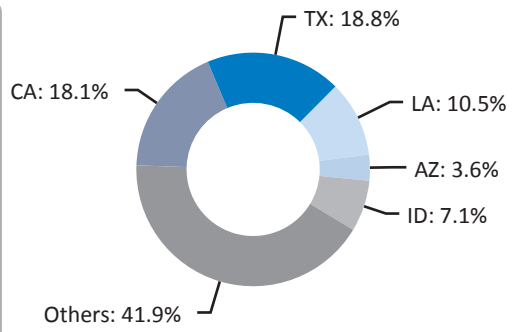


Notes: Numbers are as of September 30, 2019 and exclude our three operated seniors housing properties and one preferred equity investment and three mortgage loans receivable. If a lease was entered into, amended or restructured subsequent to September 30, 2019, the new contractual cash rent is used. Additionally, all held for sale properties are excluded.

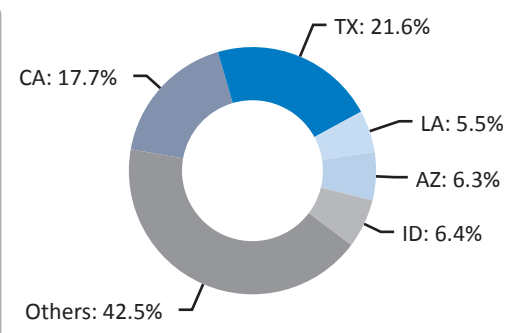
Run-Rate Rent



Investment



Beds/Units



207 NNN Facilities

22 Operator Relationships

28 States

Rent Diversification by State

(dollars in thousands)

As of September 30, 2019^[1]

Net-Leased Assets by State	Facilities	Operating Beds/Units	Investment ^[2]	% of Total Investment	Rent ^[3]	% of Total Rent
1 California	31	3,725	\$ 302,472	18.1%	\$ 33,020	20.6%
2 Texas	37	4,557	313,715	18.8%	32,816	20.5%
3 Louisiana	8	1,164	175,338	10.5%	15,600	9.7%
4 Arizona	10	1,327	60,753	3.6%	12,461	7.8%
5 Idaho	16	1,358	118,093	7.1%	11,635	7.3%
Top 5 States	102	12,131	970,371	58.1%	105,532	65.9%
6 Ohio	13	1,264	155,799	9.3%	7,946	5.0%
7 Utah	11	1,248	77,322	4.6%	6,382	4.0%
8 Colorado	7	780	60,435	3.6%	5,485	3.4%
9 Washington	12	1,061	61,730	3.7%	5,054	3.2%
10 Illinois	8	772	46,363	2.8%	4,725	3.0%
Top 10 States	153	17,256	1,372,020	82.1%	135,124	84.5%
All Other States	54	3,847	297,320	17.9%	24,989	15.5%
Total	207	21,103	\$ 1,669,340	100.0%	\$ 160,113	100.0%

Notes:

[1] All amounts exclude our three operated seniors housing properties, one preferred equity investment and two mortgage loans receivable. Additionally, amounts exclude properties classified as held for sale as of September 30, 2019.

[2] Investment for pre-spin properties represents Ensign's and Pennant's gross book value. Investment for post-spin properties represents CareTrust REIT's cumulative capital investment. Capital investment includes purchase price, transaction costs and landlord-funded capital expenditures, if any.

[3] Rent represents September 2019 rent, annualized, or based on the initial cash rents annualized and excludes ground lease income. Additionally, if a lease was entered into, amended or restructured subsequent to September 30, 2019, the new contractual cash rent is used.

Lease Maturities

(dollars in thousands)

As of September 30, 2019^[1]

Lease Maturity Year ^[2]	Investment ^[3]	% of Total Investment	Rent ^[4]	% of Total Rent
2026	58,157	3.5%	5,237	3.3%
2027	39,717	2.4%	4,894	3.1%
2028	67,855	4.1%	7,358	4.6%
2029	150,540	9.0%	12,199	7.6%
2030	190,540	11.4%	16,000	10.0%
2031	541,655	32.4%	50,342	31.4%
2032	246,411	14.8%	22,217	13.9%
2033	184,721	11.1%	20,856	13.0%
2034	189,744	11.3%	21,010	13.1%
Total	\$ 1,669,340	100.0%	\$ 160,113	100.0%



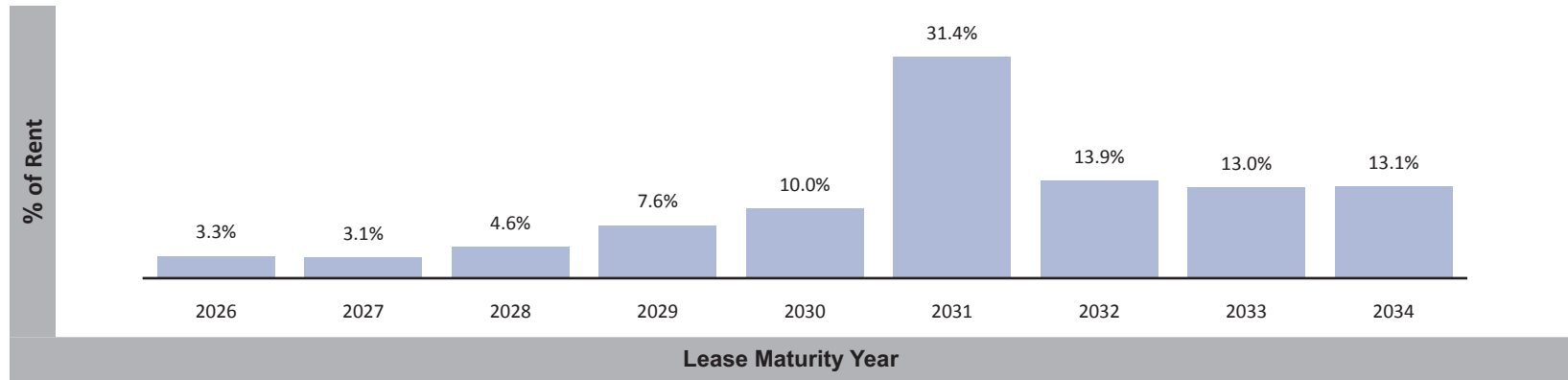
Notes:

[1] All amounts exclude our three operated seniors housing properties, one preferred equity investment and two mortgage loans receivable. Additionally, amounts exclude properties classified as held for sale as of September 30, 2019.

[2] Lease Maturity Year represents the scheduled expiration year of the primary term of the lease and does not include tenant extension options, if any.

[3] Investment for pre-spin properties represents Ensign's and Pennant's gross book value. Investment for post-spin properties represents CareTrust REIT's cumulative capital investment. Capital investment includes purchase price, transaction costs and landlord-funded capital expenditures, if any.

[4] Rent represents September 2019 rent, annualized, or based on the initial cash rents annualized and excludes ground lease income. Additionally, if a lease was entered into, amended or restructured subsequent to September 30, 2019, the new contractual cash rent is used.





Financial Overview



Consolidated Income Statements



(amounts in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenues:				
Rental income	\$ 31,577	\$ 35,332	\$ 114,047	\$ 103,856
Tenant reimbursements ^[1]	—	2,990	—	8,974
Independent living facilities	929	871	2,676	2,515
Interest and other income	808	317	2,450	1,235
Total revenues	<u>33,314</u>	<u>39,510</u>	<u>119,173</u>	<u>116,580</u>
Expenses:				
Depreciation and amortization	13,420	11,351	38,759	34,227
Interest expense	7,064	6,805	21,209	21,182
Property taxes	1,025	2,990	2,307	8,974
Independent living facilities	806	766	2,232	2,226
Impairment of real estate investments	16,692	—	16,692	—
Provision for loan losses	1,076	—	1,076	—
General and administrative	3,502	3,088	11,418	9,638
Total expenses	<u>43,585</u>	<u>25,000</u>	<u>93,693</u>	<u>76,247</u>
Other income:				
Gain on sale of real estate	217	—	217	2,051
Net (loss) income	<u>\$ (10,054)</u>	<u>\$ 14,510</u>	<u>\$ 25,697</u>	<u>\$ 42,384</u>
Earnings per common share:				
Basic	<u>\$ (0.11)</u>	<u>\$ 0.18</u>	<u>\$ 0.28</u>	<u>\$ 0.54</u>
Diluted	<u>\$ (0.11)</u>	<u>\$ 0.18</u>	<u>\$ 0.28</u>	<u>\$ 0.54</u>
Weighted-average number of common shares:				
Basic	<u>95,103</u>	<u>81,490</u>	<u>92,409</u>	<u>77,811</u>
Diluted	<u>95,103</u>	<u>81,490</u>	<u>92,409</u>	<u>77,811</u>
Dividends declared per common share	<u>\$ 0.225</u>	<u>\$ 0.205</u>	<u>\$ 0.675</u>	<u>\$ 0.615</u>

Notes:

[1] Prior to the adoption of the ASU 842, we recognized tenant recoveries as tenant reimbursement revenues regardless of whether the third party was paid by the lessor or lessee. In the three and nine months ended September 30, 2019, we recognized real estate taxes of \$0.8 million and \$2.1 million, respectively, which were payable by us directly to third parties and classified as rental income on our condensed consolidated income statement.

Reconciliation of EBITDA, FFO and FAD

(amounts in thousands, except per share data)

	Quarter Ended September 30, 2018	Quarter Ended December 31, 2018	Quarter Ended March 31, 2019	Quarter Ended June 30, 2019	Quarter Ended September 30, 2019
Net income (loss)	\$ 14,510	\$ 15,539	\$ 16,053	\$ 19,698	\$ (10,054)
Depreciation and amortization	11,351	11,539	11,902	13,437	13,420
Interest expense	6,805	6,678	6,860	7,285	7,064
Amortization of stock-based compensation	988	1,032	994	1,147	981
EBITDA	33,654	34,788	35,809	41,567	11,411
Impairment of real estate investments	—	—	—	—	16,692
Provision for loan losses	—	—	—	—	1,076
Provision for doubtful accounts	—	—	—	—	12,471
Property operating expenses	—	—	—	—	218
Gain on sale of real estate	—	—	—	—	(217)
Normalized EBITDA	\$ 33,654	\$ 34,788	\$ 35,809	\$ 41,567	\$ 41,651
Net income (loss)	\$ 14,510	\$ 15,539	\$ 16,053	\$ 19,698	\$ (10,054)
Real estate related depreciation and amortization	11,330	11,520	11,884	13,421	13,404
Impairment of real estate investments	—	—	—	—	16,692
Gain on sale of real estate	—	—	—	—	(217)
Funds from Operations (FFO)	25,840	27,059	27,937	33,119	19,825
Provision for loan losses	—	—	—	—	1,076
Provision for doubtful accounts	—	—	—	—	12,471
Property operating expenses	—	—	—	—	218
Normalized FFO	\$ 25,840	\$ 27,059	\$ 27,937	\$ 33,119	\$ 33,590

See Glossary for additional information.

Reconciliation of EBITDA, FFO and FAD

(continued)

	Quarter Ended September 30, 2018		Quarter Ended December 31, 2018		Quarter Ended March 31, 2019		Quarter Ended June 30, 2019		Quarter Ended September 30, 2019	
(amounts in thousands, except per share data)										
Net income (loss)	\$	14,510	\$	15,539	\$	16,053	\$	19,698	\$	(10,054)
Real estate related depreciation and amortization		11,330		11,520		11,884		13,421		13,404
Amortization of deferred financing fees		484		486		541		487		488
Amortization of stock-based compensation		988		1,032		994		1,147		981
Straight-line rental income		(698)		(702)		(463)		(474)		(546)
Impairment of real estate investments		—		—		—		—		16,692
Gain on sale of real estate		—		—		—		—		(217)
Funds Available for Distribution (FAD)		26,614		27,875		29,009		34,279		20,748
Provision for loan losses		—		—		—		—		1,076
Provision for doubtful accounts		—		—		—		—		12,471
Property operating expenses		—		—		—		—		218
Normalized FAD	\$	26,614	\$	27,875	\$	29,009	\$	34,279	\$	34,513
FFO per share	\$	0.32	\$	0.32	\$	0.32	\$	0.35	\$	0.21
Normalized FFO per share	\$	0.32	\$	0.32	\$	0.32	\$	0.35	\$	0.35
FAD per share	\$	0.33	\$	0.33	\$	0.33	\$	0.36	\$	0.22
Normalized FAD per share	\$	0.33	\$	0.33	\$	0.33	\$	0.36	\$	0.36
Diluted weighted average shares outstanding [1]		81,687		84,324		88,266		94,292		95,313

[1] For the periods presented, the diluted weighted average shares have been calculated using the treasury stock method. See *Glossary* for additional information.

Consolidated Balance Sheets



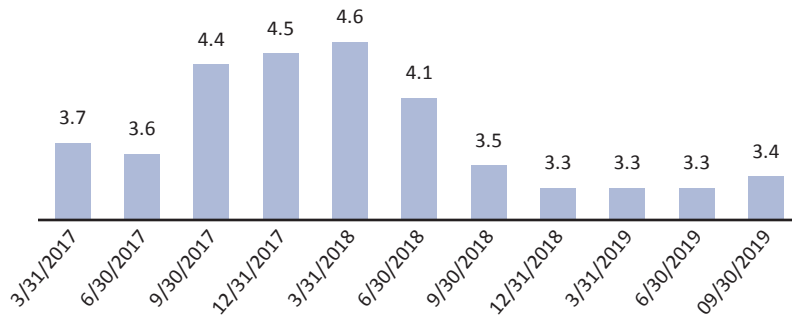
(dollars in thousands)

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Assets:		
Real estate investments, net	\$ 1,404,024	\$ 1,216,237
Other real estate investments, net	44,808	18,045
Assets held for sale, net	34,590	—
Cash and cash equivalents	5,749	36,792
Accounts and other receivables, net	2,125	11,387
Prepaid expenses and other assets	30,202	8,668
Deferred financing costs, net	3,268	633
Total assets	<u>\$ 1,524,766</u>	<u>\$ 1,291,762</u>
Liabilities and Equity:		
Senior unsecured notes payable, net	\$ 295,721	\$ 295,153
Senior unsecured term loan, net	198,661	99,612
Unsecured revolving credit facility	65,000	95,000
Accounts payable and accrued liabilities	16,251	15,967
Dividends payable	21,647	17,783
Total liabilities	<u>597,280</u>	<u>523,515</u>
Equity:		
Common stock	951	859
Additional paid-in capital	1,162,047	965,578
Cumulative distributions in excess of earnings	(235,512)	(198,190)
Total equity	<u>927,486</u>	<u>768,247</u>
Total liabilities and equity	<u>\$ 1,524,766</u>	<u>\$ 1,291,762</u>

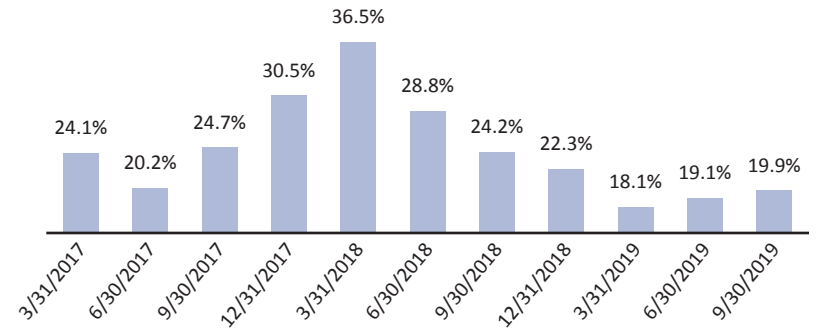
Key Debt Metrics



Net Debt to Normalized EBITDA ^{[1][2]}



Net Debt to Enterprise Value ^[3]



[1] Net Debt to Normalized EBITDA compares total debt as of the last day of the quarter to the annualized Normalized EBITDA for the quarter.

[2] See "Financials & Filings - Quarterly Results" on the Investors section of our website at <http://investor.caretrustreit.com> for reconciliations of Normalized EBITDA to the most directly comparable GAAP measure for the periods presented.

[3] Net Debt to Enterprise Value compares total debt as of the last day of the quarter to CareTrust REIT's Enterprise Value as of the last day of the quarter.

See "Glossary" for additional information.



Cottages at White Bear Lake (White Bear Lake, MN)

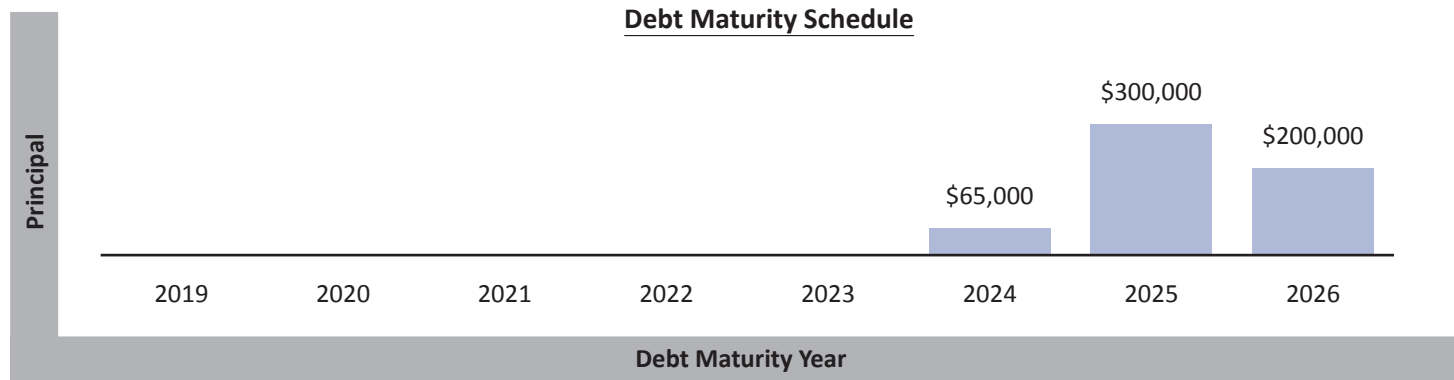
Debt Summary

(dollars in thousands)

September 30, 2019

Debt	Interest Rate	Maturity Date	Principal	% of Principal	Deferred Loan Costs	Net Carrying Value
Fixed Rate Debt						
Senior unsecured notes payable	5.250%	2025	\$ 300,000	53.1%	\$ (4,279)	\$ 295,721
Floating Rate Debt						
Senior unsecured term loan	3.542% [1]	2026	200,000	35.4%	(1,339)	198,661
Unsecured revolving credit facility	3.144% [2]	2024 [3]	65,000	11.5%	— [4]	65,000
	3.444%		265,000	46.9%	(1,339)	263,661
Total Debt	4.403%		\$ 565,000	100.0%	\$ (5,618)	\$ 559,382

Debt Maturity Schedule



Notes:

[1] Funds can be borrowed at applicable LIBOR 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 LIBOR plus 1.10% to 1.55% or 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.

Guidance



(shares in thousands)

	Q1-Q3 2019	Q4 2019 Guidance		Full Year 2019 Guidance		Full Year 2020 Guidance	
	Actual	Low	High	Low	High	Low	High
Net income	\$ 0.28	\$ 0.18	\$ 0.19	\$ 0.46	\$ 0.47	\$ 0.80	\$ 0.82
Real estate related depreciation and amortization	0.42	0.14	0.14	0.56	0.56	0.56	0.56
Impairment of real estate investment	0.18	—	—	0.18	0.18	—	—
Gain on sale of real estate	0.00	—	—	0.00	0.00	—	—
Funds from Operations (FFO)	0.87	0.32	0.33	1.20	1.21	1.36	1.38
Provision for doubtful accounts and straight-line rent	0.13	0.01	0.01	0.15	0.15	—	—
Provision for loan losses	0.01	—	—	0.01	0.01	—	—
Property operating expenses	0.00	—	—	0.00	0.00	—	—
Normalized FFO	\$ 1.02	\$ 0.34	\$ 0.35	\$ 1.36	\$ 1.37	\$ 1.36	\$ 1.38
Net income	\$ 0.28	\$ 0.18	\$ 0.19	\$ 0.46	\$ 0.47	\$ 0.80	\$ 0.82
Real estate related depreciation and amortization	0.42	0.14	0.14	0.56	0.56	0.56	0.56
Amortization of deferred financing fees	0.02	—	—	0.02	0.02	0.02	0.02
Amortization of stock-based compensation	0.03	0.01	0.01	0.04	0.04	0.03	0.03
Straight-line rental income	(0.02)	0.00	0.00	(0.02)	(0.02)	(0.01)	(0.01)
Impairment of real estate investment	0.18	—	—	0.18	0.18	—	—
Gain on sale of real estate	0.00	—	—	0.00	0.00	—	—
Funds Available for Distribution (FAD)	0.91	0.33	0.34	1.24	1.25	1.40	1.42
Provision for doubtful accounts and straight-line rent	0.13	0.01	0.01	0.15	0.15	—	—
Provision for loan losses	0.01	—	—	0.01	0.01	—	—
Property operating expenses	0.00	—	—	0.00	0.00	—	—
Normalized FAD	\$ 1.06	\$ 0.34	\$ 0.35	\$ 1.40	\$ 1.41	\$ 1.40	\$ 1.42
Weighted average shares outstanding:							
Diluted	92,650	95,557	95,557	93,357	93,357	95,557	95,557

See "Glossary" for additional information.

Equity Capital Transactions



Follow-On Equity Offering Activity

	2015	2016					2019		
		Q1	Q2	Q3	Q4	Total	Q1	Q2 ^[2]	Q3
Number of Shares (000s)	16,330	—	9,775	—	6,325	16,100	—	6,641	
Public Offering Price per Share	\$ 10.50	\$ —	\$ 11.35	\$ —	\$ 13.35	\$ 12.14 ^[1]	\$ —	\$ 23.35	
Gross Proceeds (000s)	\$ 171,465	\$ —	\$ 110,946	\$ —	\$ 84,439	\$ 195,385	\$ —	\$ 155,073	

At-the-Market Offering Activity

	2016	2017	2018	2019 ^[3]			
				Q1	Q2	Q3	Total
Number of Shares (000s)	924	10,574	10,265	2,459	—	—	2,459
Average Price per Share	\$ 15.31	\$ 16.43	\$ 17.76	\$ 19.48	\$ —	\$ —	\$ 19.48
Gross Proceeds (000s)	\$ 14,147	\$ 173,760	\$ 182,321	\$ 47,893	\$ —	\$ —	\$ 47,893

Notes:

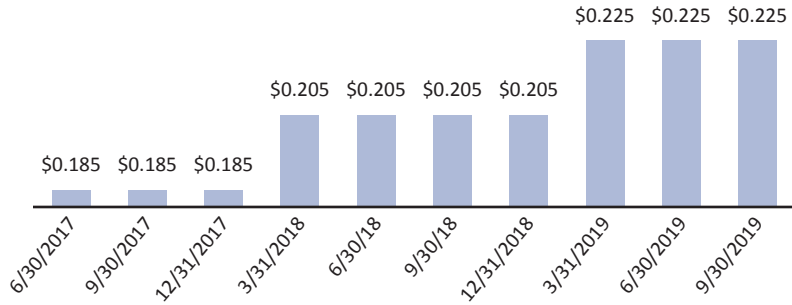
[1] Represents average offering price per share for follow-on equity offerings.

[2] On April 15, 2019, we completed an underwritten public offering pursuant to which we sold 6,641,250 shares of our common stock, par value \$0.01 per share, at an initial price to the public of \$23.35, including 866,250 shares of common stock sold pursuant to the full exercise of an option to purchase additional shares of common stock granted to the underwriters, resulting in approximately \$149.0 million in net proceeds, after deducting the underwriting discount and offering expenses.

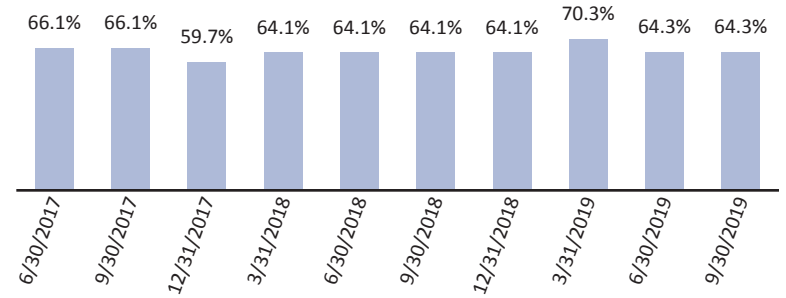
[3] In connection with the entry into the equity distribution agreement and the commencement of the new \$300.0 million ATM Program in March 2019 (the "New ATM Program") our "at-the-market" equity offering program pursuant to our prior equity distribution agreement, dated as of May 17, 2017, was terminated. There was no New ATM Program activity for the three and nine months ended September 30, 2019. As of September 30, 2019, CareTrust REIT had \$300.0 million available for future issuances under the New ATM Program.

Other Financial Highlights

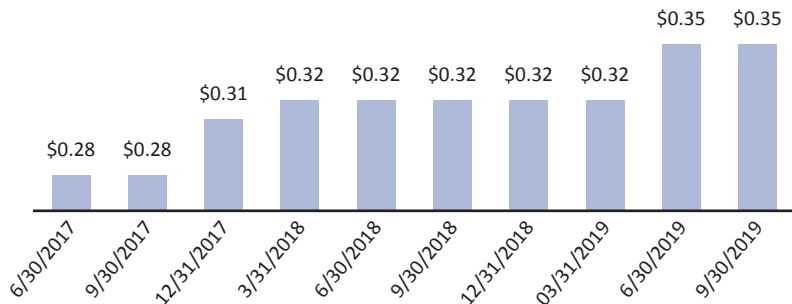
Dividend History



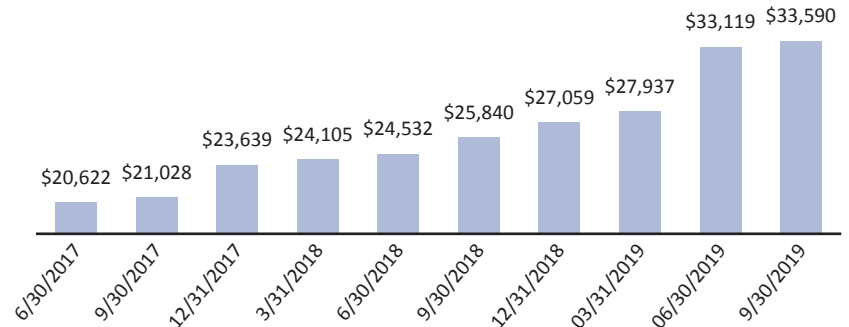
Normalized FFO Payout Ratio ^{[1][2]}



Normalized FFO per Share ^[2]



Normalized FFO ^[2]



Notes:

[1] Normalized FFO Payout Ratio represents dividends declared divided by Normalized FFO, in each case for the applicable quarter.

[2] See "Financials & Filings - Quarterly Results" on the Investors section of our website at <http://investor.caretrustreit.com> for a reconciliation of Normalized FFO and Normalized FFO per Share to the most directly comparable GAAP measure for the periods presented.

See "Glossary" for additional information.

Glossary

Assisted Living Facilities (“ALFs”)

Licensed healthcare facilities that provide personal care services, support and housing for those who need help with daily living activities, such as bathing, eating and dressing, yet require limited medical care. The programs and services may include transportation, social activities, exercise and fitness programs, beauty or barber shop access, hobby and craft activities, community excursions, meals in a dining room setting and other activities sought by residents. These facilities are often in apartment-like buildings with private residences ranging from single rooms to large apartments. Certain ALFs may offer higher levels of personal assistance for residents requiring memory care as a result of Alzheimer’s disease or other forms of dementia. Levels of personal assistance are based in part on local regulations.

EBITDA

Net income before interest expense, income tax, depreciation and amortization and amortization of stock-based compensation.^[1]

EBITDAR

Net income before interest expense, income tax, depreciation, amortization and rent, after applying a standardized management fee (5% of facility operating revenues).

EBITDAR Coverage

Aggregate EBITDAR produced by all facilities under a master lease (or other grouping) for the trailing twelve-month period ended June 30, 2019 divided by the base rent payable to CareTrust REIT under such master lease (or other grouping) for the same period; provided that if the master lease has been amended to change the base rent during or since such period, then the aggregate EBITDAR for such period is divided by the annualized monthly base rent currently in effect. In addition, we may exclude from coverage disclosures those facilities which are (i) classified as Held for Sale, (ii) temporarily on Special Focus Facility (SFF) status, (iii) undergoing significant renovations that necessarily result in a material reduction in occupancy, or (iv) have been acquired for or recently transferred to new operators for turnaround and are pre-stabilized.

EBITDARM

Earnings before interest expense, income tax, depreciation, amortization, cash rent, and a standardized management fee (5% of facility operating revenues).

EBITDARM Coverage

Aggregate EBITDARM produced by all facilities under a master lease (or other grouping) for the trailing twelve-month period ended June 30, 2019 divided by the base rent payable to CareTrust REIT under such master lease (or other grouping) for the same period; provided that if the master lease has been amended to change the base rent during or since such period, then the aggregate EBITDARM for such period is divided by the annualized monthly base rent currently in effect. In addition, we may exclude from coverage disclosures those facilities which are (i) classified as Held for Sale, (ii) temporarily on Special Focus Facility (SFF) status, (iii) undergoing significant renovations that necessarily result in a material reduction in occupancy, or (iv) have been acquired for or recently transferred to new operators for turnaround and are pre-stabilized.

Enterprise Value

Share price multiplied by the number of outstanding shares plus total outstanding debt minus cash, each as of a specified date.

Funds Available for Distribution (“FAD”)

FFO, excluding straight-line rental income adjustments, amortization of deferred financing fees and stock-based compensation expense.^[2]

Funds from Operations (“FFO”)

Net income, excluding gains and losses from dispositions of real estate or other real estate, before real estate depreciation and amortization and real estate impairment charges. CareTrust REIT calculates and reports FFO in accordance with the definition and interpretive guidelines issued by the National Association of Real Estate Investment Trusts.^[2]

Independent Living Facilities (“ILFs”)

Also known as retirement communities or senior apartments, ILFs are not healthcare facilities. ILFs typically consist of entirely self-contained apartments, complete with their own kitchens, baths and individual living spaces, as well as parking for tenant vehicles. They are most often rented unfurnished, and generally can be personalized by the tenants, typically an individual or a couple over the age of 55. These facilities offer various services and amenities such as laundry, housekeeping, dining options/meal plans, exercise and wellness programs, transportation, social, cultural and recreational activities, and on-site security.

Glossary

Multi-Service Campus

Facilities that include a combination of Skilled Nursing beds and Seniors Housing units.

Normalized EBITDA

EBITDA, adjusted for certain income and expense items the Company does not believe are indicative of its ongoing results, such as certain acquisition costs, real estate impairment charges, provision for loans, provision for doubtful accounts, property operating expenses and gains or losses from dispositions of real estate or other real estate.^[1]

Normalized FAD

FAD, adjusted for certain income and expense items the Company does not believe are indicative of its ongoing results, such as certain provision for loans, provision for doubtful accounts and property operating expenses.^[2]

Normalized FFO

FFO, adjusted for certain income and expense items the Company does not believe are indicative of its ongoing results, and certain provision for loans, provision for doubtful accounts and property operating expenses.^[2]

Seniors Housing

Includes ALFs, ILFs, dedicated memory care facilities and similar facilities.

Skilled Nursing or Skilled Nursing Facilities (“SNFs”)

Licensed healthcare facilities that provide restorative, rehabilitative and nursing care for people not requiring the more extensive and sophisticated treatment available at an acute care hospital or long-term acute care hospital. Treatment programs include physical, occupational, speech, respiratory, ventilator, and wound therapy.

Notes:

[1] 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.

[2] CareTrust REIT believes FAD, FFO, Normalized FAD, and Normalized FFO (and their related per-share amounts) are important non-GAAP supplemental measures of its operating performance. 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, even though real estate values have historically risen or fallen with market and other conditions. Moreover, by excluding items not indicative of ongoing results, Normalized FAD and Normalized FFO can facilitate meaningful comparisons of operating performance between periods and between other companies. However, FAD, FFO, Normalized FAD, and Normalized FFO (and their per-share amounts) do not represent cash flows from operations or net income attributable to shareholders as defined by GAAP and should not be considered an alternative to those measures in evaluating the Company’s liquidity or operating performance.



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*Expertise. Partnership.
Growth.*