REFINITIV

DELTA REPORT

10-Q

CTRE - CARETRUST REIT, INC.

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1246
CHANGES	272
DELETIONS	253
ADDITIONS	721

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☐ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2023 September 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________to _________

Commission File Number: 001-36181

CareTrust REIT, Inc.

(Exact name of registrant as specified in its charter)

Maryland	**46-3999490**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
905 Calle Amanecer, Suite 300, San Clemente, CA	**92673**
(Address of principal executive offices)	**(Zip Code)**

(949) 542-3130
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	CTRE	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☐ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☐ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☐ No

As of August 2, 2023 November 8, 2023, there were 99,476,284 119,112,102 shares of common stock outstanding.

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PART I—FINANCIAL INFORMATION

PART II—OTHER INFORMATION

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

CARETRUST REIT, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)
(Unaudited)

	June 30, 2023	December 31, 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
Commitments and contingencies (Note 11)		
Equity:		
Preferred stock, $0.01 par value; 100,000,000 shares authorized, no shares issued and outstanding as of June 30, 2023 and December 31, 2022	—	—
Common stock, $0.01 par value; 500,000,000 shares authorized, 99,124,082 and 99,010,112 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	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

	September 30, 2023	December 31, 2022
Assets:		
Real estate investments, net	$ 1,536,048	$ 1,421,410
Other real estate related investments, at fair value (including accrued interest of $1,449 as of September 30, 2023 and $1,320 as of December 31, 2022)	181,175	156,368
Assets held for sale, net	21,341	12,291
Cash and cash equivalents	3,485	13,178
Accounts and other receivables	383	416
Prepaid expenses and other assets, net	20,684	11,690
Deferred financing costs, net	4,448	5,428
Total assets	$ 1,767,564	$ 1,620,781
Liabilities and Equity:		
Senior unsecured notes payable, net	$ 395,816	$ 395,150
Senior unsecured term loan, net	199,507	199,348
Unsecured revolving credit facility	—	125,000
Accounts payable, accrued liabilities and deferred rent liabilities	28,854	24,360
Dividends payable	32,403	27,550
Total liabilities	656,580	771,408
Commitments and contingencies (Note 12)		
Equity:		
Preferred stock, $0.01 par value; 100,000,000 shares authorized, no shares issued and outstanding as of September 30, 2023 and December 31, 2022	—	—
Common stock, $0.01 par value; 500,000,000 shares authorized, 115,409,356 and 99,010,112 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	1,154	990
Additional paid-in capital	1,566,161	1,245,337
Cumulative distributions in excess of earnings	(457,393)	(396,954)
Total stockholders' equity	1,109,922	849,373
Noncontrolling interests	1,062	—
Total equity	1,110,984	849,373
Total liabilities and equity	$ 1,767,564	$ 1,620,781

See accompanying notes to condensed consolidated financial statements.

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

(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	51,553	47,553	102,159	94,029
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	51,914	26,884	82,769	116,810
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	(123)	—	(647)	186
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	$ (0.01)	$ 0.21	$ 0.19	$ (0.24)
Weighted-average number of common shares:				
Basic	99,117	96,564	99,090	96,487
Diluted	99,117	96,598	99,194	96,487

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues:				
Rental income	$ 51,218	$ 47,018	$ 145,126	$ 139,831
Interest and other income	4,659	3,275	12,910	4,491
Total revenues	55,877	50,293	158,036	144,322
Expenses:				
Depreciation and amortization	13,034	12,256	37,988	38,390
Interest expense	11,750	8,355	32,617	20,400
Property taxes	2,167	691	4,437	3,365
Impairment of real estate investments	8,232	12,322	31,510	73,706
Provision for loan losses, net	—	—	—	3,844
Property operating expenses	1,239	3,808	2,860	4,344
General and administrative	5,519	5,159	15,298	15,352
Total expenses	41,941	42,591	124,710	159,401
Other (loss) income:				
(Loss) gain on sale of real estate, net	—	(2,287)	1,958	(2,101)
Unrealized losses on other real estate related investments, net	(5,251)	(4,706)	(7,856)	(4,706)
Total other loss	(5,251)	(6,993)	(5,898)	(6,807)
Net income (loss)	8,685	709	27,428	(21,886)

Net loss attributable to noncontrolling interests	(11)	—	(11)	—
Net income (loss) attributable to CareTrust REIT, Inc.	$ 8,696	$ 709	$ 27,439	$ (21,886)
Earnings (loss) per common share attributable to CareTrust REIT, Inc.:				
Basic	$ 0.08	$ 0.01	$ 0.27	$ (0.23)
Diluted	$ 0.08	$ 0.01	$ 0.27	$ (0.23)
Weighted-average number of common shares:				
Basic	104,011	96,605	100,748	96,527
Diluted	104,311	96,625	100,918	96,527

See accompanying notes to condensed consolidated financial statements.

CARETRUST REIT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(in thousands, except share and per share amounts)
(Unaudited)

		Common Stock		Additional Paid-in Capital	Cumulative Distributions in Excess of Earnings	Total Equity		Common Stock	Total Equity		Additional Paid-in Capital	
		Shares	Amount							Shares		
Balance at January 1, 2023	Balance at January 1, 2023	99,010,112	$ 990	$1,245,337	$ (396,954)	$849,373	Balance at January 1, 2023			$1,245,337		$(396,9
Vesting of restricted common stock, net of shares withheld for employee taxes	Vesting of restricted common stock, net of shares withheld for employee taxes	87,978	1	(1,480)	—	(1,479)	Vesting of restricted common stock, net of shares withheld for employee taxes	87,978	1		(1,480)	
Amortization of stock-based compensation	Amortization of stock-based compensation	—	—	936	—	936	Amortization of stock-based compensation	—	—		936	
Common dividends ($0.28 per share)	Common dividends ($0.28 per share)	—	—	—	(27,738)	(27,738)	Common dividends ($0.28 per share)	—	—		—	
Net income	Net income	—	—	—	19,227	19,227	Net income	—	—		—	
Balance at March 31, 2023	Balance at March 31, 2023	99,098,090	991	1,244,793	(405,465)	840,319	Balance at March 31, 2023	99,098,090	991		1,244,793	
Vesting of restricted common stock	Vesting of restricted common stock	25,992	—	—	—	—	Vesting of restricted common stock	25,992	—		—	
Amortization of stock-based compensation	Amortization of stock-based compensation	—	—	924	—	924	Amortization of stock-based compensation	—	—		924	
Common dividends ($0.28 per share)	Common dividends ($0.28 per share)	—	—	—	(27,737)	(27,737)	Common dividends ($0.28 per share)	—	—		—	

	Shares	Amount	Additional Paid-in Capital	Cumulative Distributions in Excess of Earnings	Total Equity
Net loss	—	—	—	(484)	(484)
Balance at June 30, 2023	99,124,082	$ 991	$1,245,717	$ (433,686)	$813,022
Issuance of common stock, net					
Amortization of stock-based compensation					
Common dividends ($0.28 per share)					
Contribution from noncontrolling interests					
Net income					
Balance at September 30, 2023					

Net loss	—	—	—
Balance at June 30, 2023	99,124,082	991	1,245,717
Issuance of common stock, net			16,285,274
Amortization of stock-based compensation			—
Common dividends ($0.28 per share)			—
Contribution from noncontrolling interests			—
Net income			—
Balance at September 30, 2023			115,409,356

See accompanying notes to condensed consolidated financial statements.

CARETRUST REIT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(in thousands, except share and per share amounts)
(Unaudited)

	Common Stock		Additional Paid-in	Cumulative Distributions in Excess of	Total
	Shares	Amount	Capital	Earnings	Equity
Balance at January 1, 2022	96,296,673	$ 963	$1,196,839	$ (282,045)	$915,757
Vesting of restricted common stock, net of shares withheld for employee taxes	190,393	2	(2,774)	—	(2,772)
Amortization of stock-based compensation	—	—	1,521	—	1,521
Common dividends ($0.275 per share)	—	—	—	(26,659)	(26,659)
Net loss	—	—	—	(43,264)	(43,264)
Balance at March 31, 2022	96,487,066	965	1,195,586	(351,968)	844,583

	Common Stock	Total Equity	Shares	Additional Paid-in Capital
Balance at January 1, 2022			$1,196,839	$(282,04
Vesting of restricted common stock, net of shares withheld for employee taxes	190,393	2		(2,774)
Amortization of stock-based compensation	—	—		1,521
Common dividends ($0.275 per share)	—	—		—
Net loss	—	—		—
Balance at March 31, 2022	96,487,066	965		1,195,586

Vesting of restricted common stock, net of shares withheld for employee taxes	Vesting of restricted common stock, net of shares withheld for employee taxes	118,046	1	(1,698)	—	(1,697)	Vesting of restricted common stock, net of shares withheld for employee taxes	118,046	1	(1,698)
Amortization of stock-based compensation	Amortization of stock-based compensation	—	—	1,394	—	1,394	Amortization of stock-based compensation	—	—	1,394
Common dividends ($0.275 per share)	Common dividends ($0.275 per share)	—	—	—	(26,681)	(26,681)	Common dividends ($0.275 per share)	—	—	—
Net income	Net income	—	—	—	20,669	20,669	Net income	—	—	—
Balance at June 30, 2022	Balance at June 30, 2022	96,605,112	$ 966	$1,195,282	$ (357,980)	$838,268	Balance at June 30, 2022	96,605,112	966	1,195,282
Amortization of stock-based compensation									Amortization of stock-based compensation	—
Common dividends ($0.275 per share)									Common dividends ($0.275 per share)	—
Net income									Net income	—
Balance at September 30, 2022									Balance at September 30, 2022	96,605,112

See accompanying notes to condensed consolidated financial statements.

CARETRUST REIT, INC.
CONDENSED 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

		2023		2022
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		66,986		68,302
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		(176,644)		(125,644)
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		97,625		67,714
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	$	1,145	$	30,267
Supplemental disclosures of cash flow information:				
Interest paid	$	21,000	$	10,987
Supplemental schedule of noncash investing and financing activities:				
Increase in dividends payable	$	294	$	522
Right-of-use asset obtained in exchange for new operating lease obligation	$	369	$	—
Transfer of pre-acquisition costs to acquired assets	$	—	$	7
Sale of real estate settled with notes receivable	$	2,000	$	—

	For the Nine Months Ended September 30,			
		2023		2022
Cash flows from operating activities:				
Net income (loss)	$	27,428	$	(21,886)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization (including below-market ground leases)		38,031		38,437
Amortization of deferred financing costs		1,826		1,560
Unrealized losses on other real estate related investments, net		7,856		4,706
Amortization of stock-based compensation		3,379		4,295
Straight-line rental income		21		(14)
Adjustment for collectibility of rental income		—		977
Noncash interest income		(129)		(1,063)
(Gain) loss on sale of real estate, net		(1,958)		2,101
Impairment of real estate investments		31,510		73,706
Provision for loan losses, net		—		3,844
Change in operating assets and liabilities:				
Accounts and other receivables		11		648
Prepaid expenses and other assets, net		(68)		(2,082)
Accounts payable, accrued liabilities and deferred rent liabilities		4,189		5,443
Net cash provided by operating activities		112,096		110,672

Cash flows from investing activities:		
Acquisitions of real estate, net of deposits applied	(198,565)	(21,915)
Purchases of equipment, furniture and fixtures and improvements to real estate	(9,139)	(5,475)
Investment in real estate related investments and other loans receivable	(50,693)	(149,650)
Principal payments received on real estate related investments and other loans receivable	15,703	1,166
Escrow deposits for potential acquisitions of real estate	(4,075)	—
Net proceeds from sales of real estate	14,464	34,115
Net cash used in investing activities	(232,305)	(141,759)
Cash flows from financing activities:		
Proceeds from the issuance of common stock, net	319,032	—
Borrowings under unsecured revolving credit facility	185,000	145,000
Payments on unsecured revolving credit facility	(310,000)	(45,000)
Payments of deferred financing costs	(21)	—
Net-settle adjustment on restricted stock	(1,479)	(4,469)
Dividends paid on common stock	(83,089)	(79,478)
Contributions from noncontrolling interests	1,073	—
Net cash provided by financing activities	110,516	16,053
Net decrease in cash and cash equivalents	(9,693)	(15,034)
Cash and cash equivalents as of the beginning of period	13,178	19,895
Cash and cash equivalents as of the end of period	$ 3,485	$ 4,861
Supplemental disclosures of cash flow information:		
Interest paid	$ 28,539	$ 14,898
Supplemental schedule of noncash investing and financing activities:		
Increase in dividends payable	$ 4,854	$ 542
Right-of-use asset obtained in exchange for new operating lease obligation	$ 369	$ —
Transfer of pre-acquisition costs to acquired assets	$ —	$ 7
Sale of real estate settled with notes receivable	$ 2,000	$ 12,000

See accompanying notes to condensed consolidated financial statements.

CARETRUST REIT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —
(Unaudited)

1. ORGANIZATION

Description of Business—CareTrust REIT, Inc.'s ("CareTrust REIT" or the "Company") primary business consists of acquiring, financing, developing and owning real property to be leased to third-party tenants in the healthcare sector. As of June 30, 2023 September 30, 2023, the Company owned directly or through a joint venture and leased to independent operators rator, 224s, 225 skilled nursing facilities ("SNFs"), multi-service campuses, assisted living facilities ("ALFs") and independent living facilities ("ILFs") consisting of 23,694 23,916 operational beds and units located in 28 states with the highest concentration of properties by rental income located in California, Texas, Louisiana, Idaho and Arizona. As of June 30, 2023 September 30, 2023, the Company also had other real estate related investments consisting of five seven real estate secured loans receivable and one mezzanine loan receivable with a carrying value of $166.8 $181.2 million.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying condensed consolidated financial statements of the Company were prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and Article 10 of Regulation S-X. Accordingly, the condensed consolidated financial statements do not include all of the disclosures required by GAAP for a complete set of annual audited financial statements. The condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022. In the opinion of management, all adjustments which are of a normal and recurring nature and considered necessary for a fair presentation of the results of the interim periods presented have been included. The results of operations for the interim periods are not necessarily indicative of results for the full year. The accompanying consolidated financial statements of the Company include the accounts of CareTrust REIT, its wholly-owned subsidiaries, and variable interest entities ("VIEs") over which the Company exercises control. All intercompany transactions and account balances within the Company have been eliminated. eliminated, and net earnings are reduced by the portion of net earnings attributable to noncontrolling interests.

Variable Interest Entities—The Company is required to continually evaluate its VIE relationships and consolidate these entities when it is determined to be the primary beneficiary of their operations. A VIE is broadly defined as an entity where either: (i) the equity investment at risk is insufficient to finance that entity's activities without additional subordinated financial support, (ii) substantially all of an entity's activities either involve or are conducted on behalf of an investor that has disproportionately few voting rights, or (iii) the equity investors as a group lack any of the following: (a) the power through voting or similar rights to direct the activities of an entity that most significantly impact the entity's economic performance, (b) the obligation to absorb the expected losses of an entity, or (c) the right to receive the expected residual returns of an entity. Criterion (iii) above is generally applied to limited partnerships and similarly structured entities by assessing whether a simple majority of the limited partners hold substantive rights to participate in the significant decisions of the entity or have the ability to remove the decision maker or liquidate the entity without cause. If neither of those criteria are met, the entity is a VIE.

The designation of an entity as a VIE is reassessed upon certain events, including, but not limited to: (i) a change to the contractual arrangements of the entity or in the ability of a party to exercise its participation or kick-out rights, (ii) a change to the capitalization structure of the entity, or (iii) acquisitions or sales of interests that constitute a change in control.

A variable interest holder is considered to be the primary beneficiary of a VIE if it has the power to direct the activities of a VIE that most significantly impact the entity's economic performance and has the obligation to absorb losses of, or the right to receive benefits from, the entity that could potentially be significant to the VIE. The Company qualitatively assesses whether it is (or is not) the primary beneficiary of a VIE. The Company's consideration of various factors include, but is not limited to, which activities most significantly impact the entity's economic performance and the ability to direct those activities, its form of ownership interest, its representation on the VIE's governing body, the size and seniority of its investment, its ability and the rights of other investors to participate in policy making decisions, its ability to manage its ownership interest relative to the other interest holders, and its ability to replace the VIE manager and/or liquidate the entity.

For any investment in a joint venture that is not considered to be VIE, the Company would evaluate the type of ownership rights held by limited partner(s) that may preclude consolidation by the majority interest holder. The assessment of limited partners' rights and their impact on the control of a joint venture should be made at inception of the joint venture and continually reassessed. See Note 11, *Variable Interest Entities*, for additional information.

3. REAL ESTATE INVESTMENTS, NET

The following table summarizes the Company's investment in owned properties held for use at June 30, 2023 September 30, 2023 and December 31, 2022 (dollars in thousands):

			June 30, 2023		December 31, 2022			September 30, 2023
Land	Land	$	266,010	$	238,738	Land	$	270,806
Buildings and improvements	Buildings and improvements		1,575,661		1,483,133	Buildings and improvements		1,589,195
Integral equipment, furniture and fixtures	Integral equipment, furniture and fixtures		97,755		97,199	Integral equipment, furniture and fixtures		97,957
Identified intangible assets	Identified intangible assets		2,832		2,832	Identified intangible assets		2,832
Real estate investments	Real estate investments		1,942,258		1,821,902	Real estate investments		1,960,790
Accumulated depreciation and amortization	Accumulated depreciation and amortization		(414,024)		(400,492)	Accumulated depreciation and amortization		(424,742)
Real estate investments, net	Real estate investments, net	$	1,528,234	$	1,421,410	Real estate investments, net	$	1,536,048

As of June 30, 2023 September 30, 2023, 222 221 of the Company's 224 225 facilities were leased to various operators under triple-net leases. All of these leases contain annual escalators based on the percentage change in the Consumer Price Index ("CPI") (but not less than zero), some of which are subject to a cap, or fixed rent escalators. During the year ended December 31, 2022, the Company entered into triple-net lease agreements for two of the Company's 225 facilities which are being repurposed to behavioral health facilities with rent commencing 12 to 18 months following lease commencement. Two of the Company's 224 225 facilities are non-operational and are leased under a short term lease with an expected remaining term of less than one year as of June 30, 2023 September 30, 2023. As of June 30, 2023 September 30, 2023, 15 facilities were held for sale. See Note 4, *Impairment of Real Estate Investments, Assets Held for Sale, Net and Asset Sales,* for additional information.

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As of June 30, 2023 September 30, 2023, the Company's total future contractual minimum rental income for all of its tenants, excluding operating expense reimbursements, and assets held for sale and assets being repurposed, was as follows (dollars in thousands):

Year	Year	Amount		Year	Amount	
2023 (six months)		$	98,155			
2023 (three months)				2023 (three months)	$	49,490
2024	2024		197,155	2024		195,754
2025	2025		198,310	2025		196,908
2026	2026		198,853	2026		197,245
2027	2027		195,687	2027		194,079
2028	2028		193,433	2028		191,825
Thereafter	Thereafter		941,966	Thereafter		960,555
Total	Total	$	2,023,559	Total	$	1,985,856

Tenant Purchase Options

Certain of the Company's operators hold purchase options allowing them to acquire properties they currently lease from the Company. A summary of these purchase options is presented below (dollars in thousands):

Asset Type(1)	Properties	Lease Expiration	Option Period Open Date(2)	Option Type(3)	Current Cash Rent(4)
SNF	1	March 2029	4/1/2022 (5)	A / B(7)	832
SNF / Campus	2 (8)	October 2032	1/1/2024 (6)	A	1,097
SNF	4	November 2034	12/1/2024 (5)	A	3,891

(1) Excludes a purchase option on an 11 building SNF portfolio classified as held for sale as of June 30, 2023 September 30, 2023 and representing $5.1 million of current cash rent. Tenant is currently not eligible to elect the option.
(2) The Company has not received notice of exercise for the option periods that are currently open.
(3) Option type includes:
A - Fixed base price.
B - Fixed capitalization rate on lease revenue.
(4) Based on annualized cash revenue for contracts in place as of June 30, 2023 September 30, 2023.
(5) Option window is open until the expiration of the lease term.
(6) Option window is open for six months from the option period open date.
(7) Purchase option reflects two option types.
(8) Includes one property classified as held for sale as of June 30, 2023 September 30, 2023.

Rental Income

The following table summarizes components of the Company's rental income (dollars in thousands):

Rental Income	Rental Income	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022	Rental Income	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Contractual rent due(1)	Contractual rent due(1)	$ 47,752	$ 46,801	$ 93,922	$ 93,779	Contractual rent due(1)	$ 51,225	$ 47,015	$ 145,147	$ 140,794
Straight-line rent	Straight-line rent	(7)	5	(14)	11	Straight-line rent	(7)	3	(21)	14
Adjustment for collectibility(2)	Adjustment for collectibility(2)	—	—	—	(977)	Adjustment for collectibility(2)	—	—	—	(977)
Total	Total	$ 47,745	$ 46,806	$ 93,908	$ 92,813	Total	$ 51,218	$ 47,018	$ 145,126	$ 139,831

(1) Includes initial cash rent and tenant operating expense reimbursements, as adjusted for applicable rental escalators and rent increases due to capital expenditures funded by the Company. For tenants on a cash basis, this represents the lesser of the amount that would be recognized on a straight-line basis or cash that has been received. Tenant operating expense reimbursements for the three months ended June 30, 2023 September 30, 2023 and 2022 were $1.2 $2.0 million and $0.7 million, respectively. Tenant operating expense reimbursements for the six nine months ended June 30, 2023 September 30, 2023 and 2022 were $1.9 $3.9 million and $1.3 $2.0 million, respectively.

(2) During the six nine months ended June 30, 2022 September 30, 2022, and in accordance with Accounting Standards Codification 842, the Company evaluated the collectibility of lease payments through maturity and determined that it was not probable that the Company would collect substantially all of the contractual obligations from four existing and former operators. As such, the Company reversed $0.7 million of operating expense reimbursements, $0.2 million of contractual rent and $0.1 million of straight-line rent during the six nine months ended June 30, 2022 September 30, 2022. If lease payments are subsequently deemed probable of collection, the Company will reestablish the receivable which will result in an increase in rental income for such recoveries.

Recent Real Estate Acquisitions

The following table summarizes the Company's acquisitions for the six nine months ended June 30, 2023 September 30, 2023 (dollars in thousands):

Type of Property	Type of Property	Purchase Price(1)	Initial Annual Cash Rent(2)	Number of Properties	Number of Beds/Units(3)	Type of Property	Pu
Skilled nursing (4)	Skilled nursing (4)	$ 107,858	$ 9,085	7	871	Skilled nursing (4)	$
Multi-service campuses	Multi-service campuses	25,276	1,916	1	168	Multi-service campuses	
Assisted living	Assisted living	39,319	3,495	4	241	Assisted living	
Total	Total	$ 172,453	$ 14,496	12	1,280	Total	$

(1) Purchase price includes capitalized acquisition costs.
(2) Initial annual cash rent represents initial cash rent for the first twelve months excluding the impact of rent abatement in the first one to three months, if applicable.
(3) The number of beds/units includes operating beds at the acquisition date.

Lease Amendments

Amended Premier Lease (4) Includes one SNF held through a joint venture. See Note 11, . *Effective January 1, 2023 Variable Interest Entities*, for additional information. The SNF is currently leased under a short-term lease and a new long-term lease has been entered into with one of the Company amended its master Company's existing operators and it is expected that this lease with affiliates of Premier Senior Living, LLC ("Premier"). In connection with the lease amendment, the Company reduced the will become effective once regulatory approval is obtained. Initial annual cash rent by $1.7 million, does not consider a rent deferral of $420,000 in the first year upon commencement of the long-term lease to approximately $2.6 million. The Premier lease, as amended, had a remaining term at the date of amendment of approximately 8 years with two five-year renewal options be repaid in 15 installments beginning in year 2.

Lease Amendments and CPI-based rent escalators. Terminations

Noble VA Lease Termination and New Pennant Lease. Effective March 16, 2023, two ALFs in Wisconsin were removed from a master lease with affiliates of Noble VA Holdings ("Noble VA") and the Company terminated the applicable Noble VA master lease. Annual cash rent under the applicable Noble VA master lease prior to lease termination was approximately $2.3 million. In connection with the lease termination, the Company entered into a new lease (the "New Pennant Lease") with The Pennant Group, Inc. ("Pennant") with respect to the two ALFs. The applicable New Pennant lease Lease had an initial term at the date of the lease of approximately 15 years with two five-year renewal options and CPI-based rent escalators. Annual cash rent under the new lease was approximately $0.8 million and the master lease provides Pennant with three months deferred rent to be repaid before the expiration or termination of the lease.

Amended Hillstone Lease. On March 24, 2023, the Company amended its master lease with affiliates of Hillstone Healthcare, Inc. ("Hillstone"). In connection with the lease amendment, the Company agreed to defer rent of approximately $0.7 million for 12 months from December 2022 through November 2023 to be repaid as a percentage of adjusted gross revenues of one underlying facility, as defined in the amended lease, beginning January 1, 2025, until deferred rent has been paid in full. The amended Hillstone lease had a remaining term at the date of amendment of approximately 7 years with two five-year renewal options and 2% fixed rent escalators.

Amended Momentum Lease. On April 1, 2023, the Company acquired one SNF. In connection with the acquisition, the Company amended its existing triple-net master lease with affiliates of Momentum Skilled Services ("Momentum") to include the one SNF and extended the initial lease term. The Momentum master lease, as amended, had a remaining term at the date of amendment of approximately 15 years, with two five-year renewal options and CPI-based rent escalators. Annual cash rent under the amended lease increased by approximately $1.0 million.

Amended Pennant Lease. On July 6, 2023, the Company amended its master lease with affiliates of Pennant (the "Pennant Master Lease"). In connection with the lease amendment, the Company extended the initial lease term. The Pennant Master Lease, as amended, had a remaining term at the date of amendment of approximately 15 years, with two five-year renewal options and CPI-based rent escalators. Annual cash rent under the amended Pennant Master Lease remained unchanged.

Premier Termination and Amended Ridgeline Lease. Effective September 1, 2023, six ALFs in Michigan and North Carolina were removed from the master lease with affiliates of Premier Senior Living, LLC ("Premier") and the Company terminated the Premier master lease. Annual cash rent under the Premier master lease prior to lease termination was approximately $2.7 million. In connection with the lease termination, the Company amended its existing triple-net master lease with affiliates of Ridgeline Properties, LLC ("Ridgeline") with respect to the six ALFs. The Ridgeline lease had a remaining term at the date of the lease amendment of approximately 15 years with two five-year renewal options and CPI-based rent escalators. Annual cash rent under the amended lease increased by approximately $2.7 million. The amended lease provides for $0.2 million in rent abatement and a $0.2 million rent deferral to be repaid beginning in December 2024.

4. IMPAIRMENT OF REAL ESTATE INVESTMENTS, ASSETS HELD FOR SALE, NET AND ASSET SALES

Impairment of Real Estate Investments Held for Sale

During the three and six months ended June 30, 2023 March 31, 2023, the Company recognized an impairment charge of $1.9 million on 12 and 15 four facilities of $21.4 million and $23.3 million, respectively, held for sale, which is reported in impairment of real estate investments in the condensed consolidated statements of operations. During the three months ended June 30, 2023, the Company recognized an impairment charge of $21.4 million on 12 facilities held for sale. During the three months ended

September 30, 2023, the Company recognized an impairment charge of $0.2 million on one facility held for sale. These charges are reported in impairment of real estate investments in the condensed consolidated statements of operations.

During the three and nine months ended September 30, 2022, the Company recognized an impairment charge on sixteen and 27 facilities of $12.3 million and $72.0 million, respectively, all of which were held for sale.

As of June 30, 2023 September 30, 2023, there were 15 facilities classified as held for sale, all of which have been marked down to fair value and considered Level 3 measurements within the fair value hierarchy. During the three and six months ended June 30, 2022, the Company recognized an impairment charge on one and 21 facilities of $1.7 million and $61.4 million, respectively.

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less estimated costs to sell.

The fair value values of the assets held for sale was were based on estimated sales prices, which are considered to be Level 3 measurements within the fair value hierarchy. Estimated sales prices were determined using a market approach (comparable sales model), which relies on certain assumptions by management, including: (i) comparable market transactions, (ii) estimated prices per unit, and (iii) binding agreements for sales and non-binding offers to purchase from unrelated third-parties. There are inherent uncertainties in making these assumptions. For the Company's impairment calculations during the nine months ended September 30, 2023, the Company's fair value estimates primarily relied on a market approach and utilized prices per unit ranging from $18,000 to $35,000, with a weighted average price per unit of $21,000. $23,000. For the Company's impairment calculations during the nine months ended September 30, 2022, the Company's fair value estimates primarily relied on a market approach and utilized prices per unit ranging from $35,000 to $145,000, with a weighted average price per unit of $80,000.

Impairment of Real Estate Investments Held for Investment

During the three months ended September 30, 2023, the Company recognized an impairment charge of $8.0 million related to one SNF. The Company wrote down its carrying value of $8.7 million to its estimated fair value of $0.7 million, which is included in real estate investments, net on the Company's condensed consolidated balance sheets. The fair value of the asset was based on comparable market transactions and considered Level 3 measurements within the fair value hierarchy. For the Company's impairment calculation, the Company's fair value estimates primarily relied on a market approach and utilized prices per unit of $7,000.

During the second quarter of 2022, the Company recognized an impairment charge of $1.7 million related to one SNF. The Company wrote down its carrying value of $2.8 million to its estimated fair value of $1.1 million, which is included in real estate investments, net on the Company's condensed consolidated balance sheets. The fair value of the asset was based on comparable market transactions and considered Level 3 measurements within the fair value hierarchy. For the Company's impairment calculation, the Company's fair value estimates primarily relied on a market approach and utilized prices per unit of $20,000.

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Asset Sales and Held for Sale Reclassifications

The following table summarizes the Company's dispositions for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022 (dollars in thousands):

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022(1)	2023	2022(1)
Number of facilities	Number of facilities	3	—	4	1	Number of facilities	—	7	4	8
Net sales proceeds(1) (2)	Net sales proceeds(1) (2)	$ 13,234	$ —	$ 16,464	$ 959	Net sales proceeds(1) (2)	$ —	$ 45,157	$ 16,464	$ 46,116
Net carrying value	Net carrying value	11,206	—	14,506	773	Net carrying value	—	47,444	14,506	48,217
Net gain on sale		$ 2,028	$ —	$ 1,958	$ 186					
Net (loss) gain on sale						Net (loss) gain on sale	$ —	$ (2,287)	$ 1,958	$ (2,101)

(1) Net sales proceeds, net carrying value and net (loss) gain on sale also reflect a land parcel that was sold during the three and nine months ended September 30, 2022, which is not included in the number of facilities.

(2) Net sales proceeds includes $2 million of seller financing in connection with the sale of one ALF in June 2023. The $2.0 Net sales proceeds includes $12 million mortgage loan is included of seller financing in other real estate related investments on connection with the Company's condensed consolidated balance sheets. sale of six SNFs and one multi-service campus in September 2022.

The following table summarizes the Company's assets held for sale activity for the periods presented (dollars in thousands):

		Net Carrying Value	Number of Facilities		Net Carrying Value	Number of Facilities
December 31, 2022	December 31, 2022	$ 12,291	5	December 31, 2022	$ 12,291	5

Additions to assets held for sale	Additions to assets held for sale	47,047	14	Additions to assets held for sale	47,064	14
Assets sold	Assets sold	(14,506)	(4)	Assets sold	(14,506)	(4)
Impairment of real estate held for sale	Impairment of real estate held for sale	(23,278)	—	Impairment of real estate held for sale	(23,508)	—
June 30, 2023		$ 21,554	15			
September 30, 2023				September 30, 2023	$ 21,341	15

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5. OTHER REAL ESTATE RELATED AND OTHER INVESTMENTS

As of June September 30, 2023 and December 31, 2022, the Company's other real estate related investments, at fair value, consisted of the following (dollar amounts in thousands):

			As of June 30, 2023									As of September 3 2023		
Investment	Investment	Facility Count and Type	Principal Balance as of June 30, 2023	Book Value as of June 30, 2023	Book Value as of December 31, 2022	Weighted Average Contractual Interest Rate	Maturity Date	Investment	Facility Count and Type	Principal Balance as of September 30, 2023	Fair Value as of September 30, 2023	Fair Value as of December 31, 2022	Weighted Average Contractual Interest Rate	Matu Dat
Senior mortgage secured loan receivable	Senior mortgage secured loan receivable	18 SNF/Campus	$ 75,000	$ 71,488	$ 72,543	8.4 % (1)	6/30/2027	Senior mortgage secured loan receivable	18 SNF/Campus	$ 75,000	$ 68,472	$ 72,543	8.4 % (1)	6/30/2
Mortgage secured loan receivable	Mortgage secured loan receivable	5 SNF	22,250	21,208	21,345	10.6 % (2)	8/1/2025	Mortgage secured loan receivable	5 SNF	22,250	21,210	21,345	10.7 % (2)	8/1/2
Mortgage secured loan receivable	Mortgage secured loan receivable	4 SNF	24,900	23,503	23,796	9.0 % (2)	9/8/2025	Mortgage secured loan receivable	4 SNF	24,900	22,716	23,796	9.0 % (2)	9/8/2
Mortgage secured loan receivable(3)	Mortgage secured loan receivable(3)	1 ALF	2,000	2,000	—	9.0 %	5/31/2024	Mortgage secured loan receivable(3)	1 ALF	2,000	2,000	—	9.0 %	5/31/2
Mortgage secured loan receivable(4)	Mortgage secured loan receivable(4)	2 SNF Campus / ILF	25,993	25,993	—	9.0 %	6/29/2033	Mortgage secured loan receivable(4)	2 SNF Campus / ILF	25,993	26,186	—	9.0 %	6/29/2
Mezzanine loan receivable(5)		9 SNF	—	—	14,672	—	—							
Mortgage secured loan receivable(5)								Mortgage secured loan receivable(5)	2 SNF	15,727	15,397	—	9.0 %	8/1/2
Mortgage secured loan receivable(6)								Mortgage secured loan receivable(6)	3 SNF	3,564	3,390	—	12.0 %	9/29/2

Mezzanine loan receivable(7)								Mezzanine loan receivable(7)	9 SNF	—	—	14,672	—	
Mezzanine loan receivable	Mezzanine loan receivable	18 SNF/Campus	25,000	22,630	24,012	11.0 %	6/30/2032	Mezzanine loan receivable	18 SNF/Campus	25,000	21,804	24,012	11.0 %	6/30/2
			$175,143	$166,822	$ 156,368					$ 194,434	$ 181,175	$ 156,368		

(1) Rate is net of subservicing fee.

(2) Term secured overnight financing rate ("SOFR") used as of June 30, 2023 September 30, 2023 was 5.11% 5.32%. Rates are net of subservicing fees.

(3) In June 2023, the Company closed on the sale of one ALF. In connection with the sale, the Company provided affiliates of the purchaser of the properties with a $2.0 million mortgage loan. The mortgage loan is secured by the ALF. The mortgage loan has a one-year extension option and may be prepaid in whole before the maturity date.

(4) In June 2023, the Company extended a $26.0 million mortgage loan to a skilled nursing real estate owner. The mortgage loan is secured by one SNF campus and one ILF. The mortgage loan is set to mature on June 29, 2033 and may (subject to certain restrictions) be prepaid in whole before the maturity date for an exit fee ranging from 0% to 3% of the loan plus unpaid interest payments.

(5) In July 2023, the Company extended a $15.7 million mortgage loan to a skilled nursing real estate owner. The mortgage loan is secured by two SNFs. The mortgage loan is set to mature on August 1, 2028, with one five-year extension option and may (subject to certain restrictions) be prepaid in whole before the maturity date for an exit fee ranging from 2% to 3% of the loan plus unpaid interest payments; provided, however, that no exit fee is payable in connection with the loan being refinanced pursuant to a loan (or loans) provided by Fannie Mae, Freddie Mac, Federal Housing Administration, or a similar governmental authority.

(6) In September 2023, the Company extended a $3.6 million mortgage loan as part of a larger, multi-tranche real estate secured term loan facility to a skilled nursing real estate owner. The secured term loan was structured with an "A" and a "B" tranche (with the payments on the "B" tranche being subordinate to the "A" tranche pursuant to the terms of a written agreement between the lenders). The Company's $3.6 million secured mortgage loan constituted the entirety of the "B" tranche with its payments subordinated accordingly. The mortgage loan is secured by three SNFs. The mortgage loan is set to mature on September 29, 2026, with two six-month extension options and may (subject to certain restrictions) be prepaid in whole before the maturity date for an exit fee ranging from 0% to 2% of any proposed financing in connection with the loan being refinanced by the U.S. Department of Housing and Urban Development.

(7) Mezzanine loan was prepaid during the six nine months ended June 30, 2023 September 30, 2023.

The following table summarizes the Company's other real estate related investments activity for the six months ended June 30, 2023 and 2022 (dollars in thousands):

	Six Months Ended June 30,	
	2023	2022
Origination of other real estate related investments	$ 28,243	$ 100,000
Accrued interest, net	(184)	13
Unrealized losses on other real estate related investments, net	(2,605)	—
Repayments of other real estate related investments	(15,000)	—
Net increase in other real estate related investments, at fair value	$ 10,454	$ 100,013

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The following table summarizes the Company's other real estate related investments activity for the nine months ended September 30, 2023 and 2022 (dollars in thousands):

	Nine Months Ended September 30,	
	2023	2022
Origination of other real estate related investments	$ 47,534	$ 147,150
Accrued interest, net	129	1,063
Unrealized losses on other real estate related investments, net	(7,856)	(4,706)
Prepayments of other real estate related investments	(15,000)	—
Net change in other real estate related investments, at fair value	$ 24,807	$ 143,507

As of June 30, 2023 September 30, 2023 and December 31, 2022, the Company's other loans receivable, included in prepaid expenses and other assets, net on the Company's condensed consolidated balance sheets, consisted of the following (dollars in thousands):

	As of June 30, 2023						As of September 30, 2023					
Investment	Investment	Principal Balance as of June 30, 2023	Book Value as of June 30, 2023	Book Value as of December 31, 2022	Weighted Average Contractual Interest Rate	Maturity Date	Investment	Principal Balance as of September 30, 2023	Book Value as of September 30, 2023	Book Value as of December 31, 2022	Weighted Average Contractual Interest Rate	Maturity Date (1)
Other loans receivable	Other loans receivable	$ 10,328	$ 10,333	$ 9,600	8.5 %	8/31/2023 - 9/30/2025	Other loans receivable	$ 14,053	$ 14,090	$ 9,600	8.7 %	9/1/2023 - 5/31/2026

Expected credit loss	Expected credit loss	—	(2,094)	(2,094)	Expected credit loss	—	(2,094)	(2,094)
Total	Total	$ 10,328	$ 8,239	$ 7,506	Total	$ 14,053	$ 11,996	$ 7,506

(1) One other loan receivable with a balance of approximately $26,000 had a maturity date of September 1, 2023. This loan was paid off subsequent to September 30, 2023.

The following table summarizes the Company's other loans receivable activity for the six nine months ended June September 30, 2023 and 2022 (dollars in thousands):

		Six Months Ended June 30,			Nine Months Ended September 30,	
		2023	2022		2023	2022
Origination of loans receivable	Origination of loans receivable	$ 1,019	$ 2,500	Origination of loans receivable	$ 5,160	$ 14,500
Principal payments	Principal payments	(287)	(276)	Principal payments	(703)	(416)
Accrued interest, net	Accrued interest, net	1	(2)	Accrued interest, net	33	(3)
Provision for loan losses, net	Provision for loan losses, net	—	(4,594)	Provision for loan losses, net	—	(4,594)
Net increase (decrease) in other loans receivable		$ 733	$ (2,372)			
Net change in other loans receivable				Net change in other loans receivable	$ 4,490	$ 9,487

Expected credit losses and recoveries are recorded in provision for loan losses, net in the condensed consolidated statements of operations. During the six nine months ended June 30, 2022 September 30, 2022, the Company recorded a $4.6 million expected credit loss related to two other loans receivable that have been placed on non-accrual status, including an unfunded loan commitment of $0.4 million, net of a loan loss recovery of $0.8 million related to a loan previously written-off. During the six nine months ended June September 30, 2023, the Company had no additional expected credit loss and did not consider any loan receivable investments to be impaired.

The following table summarizes the interest and other income recognized from the Company's loans receivable and other investments during the three and six nine months ended June 30, 2023 September 30, 2023 and 2022 (dollars in thousands):

		For the Three Months Ended June 30,		For the Six Months Ended June 30,			For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
Investment	**Investment**	**2023**	**2022**	**2023**	**2022**	**Investment**	**2023**	**2022**	**2023**	**2022**
Mortgage secured loans receivable	Mortgage secured loans receivable	$ 2,762	$ 17	$ 5,466	$ 17	Mortgage secured loans receivable	$ 3,741	$ 2,098	$ 9,207	$ 2,115
Mezzanine loans receivable	Mezzanine loans receivable	695	713	2,278	1,163	Mezzanine loans receivable	702	1,163	2,980	2,326
Other	Other	351	17	507	36	Other	216	14	723	50
Total	Total	$ 3,808	$ 747	$ 8,251	$ 1,216	Total	$ 4,659	$ 3,275	$ 12,910	$ 4,491

6. FAIR VALUE MEASUREMENTS

The Company determines fair value based on quoted prices when available or through the use of alternative approaches, such as discounting the expected cash flows using market interest rates commensurate with the credit quality and duration of the investment. GAAP guidance defines three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets and liabilities that the reporting entity has the ability to access at the measurement date.

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Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability or can be corroborated with observable market data for substantially the entire contractual term of the asset or liability.

Level 3 – Unobservable inputs reflect the entity's own assumptions about the assumptions that market participants would use in the pricing of the asset or liability and are consequently not based on market activity, but rather through particular valuation techniques.

The determination of where an asset or liability falls in the hierarchy requires significant judgment and considers factors specific to the asset or liability. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company evaluates its hierarchy disclosures each quarter and, depending on various factors, it is possible that an asset or liability may be classified differently from quarter to quarter. Changes in the type of inputs may result in a reclassification for certain assets. The Company does not expect that changes in classifications between levels will be frequent.

Items Measured at Fair Value on a Recurring Basis

The following table presents information about the Company's assets measured at fair value on a recurring basis as of June 30, 2023 September 30, 2023 and December 31, 2022, aggregated by the level in the fair value hierarchy within which those instruments fall (dollars in thousands):

		Level 1	Level 2	Level 3	Balance as of June 30, 2023		Level 1
Assets:	**Assets:**					**Assets:**	
Mortgage secured loans receivable	Mortgage secured loans receivable	$ —	$ —	$ 144,192	$ 144,192	Mortgage secured loans receivable	$ —
Mezzanine loans receivable	Mezzanine loans receivable	—	—	22,630	22,630	Mezzanine loans receivable	—
Total	Total	$ —	$ —	$ 166,822	$ 166,822	Total	$ —

	Level 1	Level 2	Level 3	Balance as of December 31, 2022
Assets:				
Mortgage secured loans receivable	$ —	$ —	$ 117,684	$ 117,684
Mezzanine loans receivable	—	—	38,684	38,684
Total	$ —	$ —	$ 156,368	$ 156,368

The following table details the Company's assets measured at fair value on a recurring basis using Level 3 inputs (dollars in thousands):

		Investments in Real Estate Secured Loans	Investments in Mezzanine Loans		Investments in Real Estate Secured Loans	Investments in Mezzanine Loans
Balance at December 31, 2022	Balance at December 31, 2022	$ 117,684	$ 38,684	Balance at December 31, 2022	$ 117,684	$ 38,684
Loan originations	Loan originations	28,243	—	Loan originations	47,534	—
Accrued interest, net	Accrued interest, net	(21)	(163)	Accrued interest, net	292	(163)
Unrealized losses on other real estate related investments, net	Unrealized losses on other real estate related investments, net	(1,714)	(891)	Unrealized losses on other real estate related investments, net	(6,139)	(1,717)
Repayments	Repayments	—	(15,000)	Repayments	—	(15,000)
Balance as of June 30, 2023		$ 144,192	$ 22,630			
Balance as of September 30, 2023				Balance as of September 30, 2023	$ 159,371	$ 21,804

Real estate secured and mezzanine loans receivable: The fair value of the secured and mezzanine loans receivables were estimated using an internal valuation model that considered the expected future cash flows of the investment, the underlying collateral value, market interest rates and other credit enhancements. As such, the Company classifies each instrument as Level 3 due to the significant unobservable inputs used in determining market interest rates for investments with similar terms. During the three months ended June 30, 2023 September 30, 2023, the Company recorded an unrealized loss of $1.9 $5.3 million related to three four mortgage loans and one mezzanine loan receivable due to rising interest rates. During the nine months ended September 30, 2023, the Company recorded an unrealized loss of $8.1 million related to five mortgage loans and one mezzanine

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loan receivable due to rising interest rates and a $0.3 million loss due to a loan origination fee paid. During the six months ended June 30, 2023, the Company recorded an unrealized loss of $2.8 million related to three mortgage loans and one mezzanine loan receivable due to rising interest rates, paid, partially offset by a reversal of a previously recognized unrealized loss of $0.5 million related to the repayment of one mezzanine loan receivable. Future changes in market interest rates or collateral value could materially impact the estimated discounted cash flows that are used to

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determine the fair value of the secured and mezzanine loans receivable. As of June 30, 2023 September 30, 2023 and December 31, 2022, the Company did not have any loans that were 90 days or more past due.

The following table shows the quantitative information about unobservable inputs related to the Level 3 fair value measurements comprising the investments in secured and mezzanine loans receivables as of June 30, 2023 September 30, 2023:

Type	Book Value as of June 30, 2023 September 30, 2023	Valuation Technique	Unobservable Inputs	Range
Mortgage secured loans receivable	$ 144,192 159,371	Discounted cash flow	Discount Rate	10% - 14% 15%
Mezzanine loan receivable	22,630 21,804	Discounted cash flow	Discount Rate	12% - 14% 15%

For the six nine months ended June 30, 2023 September 30, 2023, there were no classification changes in assets and liabilities with Level 3 inputs in the fair value hierarchy.

Items Disclosed at Fair Value

Considerable judgment is necessary to estimate the fair value disclosure of financial instruments. The estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized upon disposition of the financial instruments. A summary of the face value, carrying amount and fair value of the Notes (as defined in Note 7, *Debt,* below) as of June 30, 2023 September 30, 2023 and December 31, 2022 using Level 2 inputs is as follows (dollars in thousands):

			June 30, 2023			December 31, 2022					September 30, 2023			December 31, 2022		
		Level	Face Value	Carrying Amount	Fair Value	Face Value	Carrying Amount	Fair Value		Level	Face Value	Carrying Amount	Fair Value	Face Value	Carrying Amount	Fair Value
Financial liabilities:	**Financial liabilities:**								**Financial liabilities:**							
Senior unsecured notes payable	Senior unsecured notes payable	2	$ 400,000	$ 395,594	$ 346,588	$ 400,000	$ 395,150	$ 345,036	Senior unsecured notes payable	2	$ 400,000	$ 395,816	$ 352,500	$ 400,000	$ 395,150	$ 345,036

Cash and cash equivalents, accounts and other receivables, accounts payable, and accrued liabilities: The carrying values for these instruments approximate their fair values due to the short-term nature of these instruments.

Senior unsecured notes payable: The fair value of the Notes was determined using third-party quotes derived from orderly trades.

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Unsecured revolving credit facility and senior unsecured term loan: The fair values approximate their carrying values as the interest rates are variable and approximate prevailing market interest rates for similar debt arrangements.

7. DEBT

The following table summarizes the balance of the Company's indebtedness as of June 30, 2023 September 30, 2023 and December 31, 2022 (dollars in thousands):

		June 30, 2023			
		Principal Amount	Deferred Loan Fees	Carrying Value	Principal Amount
Senior unsecured notes payable	Senior unsecured notes payable	$ 400,000	$ (4,406)	$ 395,594	$ 400,000
Senior unsecured term loan	Senior unsecured term loan	200,000	(546)	199,454	200,000

Unsecured revolving credit facility (1)	Unsecured revolving credit facility (1)		280,000		—		280,000		125,000
		$	880,000	$	(4,952)	$	875,048	$	725,000

(1) Deferred financing fees are included in deferred financing costs, net on the balance sheet, and not reflected as a reduction to the unsecured revolving credit facility.

Senior Unsecured Notes Payable

2028 Senior Notes. On June 17, 2021, the Company's wholly owned subsidiary, CTR Partnership, L.P. (the "Operating Partnership"), and its wholly owned subsidiary, CareTrust Capital Corp. (together with the Operating Partnership, the "Issuers"), completed a private offering of $400.0 million aggregate principal amount of 3.875% Senior Notes due 2028 (the "Notes") to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A and to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act of 1933, as amended. The Notes were issued at

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par, resulting in gross proceeds of $400.0 million and net proceeds of approximately $393.8 million after deducting underwriting fees and other offering expenses. The Notes mature on June 30, 2028. The Notes accrue interest at a rate of 3.875% per annum payable semiannually in arrears on June 30 and December 30 of each year, commencing on December 30, 2021.

The Issuers may redeem some or all of the Notes at any time prior to March 30, 2028 at a price equal to 100% of the principal amount of the Notes redeemed plus accrued and unpaid interest on the Notes, if any, to, but not including, the redemption date, plus a "make-whole" premium. At any time on or after March 30, 2028, the Issuers may redeem some or all of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed plus accrued interest on the Notes, if any, to, but not including, the redemption date. In addition, at any time on or prior to June 30, 2024, up to 40% of the aggregate principal amount of the Notes may be redeemed with the net proceeds of certain equity offerings at a redemption price of 103.875% of the aggregate principal amount of Notes to be redeemed plus accrued and unpaid interest on the Notes, if any, to, but not including, the redemption date. If certain changes of control of the Company occur, the Issuers will be required to make an offer to holders of the Notes to repurchase their Notes at a price of 101% of their principal amount plus accrued and unpaid interest, if any, to, but not including, the repurchase date.

The obligations under the Notes are fully and unconditionally guaranteed, jointly and severally, on an unsecured basis, by the Company and all of CareTrust's existing and future subsidiaries (other than the Issuers) that guarantee obligations under the Amended Credit Facility (as defined below); provided, however, that such guarantees are subject to automatic release under certain customary circumstances.

The indenture governing the Notes contains customary covenants such as limiting the ability of the Company and its restricted subsidiaries to: incur or guarantee additional indebtedness; incur or guarantee secured indebtedness; pay dividends or distributions on, or redeem or repurchase, capital stock; make certain investments or other restricted payments; sell assets; enter into transactions with affiliates; merge or consolidate or sell all or substantially all of their assets; and create restrictions on the ability of the Issuers and their restricted subsidiaries to pay dividends or other amounts to the Issuers. The indenture governing the Notes also requires the Company and its restricted subsidiaries to maintain a specified ratio of unencumbered assets to unsecured indebtedness. These covenants are subject to a number of important and significant limitations, qualifications and exceptions. The indenture governing the Notes also contains customary events of default.

As of June 30, 2023 September 30, 2023, the Company was in compliance with all applicable financial covenants under the indenture governing the Notes.

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Unsecured Revolving Credit Facility and Term Loan

On December 16, 2022, the Operating Partnership, as the borrower, the Company, as guarantor, CareTrust GP, LLC, and certain of the Operating Partnership's wholly owned subsidiaries, entered into a second amended and restated credit and guaranty agreement with KeyBank National Association, as administrative agent, an issuing bank and swingline lender (the (as amended from time to time, the "Second Amended Credit Agreement"). The Second Amended Credit Agreement, which amends and restates the Company's amended and restated credit and guaranty agreement, dated as of February 8, 2019 (as amended, the "Prior Credit Agreement") provides for: (i) an unsecured revolving credit facility (the "Revolving Facility") with revolving commitments in an aggregate principal amount of $600.0 million, including a letter of credit subfacility for 10% of the then available revolving commitments and a swingline loan subfacility for 10% of the then available revolving commitments and (ii) the continuation of the unsecured term loan credit facility which was previously extended under the Prior Credit Agreement (the "Term Loan" and together with the Revolving Facility, the "Second Amended Credit Facility") in an aggregate principal amount of $200.0 million. Future borrowings under the Second Amended Credit Facility will be used for working capital purposes, for capital expenditures, to fund acquisitions and for general corporate purposes.

On October 10, 2023, the Operating Partnership, the Company, CareTrust GP, LLC, certain of the Operating Partnership's wholly owned subsidiaries and KeyBank National Association entered into the First Amendment to the Second Amended Credit Agreement (the "First Amendment"). The First Amendment restates the definition of Consolidated Total Asset Value to include net proceeds from at-the-market forward commitments executed but not yet closed as of the relevant date as if such proceeds had actually been received.

The interest rates applicable to loans under the Revolving Facility are, at the Operating Partnership's option, equal to either a base rate plus a margin ranging from 0.10% to 0.55% per annum or Adjusted Term SOFR or Adjusted Daily Simple SOFR (each as defined in the Second Amended Credit Agreement) plus a margin ranging from 1.10% to 1.55% per annum based on the debt to asset value ratio of the Company and its consolidated subsidiaries (subject to decrease at the Operating Partnership's election if the Company obtains certain specified investment grade ratings on its senior long-term unsecured debt). The interest rates applicable to loans under the Term Loan are, at the Operating Partnership's option, equal to either a base rate plus a margin ranging from 0.50% to 1.20% per annum or Adjusted Term SOFR or Adjusted Daily Simple SOFR plus a margin ranging from 1.50% to 2.20% per annum based on the debt to asset value ratio of the Company and its consolidated

subsidiaries (subject to decrease at the Operating Partnership's election if the Company obtains certain specified investment grade ratings on its senior long-term unsecured debt). In addition, the Operating Partnership will pay a facility fee on the revolving commitments under the Revolving Facility ranging from 0.15% to 0.35% per annum, based on the debt to asset value ratio of the Company and its consolidated subsidiaries (unless the Company obtains certain specified investment grade ratings on its senior long-term unsecured debt and the Operating Partnership elects to decrease the applicable margin as described above, in which case the Operating Partnership will pay a facility fee on the revolving commitments ranging from 0.125% to 0.30% per annum based on the credit ratings of the Company's senior long-term unsecured debt). As of June 30, 2023 September 30, 2023, the Operating Partnership had $200.0 million of borrowings outstanding under the Term Loan and $280.0 million no borrowings outstanding under the Revolving Facility.

The Revolving Facility has a maturity date of February 9, 2027, and includes, at the sole discretion of the Operating Partnership, two six-month extension options. The Term Loan has a maturity date of February 8, 2026.

The Second Amended Credit Facility is guaranteed, jointly and severally, by the Company and its wholly owned subsidiaries that are party to the Second Amended Credit Agreement (other than the Operating Partnership). The Second Amended Credit Agreement contains customary covenants that, among other things, restrict, subject to certain exceptions, the ability of the Company and its subsidiaries to grant liens on their assets, incur indebtedness, sell assets, make investments, engage in acquisitions, mergers or consolidations, amend organizational documents and pay certain dividends and other restricted payments. The Second Amended Credit Agreement requires the Company to comply with financial maintenance covenants to be tested quarterly, consisting of a maximum debt to asset value ratio, a minimum fixed charge coverage ratio, a minimum tangible net worth, a maximum cash distributions to operating income ratio, a maximum secured debt to asset value ratio, a maximum secured recourse debt to asset value ratio, a maximum unsecured debt to unencumbered properties asset value ratio, a minimum unsecured interest coverage ratio and a minimum rent coverage ratio. The Second Amended Credit Agreement also contains certain customary events of default, including the failure to make timely payments under the Second Amended Credit Facility or other material indebtedness, the failure to satisfy certain covenants (including the financial maintenance covenants), the occurrence of change of control and specified events of bankruptcy and insolvency.

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As of June 30, 2023 September 30, 2023, the Company was in compliance with all applicable financial covenants under the Second Amended Credit Agreement.

8. EQUITY

Common Stock

At-The-Market Offering—On February 24, 2023 September 15, 2023, the Company entered into a new equity distribution agreement to issue and sell, from time to time, up to $500.0 million in aggregate offering price of its common stock through an "at-the-market" equity offering program (the "New ATM Program") and terminated its previous $500.0 million "at-the-market" equity offering program (the "Previous ATM Program" and together with the New ATM Program, the "ATM Program"). In addition to the issuance and sale of shares of its common stock, the Company may also enter into one or more forward sales agreements (each, an "ATM forward contract") with sales agents for the sale of the Company's shares of common stock under the ATM Program.

The Company expects to fully physically settle forward equity sales by delivery of shares of common stock to the forward purchaser and receive cash proceeds upon one or more settlement dates, which are typically a one-year term, at the Company's discretion, prior to the final settlement date, at which time the Company expects to receive aggregate net cash proceeds at settlement equal to the number of shares sold on a forward basis multiplied by the relevant forward price per share. The weighted average forward sale price that the Company expects to receive upon physical settlement will be subject to adjustment for (i) a floating interest rate factor equal to a specified daily rate less a spread, (ii) the forward purchaser's stock borrowing costs and (iii) scheduled dividends through the settlement. During the three and six nine months ended June 30, 2023 September 30, 2023, the Company executed entered into ATM forward equity sales contracts under the ATM Program with a financial institution acting as a forward purchaser to sell 6,736,089 9,058,140 and 15,794,229 shares of common stock, respectively, at a weighted average initial sales price of $19.99 and $19.87 per share, respectively, before commissions and offering expenses. During the three months ended September 30, 2023, the Company settled 10,893,229 shares outstanding under the ATM forward contracts at a weighted average sales price of $19.71 per share before commissions and offering expenses. The $19.57 for net proceeds of $213.1 million. For the remaining shares subject to the ATM forward contracts, the Company did will not receive any proceeds from the sales of its those shares of common stock by the forward sellers. As of June 30, 2023, sellers until the Company has not settled any portion of these forward equity sales. contracts are settled.

There was no ATM Program activity (or activity under any predecessor at-the-market equity offering programs) for the three and six nine months ended June 30, 2022 September 30, 2022. The following table summarizes the ATM Program activity under the ATM forward contracts and direct issuances for the three and nine months ended September 30, 2023 (in thousands, expect per share amounts).

	For the Three Months Ended	For the Nine Months Ended
	September 30, 2023	September 30, 2023

Number of shares	16,285	16,285
Average sales price per share	$ 19.89	$ 19.89
Gross proceeds(1)	$ 323,886	$ 323,886

(1) Total gross proceeds is before $4.0 million of commissions paid to the sales agents and forward adjustments during both the three and nine months ended September 30, 2023, respectively, under the ATM Program. As of September 30, 2023, 4,901,000 shares of common stock at the weighted average initial sales price of $20.00 per share, before commissions and offering expenses, remain outstanding under the ATM forward contracts.

As of June 30, 2023 September 30, 2023, the Company had $367.2 million $496.0 million available for future issuances under the New ATM Program.

Dividends on Common Stock—The following table summarizes the cash dividends per share of common stock declared by the Company's board of directors for the first six nine months of 2023 (dollars in thousands, except per share amounts):

		For the Three Months Ended			For the Three M
		March 31, 2023	June 30, 2023		March 31, 2023	June 30,
Dividends declared per share	Dividends declared per share	$ 0.28	$ 0.28	Dividends declared per share	$ 0.28	$
Dividends payment date	Dividends payment date	April 14, 2023	July 14, 2023	Dividends payment date	April 14, 2023	July
Dividends payable as of record date(1)	Dividends payable as of record date(1)	$ 27,846	$ 27,853	Dividends payable as of record date(1)	$ 27,846	$
Dividends record date	Dividends record date	March 31, 2023	June 30, 2023	Dividends record date	March 31, 2023	June

(1) Dividends payable includes dividends on performance stock awards that will be paid if and when the shares subject to such awards vest if deemed probable of meeting their performance condition.

9. STOCK-BASED COMPENSATION

All stock-based awards are subject to the terms of the CareTrust REIT, Inc. and CTR Partnership, L.P. Incentive Award Plan (the "Plan"). The Plan provides for the granting of stock-based compensation, including stock options, restricted stock, performance awards, restricted stock units, relative total stockholder return based stock awards and other incentive awards to officers, employees and directors in connection with their employment with or services provided to the Company. Under the Plan, 5,000,000 shares have been authorized for awards.

Under the Plan, restricted stock awards ("RSAs") vest in equal annual installments over a three year period for the RSAs granted in 2022 and 2021 and a four year period for the RSAs granted in 2020. RSAs granted to non-employee members of the board of directors ("Board Awards") vest in full on the earlier to occur of the Company's next Annual Meeting of Stockholders or one year. Performance stock awards ("PSA" PSAs") granted are subject to both time and performance based conditions and vest over a one-to-three year period for PSAs granted in 2021 and over a one-to-four year period for PSAs granted in 2020. The amount of such PSAs that will ultimately vest is dependent on the Company's Normalized Funds from Operations ("NFFO") per share, as defined by the Compensation Committee, meeting or exceeding a specified per share amount for the applicable vesting period. Relative total shareholder return units ("TSR Units") granted in 2022 and since 2021 are subject to both time and market based conditions and cliff vest after a three-year period. The amount of such market awards that will ultimately vest is dependent on the Company's total shareholder return ("TSR") performance relative to a custom TSR peer group consisting of other publicly traded healthcare REITs and will range from 0% to 200% of the TSR Units initially granted. The RSAs, PSAs, and Board Awards are valued on the date of grant based on the closing price of the Company's common stock, while the TSR Units are valued on the date of grant using a Monte Carlo valuation model. The vesting of certain awards may accelerate, as defined in the grant agreement, upon retirement, a change in control or other events.

The following table summarizes the status of the restricted stock award and performance award activity for the six nine months ended June 30, 2023 September 30, 2023:

		Shares	Weighted Average Share Price		Shares	Weighted Average Share Price
Unvested balance at December 31, 2022	Unvested balance at December 31, 2022	573,609	$ 20.63	Unvested balance at December 31, 2022	573,609	$ 20.63
Granted:	Granted:			Granted:		
RSAs				RSAs	1,272	19.43
Board Awards	Board Awards	24,768	19.38	Board Awards	24,768	19.38
Vested	Vested	(185,767)	20.94	Vested	(185,767)	20.94
Forfeited	Forfeited	(61,680)	21.19	Forfeited	(61,680)	21.19

Unvested balance at June 30, 2023	350,930	$ 20.28		
Unvested balance at September 30, 2023			352,202	$ 20.28

As of June 30, 2023 September 30, 2023, the weighted-average remaining vesting period of such awards was 1.7 1.5 years.

The following table summarizes the stock-based compensation expense recognized for the periods presented (dollars in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Stock-based compensation expense	$ 924	$ 1,394	$ 1,860	$ 2,915

The following table summarizes the stock-based compensation expense recognized for the periods presented (dollars in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Stock-based compensation expense	$ 1,519	$ 1,380	$ 3,379	$ 4,295

For the three and six nine months ended June 30, 2023September 30, 2023, approximately $0.6 million of previously recognized stock-based compensation expense related to the PSAs was reversed as the awards are not expected to meet the performance conditions. For the six nine months ended June 30, 2023September 30, 2023, approximately $0.9 million of previously recognized stock-based compensation expense was reversed due to forfeitures of stock awards.

As of June 30, 2023 September 30, 2023, there was $7.2 $5.7 million of unamortized stock-based compensation expense related to the unvested RSAs and TSR Awards.

10. EARNINGS (LOSS) EARNINGS PER COMMON SHARE

The following table presents the calculation of basic and diluted earnings (loss) earnings per common share attributable to CareTrust REIT, Inc. ("EPS") for the Company's common stock for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022, and reconciles the weighted-average common shares outstanding used in the calculation of basic EPS to the weighted-average common shares outstanding used in the calculation of diluted EPS (amounts in thousands, except per share amounts):

		For the Three Months Ended June 30,		For the Six Months Ended June 30,			For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Numerator:	**Numerator:**					**Numerator:**				
Net (loss) income		$ (484)	$ 20,669	$ 18,743	$ (22,595)					
Net income (loss) attributable to CareTrust REIT, Inc.						Net income (loss) attributable to CareTrust REIT, Inc.	$ 8,696	$ 709	$ 27,439	$ (21,886)
Less: Net income allocated to participating securities	Less: Net income allocated to participating securities	(89)	(94)	(178)	(211)	Less: Net income allocated to participating securities	(89)	(94)	(267)	(305)
Numerator for basic and diluted earnings available to common stockholders	Numerator for basic and diluted earnings available to common stockholders	$ (573)	$ 20,575	$ 18,565	$ (22,806)	Numerator for basic and diluted earnings available to common stockholders	$ 8,607	$ 615	$ 27,172	$ (22,191)
Denominator:	**Denominator:**					**Denominator:**				
Weighted-average basic common shares outstanding	Weighted-average basic common shares outstanding	99,117	96,564	99,090	96,487	Weighted-average basic common shares outstanding	104,011	96,605	100,748	96,527

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Dilutive potential common shares - performance stock awards	Dilutive potential common shares - performance stock awards	—	34	90	—	Dilutive potential common shares - performance stock awards	201	20	128	—
Dilutive potential common shares - forward equity agreements	Dilutive potential common shares - forward equity agreements	—	—	14	—	Dilutive potential common shares - forward equity agreements	99	—	42	—
Weighted-average diluted common shares outstanding	Weighted-average diluted common shares outstanding	99,117	96,598	99,194	96,487	Weighted-average diluted common shares outstanding	104,311	96,625	100,918	96,527
(Loss) earnings per common share, basic		$ (0.01)	$ 0.21	$ 0.19	$ (0.24)					
(Loss) earnings per common share, diluted		$ (0.01)	$ 0.21	$ 0.19	$ (0.24)					
Earnings (loss) per common share attributable to CareTrust REIT, Inc., basic						Earnings (loss) per common share attributable to CareTrust REIT, Inc., basic	$ 0.08	$ 0.01	$ 0.27	$ (0.23)
Earnings (loss) per common share attributable to CareTrust REIT, Inc., diluted						Earnings (loss) per common share attributable to CareTrust REIT, Inc., diluted	$ 0.08	$ 0.01	$ 0.27	$ (0.23)
Antidilutive unvested restricted stock awards, total shareholder return units, performance awards, and forward equity shares excluded from the computation	Antidilutive unvested restricted stock awards, total shareholder return units, performance awards, and forward equity shares excluded from the computation	500	341	316	431	Antidilutive unvested restricted stock awards, total shareholder return units, performance awards, and forward equity shares excluded from the computation	317	341	317	478

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11. VARIABLE INTEREST ENTITIES

Noncontrolling Interests—The Company has entered into ventures with unrelated third parties to own real estate and has concluded that such ventures are VIEs. As the Company exercises power over and receives economic benefits from the VIEs, the Company is considered the primary beneficiary and consolidates the VIEs. The Company presents the portion of any equity that the Company does not own in entities that the Company controls (and thus consolidates) as noncontrolling interests and classifies those interests as a component of consolidated equity, separate from stockholders' equity, on the Company's consolidated balance sheets. For consolidated joint ventures, the Company allocates net income or loss utilizing the hypothetical liquidation at book value method, in which the Company allocates income or loss based on the change in each unitholders' claim on the net assets of the joint venture partners at period end after adjusting for any distributions or contributions made during such period. The Company includes net income (loss) attributable to the noncontrolling interests in net income (loss) in the consolidated statements of operations.

During the three months ended September 30, 2023, the Company entered into a joint venture ("JV"), whereunder the Company contributed $25.5 million into the JV that purchased one SNF located in California for $26.1 million. The JV partner contributed the remaining $0.6 million of equity. The Company contributed to the JV an amount equal to 95% of the JV's total investment amount in the one newly-acquired SNF and holds 100% of the preferred equity ownership interests in the JV. In addition, the Company contributed an amount equal to 2.5% of the JV's total investment amount in the one SNF for a 50% common ownership interest in the JV.

During the three months ended September 30, 2023, the Company entered into a JV, whereunder the Company contributed $2.4 million into the JV, which made a deposit on a potential real estate acquisition. Upon the closing date of the real estate acquisition, the Company will hold an amount equal to 95% of the JV's total investment amount and will hold 100% of the preferred equity ownership interest and an amount equal to 2.5% of the JV's total investment amount for a 50% common ownership interest in the JV.

Total assets and total liabilities include VIE assets and liabilities as follows (in thousands):

	September 30, 2023	December 31, 2022
Assets:		
Real estate investments, net	$ 26,058	$ —
Prepaid and other assets	2,800	—
Total assets	28,858	—
Liabilities:		
Accounts payable, accrued liabilities and deferred rent liabilities	701	—
Total liabilities	$ 701	$ —

11. 12. COMMITMENTS AND CONTINGENCIES

The Company and its subsidiaries are and may become from time to time a party to various claims and lawsuits arising in the ordinary course of business, which are not individually or in the aggregate anticipated to have a material adverse effect on the Company's results of operations, financial condition or cash flows. Claims and lawsuits may include matters involving general or professional liability asserted against the Company's tenants, which are the responsibility of the Company's tenants and for which the Company is entitled to be indemnified by its tenants under the insurance and indemnification provisions in the applicable leases.

Capital expenditures for each property leased under the Company's triple-net leases are generally the responsibility of the tenant, except that, for the facilities leased to under certain master lease agreements, with subsidiaries of The Ensign Group, Inc., and Pennant, under multiple long-term leases, and Pennant, which the tenant will have an option to require the Company to finance certain capital expenditures up to an aggregate of 20% of the Company's initial investment in such property, subject to a corresponding rent increase at the time of funding. For the Company's other triple-net master leases, the tenants also have the option to request capital expenditure funding that would generally be subject to a corresponding rent increase at the time of funding, which are subject to tenant compliance with the conditions to the Company's approval and funding of their requests. The Company has also provided select tenants with strategic capital for facility upkeep and modernization. As of June 30, 2023 September 30, 2023, the Company had committed to fund expansions, construction and capital improvements at certain triple-net leased facilities totaling $11.8 million, of which $3.2 million is subject to rent increase at the time of funding.

expansions, construction and capital improvements at certain triple-net leased facilities totaling $14.2 million, of which $2.7 million is subject to rent increase at the time of funding.

12. 13. CONCENTRATION OF RISK

Concentrations of credit risk arise when one or more tenants, operators, or obligors related to the Company's investments are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations, including those to the Company, to be similarly affected by changes in economic conditions.

Major operator concentration - The Company has operators from which it derived 10% or more of its rental revenue for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022. The following table sets forth information regarding the Company's major operators as of June 30, 2023 September 30, 2023 and 2022:

		Number of Facilities			Number of Beds/Units			Percentage of Total Revenue(1)			Number of Facilities			Number of Beds/Units			Percentage of Total Revenue(1)	
Operator	Operator	SNF	Campus	ALF/ILF	SNF	Campus	ALF/ILF	Three Months Ended	Six Months Ended	Operator	SNF	Campus	ALF/ILF	SNF	Campus	ALF/ILF	Three Months Ended	Nine Months Ended
June 30, 2023																		
September 30, 2023										**September 30, 2023**								
Ensign(2)	Ensign(2)	83	8	7	8,741	997	661	36 %	36 %	Ensign(2)	83	8	7	8,741	997	661	34 %	36 %
Priority Management Group	Priority Management Group	13	2	—	1,742	402	—	16 %	16 %	Priority Management Group	13	2	—	1,742	402	—	15 %	16 %
June 30, 2022																		
September 30, 2022										**September 30, 2022**								
Ensign(2)	Ensign(2)	83	8	7	8,756	997	678	35 %	35 %	Ensign(2)	83	8	7	8,741	997	661	36 %	35 %

Priority Management Group	Priority Management Group	13	2	—	1,742	402	—	16 %	16 %	Priority Management Group	13	2	—	1,742	402	—	16 %	16 %

(1) The Company's rental income, exclusive of operating expense reimbursements and adjustments for collectibility.

(2) Ensign is subject to the registration and reporting requirements of the SEC and is required to file with the SEC annual reports containing audited financial information and quarterly reports containing unaudited financial information. Ensign's financial statements, as filed with the SEC, can be found at http://www.sec.gov. The Company has not verified this information through an independent investigation or otherwise.

Major geographic concentration – The following table provides information regarding the Company's concentrations with respect to certain states, from which the Company derived 10% or more of its rental revenue for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022:

		Number of Facilities			Number of Beds/Units			Percentage of Total Revenue(1)			Number of Facilities			Number of Beds/Units			Percentage of Total Revenue(1)	
State	State	SNF	Campus	ALF/ILF	SNF	Campus	ALF/ILF	Three Months Ended	Six Months Ended	State	SNF	Campus	ALF/ILF	SNF	Campus	ALF/ILF	Three Months Ended	Nine Months Ended
June 30, 2023																		
September 30, 2023										**September 30, 2023**								
CA	CA	29	9	5	3,307	1,527	437	28 %	28 %	CA	30	9	5	3,494	1,527	437	29 %	28 %
TX	TX	40	3	2	5,126	536	212	23 %	23 %	TX	40	3	2	5,126	536	212	22 %	23 %
June 30, 2022																		
September 30, 2022										**September 30, 2022**								
CA	CA	27	8	5	3,048	1,359	449	27 %	26 %	CA	27	8	5	3,048	1,359	437	27 %	27 %
TX	TX	38	3	3	4,849	536	242	22 %	22 %	TX	38	3	3	4,849	536	242	22 %	22 %

(1) Represents the Company's rental income, exclusive of operating expense reimbursements and adjustments for collectibility.

13. 14. SUBSEQUENT EVENTS

The Company evaluates subsequent events in accordance with ASC 855, *Subsequent Events*. The Company evaluates subsequent events up until the date the condensed consolidated financial statements are issued.

Unsecured Revolving Credit Facility Amendment

On October 10, 2023, the Company amended the Second Amended Credit Agreement to restate the definition of Consolidated Total Asset Value. See Note 7, *Debt*, for additional information.

Asset Sales

On October 20, 2023, the Company closed on the sale of one ALF consisting of 135 beds located in Florida with a carrying value of $1.6 million, which approximated the net sales proceeds received. The facility was classified as held for sale as of September 30, 2023.

New Lease Agreement

On October 24, 2023, the Company entered into a new master lease (the "New Ridgeline Lease") with affiliates of Ridgeline to lease two ALFs in New Jersey which were non-operational and under a short-term lease. The New Ridgeline Lease has an initial term at the date of the lease of approximately 10 years from the facility opening date, which is expected to occur in the second quarter of 2024 upon final regulatory approval and final licensing of both facilities, with two five-year renewal options and CPI-based rent escalators. Annual cash rent under the new lease is approximately $1.0 million beginning on the first day of the second lease year.

Recent Acquisitions

On October 25, 2023, the Company entered and contributed $34.2 million into a JV that purchased two SNFs located in California for $35.1 million. The JV partner contributed the remaining $0.9 million of equity. Each SNF was acquired subject to a triple-net lease with affiliates of Covenant Care, LLC ("Covenant Care") as the tenant and licensed operator.The Company contributed to the JV an amount equal to 95% of the JV's total investment amount in the two newly-acquired SNFs and holds 100% of the preferred equity ownership interests in the JV.In addition, the Company contributed an amount equal to 2.5% of the JV's total investment amount in the two SNFs for a 50% common ownership interest in the JV. Both leases assumed as part of the transaction have a remaining initial term of approximately 6 years, with two five-year renewal options and 2% fixed annual rent increases. Annual cash rent under the leases is approximately $2.0 million. In 2027, the leases provide for a rent reset in which the JV may propose rent, capped at 10% of gross revenues, effective January 1, 2027. If the proposed rent reset is not accepted, the JV has the option to replace the current tenant. The Company's contribution was funded using proceeds from the ATM Program.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

Certain statements in this report may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Those forward-looking statements include all statements that are not historical statements of fact and those regarding our intent, belief or expectations, including, but not limited to, statements regarding: future financing plans, business strategies, growth prospects and operating and financial performance; expectations regarding the making of distributions and the payment of dividends; and compliance with and changes in governmental regulations.

Words such as "anticipate(s)," "expect(s)," "intend(s)," "plan(s)," "believe(s)," "may," "will," "would," "could," "should," "seek(s)" and similar expressions, or the negative of these terms, are intended to identify such forward-looking statements. These 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 we believe that the assumptions underlying the forward-looking statements are reasonable, 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 our 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; (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) any additional factors included under Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2023 and June 30, 2023 and this 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").

Forward-looking statements speak only as of the date of this report. Except in the normal course of our public disclosure obligations, we expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statements to reflect any change in our expectations or any change in events, conditions or circumstances on which any statement is based.

Overview

CareTrust REIT is a self-administered, publicly-traded REIT engaged in the ownership, acquisition, financing, development and leasing of skilled nursing, seniors housing and other healthcare-related properties. As of September 30, 2023, we owned, directly or through a joint venture, and leased to independent operators, 225 skilled nursing facilities ("SNFs"), multi-service campuses, assisted living facilities ("ALFs") and independent living facilities ("ILFs") consisting of 23,916 operational beds and units located in 28 states with the highest concentration of properties by rental revenues located in California, Texas, Louisiana, Idaho and Arizona. As of September 30, 2023, we also had other real estate related investments consisting of seven real estate secured loans receivable and one mezzanine loan receivable with an aggregate carrying value of $181.2 million.

We generate revenues primarily by leasing healthcare-related properties to healthcare operators in triple-net lease arrangements, under which the tenant is solely responsible for the costs related to the property (including property taxes, insurance, maintenance and repair costs and capital expenditures, subject to certain exceptions in the case of properties leased to Ensign and Pennant). From time to time, we also extend secured mortgage loans to healthcare operators, secured by healthcare-related properties, and secured mezzanine loans to healthcare operators, secured by membership interests in healthcare-related properties. We also partner with third-party institutional investors to invest in healthcare real estate through various joint ventures. We conduct and manage our business as one operating segment for internal reporting and internal decision-making purposes. We expect to grow our portfolio by pursuing opportunities to acquire additional properties that will be leased to a diverse group of local, regional and national healthcare providers, which may include new or existing skilled nursing operators, as well as seniors housing operators, behavioral health facilities and related businesses. We also anticipate diversifying our portfolio over time, including by acquiring properties in different geographic markets, and in different asset classes. In addition, we actively monitor the clinical, regulatory and financial operating results of our tenants, and work to identify opportunities within their operations and markets that could improve their operating results at our facilities. We communicate such observations to our tenants; however, we have no contractual obligation to do so. Moreover, our tenants have sole discretion with respect to the day-to-day operation of the facilities they lease from us, and how and whether to implement any observation we may share with them. We also actively monitor the overall occupancy, skilled mix, and other operating metrics of our tenants on at least a monthly basis including, beginning in the quarter ended June 30, 2020, any stimulus funds received by each tenant. We have replaced tenants in the past, and may elect to replace tenants in the future, if they fail to meet the terms and conditions of their leases with us. In addition, we have, and may from time to time in the future, repurpose facilities for other uses, such as behavioral health. The replacement tenants may include tenants with whom we have had no prior landlord-tenant relationship as well as current tenants with whom we are comfortable expanding our relationships. We have also provided select tenants with strategic capital for facility upkeep and modernization, as well as short-term working capital loans when they are awaiting licensure and certification or conducting turnaround work in one or more of our properties, and we may continue to do so in the future. In addition, we periodically reassess the investments we have made and the tenant relationships we have entered into, and have selectively disposed of facilities or investments, or terminated such relationships, and we expect to continue making such reassessments and, where appropriate, taking such actions.

Recent Developments

Post COVID-19 Pandemic Conditions and Outlook

Tenants of our properties operating pursuant to triple-net master leases have been adversely impacted, and we expect that they will continue to be adversely impacted, by adverse conditions that emerged during, and have continued following, the COVID-19 pandemic. Our tenants are experiencing increased operating costs as a result of actions they took to prevent or mitigate the outbreak or spread of COVID-19 at their facilities. Our tenants are also experiencing labor shortages resulting in limited admissions, higher operating costs and continued reduced occupancy levels. At a portfolio wide level, occupancy levels at our seniors housing facilities, comprising our ALFs and ILFs, are continuing to show signs of recovery following the onset of the COVID-19 pandemic, although they have not yet fully normalized to pre-pandemic levels. Within our SNFs, occupancy levels have continued to improve since their trough in January 2021, but still remain below pre-COVID occupancy levels for most of our tenants.

Federal and state governmental relief programs enacted during the pandemic provided temporary assistance to many of our tenants during the COVID-19 pandemic. These included the Public Health and Social Services Emergency Fund that began funding in late 2021, a temporary suspension of Medicare sequestration cuts under the Coronavirus Aid, Relief, and Economic Security Act and a temporary 6.2% increase in Federal Medical Assistance Percentage ("FMAP") that was approved retroactive to January 1, 2020 and will be phased down by December 31, 2023 under the Consolidated Appropriations Act of 2023. The tapering and/or end of these relief programs has adversely impacted, and may continue to adversely impact, the business and financial condition of our tenants, as they continue to experience lower occupancy levels and higher operating costs.

In response to the COVID-19 pandemic, the U.S. Department of Health and Human Services ("HHS") enacted the COVID-19 Public Health Emergency ("PHE") that allowed HHS to provide temporary regulatory waivers, including waiver of the three-day hospital stay requirement for a patient's Medicare benefits to refresh. This waiver had the effect of increasing skilled mix in our SNFs periodically during the COVID-19 pandemic, especially during surges in COVID-19 outbreaks. An increase in skilled mix can, but may not necessarily, offset some or all of the adverse financial impact to the operator of the SNF from occupancy declines. The PHE, including HHS's waiver of the three-day hospital stay requirement, expired on May 11, 2023. With the expiration of the PHE and the lifting of the three-day hospital stay requirement, our SNFs may experience decreases in occupancy levels or revenues, which may have a further adverse impact on the business and financial condition of the operators of our SNFs.

State specific approaches have been developed including various states having increased their Medicaid base rates or taken other measures to account for the increase in expenses as a result of the COVID-19 pandemic. For example, Texas approved a $900 million general Medicaid rate increase as part of the overall state budget effective September 1, 2023, which will allow for the increase in its Medicaid rate to offset the expiration of the FMAP. There is no assurance that these measures will continue, will be widely available to our tenants or will sufficiently offset the impact that the government relief programs previously provided.

In July 2023, The Centers for Medicare and Medicaid Services ("CMS") approved its payment rate update to SNF reimbursements for fiscal 2024, which commenced October 1, 2023, and includes a net increase of 4.0%, or approximately $1.4 billion, in Medicare Part A payments to SNFs. This increase is expected to partially offset some of our tenants' higher operating costs.

On September 1, 2023, CMS issued proposed rules regarding minimum staffing requirements and increased inspections at nursing homes in order to establish comprehensive nurse staffing requirements. The proposed rule consists of three core staffing proposals: (1) minimum nurse staffing standards of 0.55 hours per resident day for registered nurses and 2.45 hours of care from a nurse aid per resident per day; (2) a requirement to have a registered nurse onsite 24 hours a day, seven days a week; and (3) enhanced facility assessment requirements. The proposed rule also includes a staggered implementation approach and possible hardship exemptions for select facilities. Comments on the proposed rule had to be submitted by November 6, 2023. It is uncertain when the proposed rules will be finalized and become effective, what the ultimate scope and timing of the staffing requirements will be thereunder, and whether any such requirements will be accompanied by additional funding to offset any increased costs associated with meeting these requirements for our operators. Depending on the ultimate level of staffing required, an unfunded mandate to increase staff may have a material and adverse impact on the financial condition of our tenants.

As a result of impacts experienced by our tenants since the onset of the COVID-19 pandemic, the ability of some of our tenants to continue to meet their financial obligations to us in full has been negatively impacted. See "Impairment of Real Estate Assets, Assets Held for Sale and Asset Sales" below. During the three and nine months ended September 30, 2023, we collected 97.5% and 96.9%, respectively, of contractual rents due from our operators excluding cash deposits. In October 2023, we collected 99.3% of contractual rents due from our operators excluding cash deposits. From time to time in the past, we have taken actions to reposition one or more properties with a replacement tenant or sell the property and, in certain cases, we may also determine to restructure tenants' long-term obligations. In the event our tenants are unable to satisfy their obligations to us and we are unable to effect these actions on terms that are as favorable to us as those currently in place, our rental income could be adversely impacted and we may incur additional expenses or obligations and be required to recognize additional impairment charges.

Impact of Macroeconomic Conditions

The substantial inflationary pressures that our economy continues to face has resulted in many headwinds for us and our tenants, most notably in the form of rising interest rates, volatility in the capital markets, a softening of consumer sentiment and signs of a potential broader economic slowdown. These current macroeconomic conditions, particularly inflation (including rising wages and supply costs), rising interest rates and related changes to consumer spending, including, but not limited to, causing individuals to delay or defer moves to seniors housing, has adversely impacted and could continue to adversely impact our tenants' ability to meet some of their financial obligations to us. Rising interest rates also increase our costs of capital to finance acquisitions and increase our borrowing costs, and future changes in market interest rates could materially impact the estimated discounted cash flows that are used to determine the fair value of our other real estate related investments. In addition, current macroeconomic conditions and the resulting market volatility may adversely impact our ability to sell properties on acceptable terms, if at all, which could result in additional impairment charges.

For more information regarding the potential impact of COVID-19 and macroeconomic conditions on our business, see "Risk Factors" in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2022.

Impairment of Real Estate Assets, Assets Held for Sale, and Asset Sales

During the three months ended March 31, 2023, we recognized an impairment charge of $1.9 million on four facilities held for sale. During the three months ended June 30, 2023, we recognized an impairment charge of $21.4 million on 12 facilities held for sale. During the three months ended September 30, 2023, we recognized an impairment charge of $0.2 million on one facility held for sale. These charges are reported in impairment of real estate investments in the condensed consolidated statements of operations. The impairment charges were recognized to write down the properties' aggregate carrying value to their aggregate fair value, less estimated costs to sell.

During the three months ended September 30, 2023, we recognized an impairment charge of $8.0 million related to one SNF. We wrote down its carrying value of $8.7 million to its estimated fair value of $0.7 million, which is included in real estate investments, net on our condensed consolidated balance sheets. The fair value of the asset was based on comparable market transactions.

Asset Sales and Held for Sale Reclassifications

The following table summarizes our dispositions for the three and nine months ended September 30, 2023 and 2022 (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Number of facilities	—	7	4	8
Net sales proceeds	$ —	$ 45,157	$ 16,464	$ 46,116
Net carrying value	—	47,444	14,506	48,217
Net (loss) gain on sale	$ —	$ (2,287)	$ 1,958	$ (2,101)

The following table summarizes our assets held for sale activity for the periods presented (dollars in thousands):

	Net Carrying Value	Number of Facilities
December 31, 2022	$ 12,291	5
Additions to assets held for sale	47,064	14
Assets sold	(14,506)	(4)
Impairment of real estate held for sale	(23,508)	—
September 30, 2023	$ 21,341	15

On October 20, 2023, we closed on the sale of one ALF consisting of 135 beds located in Florida with a carrying value of $1.6 million, which approximated the net sales proceeds received. The facility was classified as held for sale as of September 30, 2023.

New Lease Agreement

On October 24, 2023, the Company entered into a new master lease (the "New Ridgeline Lease") with affiliates of Ridgeline Properties, LLC to lease two ALFs in New Jersey which were non-operational and under a short-term lease. The New Ridgeline Lease has an initial term at the date of the lease of approximately 10 years from the facility opening date with two five-year renewal options and CPI-based rent escalators. Annual cash rent under the new lease is approximately $1.0 million beginning on the first day of the second lease year.

Other Real Estate Investment Transactions

In March 2023, the Company received full repayment of the outstanding balance of a $15 million mezzanine loan receivable.

Recent Investments Developments

On July 17, 2023,

Post COVID-19 Pandemic Conditions and Outlook

Tenants of our properties operating pursuant to triple-net master leases have been adversely impacted, and we expect that they will continue to be adversely impacted, by adverse conditions that emerged during, and have continued following, the Company extended COVID-19 pandemic. Our tenants are experiencing increased operating costs as a $15.7 million mortgage secured loan result of actions they took to prevent or mitigate the outbreak or spread of COVID-19 at their facilities. Our tenants are also experiencing labor shortages resulting in limited admissions, higher operating costs and continued reduced occupancy levels. At a skilled nursing real estate owner. portfolio wide level, occupancy levels at our seniors housing facilities, comprising our ALFs and ILFs, are continuing to show signs of recovery following the onset of the COVID-19 pandemic, although they have not yet fully normalized to pre-pandemic levels. Within our SNFs, occupancy levels have continued to improve since their trough in January 2021, but still remain below pre-COVID occupancy levels for most of our tenants.

Federal and state governmental relief programs enacted during the pandemic provided temporary assistance to many of our tenants during the COVID-19 pandemic. These included the Public Health and Social Services Emergency Fund that began funding in late 2021, a temporary suspension of Medicare sequestration cuts under the Coronavirus Aid, Relief, and Economic Security Act and a temporary 6.2% increase in Federal Medical Assistance Percentage ("FMAP") that was approved retroactive to January 1, 2020 and will be phased down by December 31, 2023 under the Consolidated Appropriations Act of 2023. The mortgage loan is secured by a two-facility skilled nursing portfolio in Florida, operated by a regional skilled nursing operator. The loan bears interest at 9.0%, payable monthly. The term loan is set to mature on August 1, 2028, with one five-year extension option tapering and/or end of these relief programs has adversely impacted, and may (subject continue to certain restrictions) be prepaid in whole before adversely impact, the maturity date for an exit fee ranging from 2% business and financial condition of our tenants, as they continue to 3% experience lower occupancy levels and higher operating costs.

In response to the COVID-19 pandemic, the U.S. Department of Health and Human Services ("HHS") enacted the COVID-19 Public Health Emergency ("PHE") that allowed HHS to provide temporary regulatory waivers, including waiver of the loan plus unpaid interest payments; provided, however, three-day hospital stay requirement for a patient's Medicare benefits to refresh. This waiver had the effect of increasing skilled mix in our SNFs periodically during the COVID-19 pandemic, especially during surges in COVID-19 outbreaks. An increase in skilled mix can, but may not necessarily, offset some or all of the adverse financial impact to the operator of the SNF from occupancy declines. The PHE, including HHS's waiver of the three-day hospital stay requirement, expired on May 11, 2023. With the expiration of the PHE and the lifting of the three-day hospital stay requirement, our SNFs may experience decreases in occupancy levels or revenues, which may have a further adverse impact on the business and financial condition of the operators of our SNFs.

State specific approaches have been developed including various states having increased their Medicaid base rates or taken other measures to account for the increase in expenses as a result of the COVID-19 pandemic. For example, Texas approved a $900 million general Medicaid rate increase as part of the overall state budget effective September 1, 2023, which will allow for the increase in its Medicaid rate to offset the expiration of the FMAP. There is no assurance that no exit fee is payable in connection with these measures will continue, will be widely available to our tenants or will sufficiently offset the loan being refinanced pursuant to a loan (or loans) provided by Fannie Mae, Freddie Mac, Federal Housing Administration, or a similar governmental authority. The investment was funded using proceeds from impact that the Revolving Facility as well as cash on hand.

At-The-Market Offering of Common Stock government relief programs previously provided.

In July 2023, The Centers for Medicare and Medicaid Services ("CMS") approved its payment rate update to SNF reimbursements for fiscal 2024, which commenced October 1, 2023, and includes a net increase of 4.0%, or approximately $1.4 billion, in Medicare Part A payments to SNFs. This increase is expected to partially offset some of our tenants' higher operating costs.

On September 1, 2023, CMS issued proposed rules regarding minimum staffing requirements and increased inspections at nursing homes in order to establish comprehensive nurse staffing requirements. The proposed rule consists of three core staffing proposals: (1) minimum nurse staffing standards of 0.55 hours per resident day for registered nurses and 2.45 hours of care from a nurse aid per resident per day; (2) a requirement to have a registered nurse onsite 24 hours a day, seven days a week; and (3) enhanced facility assessment requirements. The proposed rule also includes a staggered implementation approach and possible hardship exemptions for select facilities. Comments on the Company executed forward equity sales under proposed rule had to be submitted by November 6, 2023. It is uncertain when the ATM Program proposed rules will be finalized and become effective, what the ultimate scope and timing of the staffing requirements will be thereunder, and whether any such requirements will be accompanied by additional funding to offset any increased costs associated with meeting these requirements for our operators. Depending on the ultimate level of staffing required, an unfunded mandate to increase staff may have a material and adverse impact on the financial condition of our tenants.

As a result of impacts experienced by our tenants since the onset of the COVID-19 pandemic, the ability of some of our tenants to continue to meet their financial obligations to us in full has been negatively impacted. See "Impairment of Real Estate Assets, Assets Held for Sale and Asset Sales" below. During the three and nine months ended September 30, 2023, we collected 97.5% and 96.9%, respectively, of contractual rents due from our operators excluding cash deposits. In October 2023, we collected 99.3% of contractual rents due from our operators excluding cash deposits. From time to time in the past, we have taken actions to reposition one or more properties with a financial institution acting as a forward purchaser replacement tenant or sell the property and, in certain cases, we may also determine to sell 3,839,348 shares of common stock at a weighted average sales price of $19.94 per share before commissions restructure tenants' long-term obligations. In the event our tenants are unable to satisfy their obligations to us and offering expenses. The Company did not receive any proceeds from the sale of its shares of common stock by the forward sellers.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

Certain statements in this report may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Those forward-looking statements include all statements we are unable to effect these actions on terms that are not historical statements as favorable to us as those currently in place, our rental income could be adversely impacted and we may incur additional expenses or obligations and be required to recognize additional impairment charges.

Impact of fact Macroeconomic Conditions

The substantial inflationary pressures that our economy continues to face has resulted in many headwinds for us and those regarding our intent, belief or expectations, tenants, most notably in the form of rising interest rates, volatility in the capital markets, a softening of consumer sentiment and signs of a potential broader economic slowdown. These current macroeconomic conditions, particularly inflation (including rising wages and supply costs), rising interest rates and related changes to consumer spending, including, but not limited to, statements regarding: causing individuals to delay or defer moves to seniors housing, has adversely impacted and could continue to adversely impact our tenants' ability to meet some of their financial obligations to us. Rising interest rates also increase our costs of capital to finance acquisitions and increase our borrowing costs, and future financing plans, business strategies, growth prospects changes in market interest rates could materially impact the estimated discounted cash flows that are used to determine the fair value of our other real estate related investments. In addition, current macroeconomic conditions and operating and financial performance; expectations the resulting market volatility may adversely impact our ability to sell properties on acceptable terms, if at all, which could result in additional impairment charges.

For more information regarding the making of distributions and the payment of dividends; and compliance with and changes in governmental regulations.

Words such as "anticipate(s)," "expect(s)," "intend(s)," "plan(s)," "believe(s)," "may," "will," "would," "could," "should," "seek(s)" and similar expressions, or the negative of these terms, are intended to identify such forward-looking statements. These 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 we believe that the assumptions underlying the forward-looking statements are reasonable, 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 our expectations include, but are not limited to: (i) the potential 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 macroeconomic conditions 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 see "Risk Factors" 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 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) any additional factors included under Item 1A "Risk Factors" in of Part I of our Annual Report on Form 10-K for the year ended December 31, 2022.*

Impairment of Real Estate Assets, Assets Held for Sale, and Asset Sales

During the three months ended March 31, 2023, we recognized an impairment charge of $1.9 million on four facilities held for sale. During the three months ended June 30, 2023, we recognized an impairment charge of $21.4 million on 12 facilities held for sale. During the three months ended September 30, 2023, we recognized an impairment charge of $0.2 million on one facility held for sale. These charges are reported in impairment of real estate investments in the condensed consolidated statements of operations. The impairment charges were recognized to write down the properties' aggregate carrying value to their aggregate fair value, less estimated costs to sell.

During the three months ended September 30, 2023, we recognized an impairment charge of $8.0 million related to one SNF. We wrote down its carrying value of $8.7 million to its estimated fair value of $0.7 million, which is included in real estate investments, net on our Quarterly Report condensed consolidated balance sheets. The fair value of the asset was based on Form 10-Q comparable market transactions.

Asset Sales and Held for Sale Reclassifications

The following table summarizes our dispositions for the quarter three and nine months ended March 31, 2023 September 30, 2023 and this report, 2022 (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Number of facilities	—	7	4	8
Net sales proceeds	$ —	$ 45,157	$ 16,464	$ 46,116
Net carrying value	—	47,444	14,506	48,217
Net (loss) gain on sale	$ —	$ (2,287)	$ 1,958	$ (2,101)

The following table summarizes our assets held for sale activity for the periods presented (dollars in thousands):

	Net Carrying Value	Number of Facilities
December 31, 2022	$ 12,291	5
Additions to assets held for sale	47,064	14
Assets sold	(14,506)	(4)
Impairment of real estate held for sale	(23,508)	—
September 30, 2023	$ 21,341	15

On October 20, 2023, we closed on the sale of one ALF consisting of 135 beds located in Florida with a carrying value of $1.6 million, which approximated the net sales proceeds received. The facility was classified as such risk factors may be amended, supplemented or superseded from time held for sale as of September 30, 2023.

New Lease Agreement

On October 24, 2023, the Company entered into a new master lease (the "New Ridgeline Lease") with affiliates of Ridgeline Properties, LLC to time by other reports we file with the Securities lease two ALFs in New Jersey which were non-operational and Exchange Commission (the "SEC").

Forward-looking statements speak only as of under a short-term lease. The New Ridgeline Lease has an initial term at the date of this report. Except in the normal course lease of our public disclosure obligations, we expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statements to reflect any change in our expectations or any change in events, conditions or circumstances approximately 10 years from the facility opening date with two five-year renewal options and CPI-based rent escalators. Annual cash rent under the new lease is approximately $1.0 million beginning on which any statement is based. the first day of the second lease year.

Overview Other Real Estate Investment Transactions

CareTrust REIT is In March 2023, the Company received full repayment of the outstanding balance of a self-administered, publicly-traded REIT engaged in the ownership, acquisition, financing, development and leasing of skilled nursing, seniors housing and other healthcare-related properties. As of June 30, 2023, we owned and leased to independent operators, 224 skilled nursing facilities ("SNFs"), multi-service campuses, assisted living facilities ("ALFs") and independent living facilities ("ILFs") consisting of 23,694 operational beds and units located in 28 states with the highest concentration of properties by rental revenues located in California, Texas, Louisiana, Idaho and Arizona. As of June 30, 2023, we also had other real estate related investments consisting of five real estate secured loans receivable and one $15 million mezzanine loan receivable with an aggregate carrying value of $166.8 million.receivable.

We generate revenues primarily by leasing healthcare-related properties to healthcare operators in triple-net lease arrangements, under which the tenant is solely responsible for the costs related to the property (including property taxes, insurance, maintenance and repair costs and capital expenditures, subject to certain exceptions in the case of properties leased to Ensign and Pennant). From time to time, we also extend secured mortgage loans to healthcare operators, secured by healthcare-related properties, and secured mezzanine loans to healthcare operators, secured by membership interests in healthcare-related properties. We conduct and manage our business as one operating segment for internal reporting and internal decision-making purposes. We expect to grow our portfolio by pursuing opportunities to acquire additional properties that will be leased to a diverse group of local, regional and national healthcare providers, which may include new or existing skilled nursing operators, as well as seniors housing operators, behavioral health facilities and related businesses. We also anticipate diversifying our portfolio over time, including by acquiring properties in different geographic markets, and in different asset classes. In addition, we actively monitor the clinical, regulatory and financial operating results of our tenants, and work to identify opportunities within their operations and markets that could improve their operating results at our facilities. We communicate such observations to our tenants; however, we have no contractual obligation to do so. Moreover, our tenants have sole discretion with respect to the day-to-day operation of the facilities they lease from us, and how and whether to implement any observation we may share with them. We also actively monitor the overall occupancy, skilled mix, and other operating metrics of our tenants on at least a monthly basis including, beginning in the quarter ended June 30, 2020, any stimulus funds received by each tenant. We have replaced tenants in the past, and may elect to replace tenants in the future, if they fail to meet the terms and conditions of their leases with us. In addition, we have, and may from time to time in the future, repurpose facilities for other uses, such as behavioral health. The replacement tenants may include tenants with whom we have had no prior landlord-tenant relationship as well as current tenants with whom we are comfortable expanding our relationships. We have also provided select tenants with strategic capital for facility upkeep and modernization, as well as short-term working capital loans when they are awaiting licensure and certification or conducting turnaround work in one or more of our properties, and we may continue to do so in the future. In addition, we periodically reassess the investments we have made and the tenant relationships we have entered into, and have selectively disposed of facilities or investments, or terminated such relationships, and we expect to continue making such reassessments and, where appropriate, taking such actions.

Recent Developments

Post COVID-19 Pandemic Conditions and Outlook

Tenants of our properties operating pursuant to triple-net master leases have been adversely impacted, and we expect that they will continue to be adversely impacted, by adverse conditions that emerged during, and have continued during following, the COVID-19 pandemic. Our tenants are experiencing increased operating costs as a result of actions they took to prevent or mitigate the outbreak or spread of COVID-19 at their facilities. Our tenants are also experiencing labor shortages resulting in limited admissions, higher operating costs and continued reduced occupancy levels. At a portfolio wide level, occupancy levels at our seniors housing facilities, comprising our ALFs and ILFs, are continuing to show signs of recovery following the onset of the COVID-19 pandemic, although they have not yet fully normalized to pre-pandemic levels. Within our SNFs, occupancy levels have continued to improve since their trough in January 2021, but still remain below pre-COVID occupancy levels for most of our tenants.

Federal and state governmental relief programs enacted during the pandemic provided temporary assistance to many of our tenants during the COVID-19 pandemic. These included the Public Health and Social Services Emergency Fund that began funding in late 2021, a temporary suspension of Medicare sequestration cuts under the Coronavirus Aid, Relief, and Economic Security Act and a temporary 6.2% increase in Federal Medical Assistance Percentage ("FMAP") that was approved retroactive to January 1, 2020 and will be phased down by December 31, 2023 under the Consolidated Appropriations Act of 2023. The tapering and/or end of these relief programs has adversely impacted, and may continue to adversely impact, the business and financial condition of our tenants, as they continue to experience lower occupancy levels and higher operating costs.

In response to the COVID-19 pandemic, the U.S. Department of Health and Human Services ("HHS") enacted the COVID-19 Public Health Emergency ("PHE") that allowed HHS to provide temporary regulatory waivers, including waiver of the three-day hospital stay requirement for a patient's Medicare benefits to refresh. This waiver had the effect of increasing skilled mix in our SNFs periodically during the COVID-19 pandemic, especially during surges in COVID-19 outbreaks. An increase in skilled mix can, but may not necessarily, offset some or all of the adverse financial impact to the operator of the SNF from occupancy declines. The PHE, including HHS's waiver of the three-day hospital stay requirement, expired on May 11, 2023. With the expiration of the PHE and the lifting of the three-day hospital stay requirement, our SNFs may experience decreases in occupancy levels or revenues, which may have a further adverse impact on the business and financial condition of the operators of our SNFs.

State specific approaches have been developed including various states having increased their Medicaid base rates or taken other measures to account for the increase in expenses as a result of the COVID-19 pandemic. For example, Texas has increased approved a $900 million general Medicaid rate increase as part of the overall state budget effective September 1, 2023, which will allow for the increase in its Medicaid rate to offset the expiration of the FMAP, which is effective through at least August 2023. FMAP. There is no assurance that these measures will continue, will be widely available to our tenants or will sufficiently offset the impact that the government relief programs previously provided.

In July 2023, The Centers for Medicare and Medicaid Services ("CMS") approved its payment rate update to SNF reimbursements for fiscal 2024, commencing which commenced October 1, 2023, which and includes a net increase of 4.0%, or approximately $1.4 billion, $1.4 billion, in Medicare Part A payments to SNFs. This increase is expected to partially offset some of our tenants' higher operating costs.

On September 1, 2023, CMS issued proposed rules regarding minimum staffing requirements and increased inspections at nursing homes in order to establish comprehensive nurse staffing requirements. The proposed rule consists of three core staffing proposals: (1) minimum nurse staffing standards of 0.55 hours per resident day for registered nurses and 2.45 hours of care from a nurse aid per resident per day; (2) a requirement to have a registered nurse onsite 24 hours a day, seven days a week; and (3) enhanced facility assessment requirements. The proposed rule also includes a staggered implementation approach and possible hardship exemptions for select facilities. Comments on the proposed rule had to be submitted by November 6, 2023. It is uncertain when the proposed rules will be finalized and become effective, what the ultimate scope and timing of the staffing requirements will be thereunder, and whether any such requirements will be accompanied by additional funding to offset any increased costs associated with meeting these requirements for our operators. Depending on the ultimate level of staffing required, an unfunded mandate to increase staff may have a material and adverse impact on the financial condition of our tenants.

As a result of impacts experienced by our tenants since the onset of the COVID-19 pandemic, the ability of some of our tenants to continue to meet their financial obligations to us in full has been negatively impacted. See "Impairment of Real Estate Assets, Assets Held for Sale and Asset Sales" below. During the three and six nine months ended June 30, 2023 September 30, 2023, we collected 96.7% 97.5% and 96.4% 96.9%, respectively, of contractual rents due from our operators excluding cash deposits. In July October 2023, we collected 98.0% 99.3% of contractual rents due from our operators excluding cash deposits. From time to time in the past, we have taken actions to reposition one or more properties with a replacement tenant or sell the property and, in certain cases, we may also determine to restructure tenants' long-term obligations. In the event our tenants are unable to satisfy their obligations to us and we are unable to effect these actions on terms that are as favorable to us as those currently in place, our rental income could be adversely impacted and we may incur additional expenses or obligations and be required to recognize additional impairment charges.

Impact of Macroeconomic Conditions

The substantial inflationary pressures that our economy continues to face has resulted in many headwinds for us and our tenants, most notably in the form of rising interest rates, volatility in the capital markets, a softening of consumer sentiment and signs of a potential broader economic slowdown. These current macroeconomic conditions, particularly inflation (including rising wages and supply costs), rising interest rates and related changes to consumer spending, including, but not limited to, causing individuals to delay or defer moves to seniors housing, has adversely impacted and could continue to adversely impact our tenants' ability to meet some of their financial obligations to us. Rising interest rates also increase our costs of capital to finance acquisitions and increase our borrowing costs, and future changes in market interest rates could materially impact the estimated discounted cash flows that are used to determine the fair value of our other real estate related investments. In addition, current macroeconomic conditions and the resulting market volatility may adversely impact our ability to sell properties on acceptable terms, if at all, which could result in additional impairment charges.

For more information regarding the potential impact of COVID-19 and macroeconomic conditions on our business, see "Risk Factors" in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2022.

Impairment of Real Estate Assets, Assets Held for Sale, and Asset Sales

During the six three months ended June 30, 2023 March 31, 2023, we decided to pursue the sale recognized an impairment charge of a SNF portfolio consisting of 11 properties as well as one additional property and classified these 12 SNFs as $1.9 million on four facilities held for sale.

During the three and six months ended June 30, 2023, we recognized an impairment charge of $21.4 million on 12 and 15 facilities held for sale. During the three months ended September 30, 2023, we recognized an impairment charge of $21.4 million and $23.3 million, respectively, which is $0.2 million on one facility held for sale. These charges are reported in impairment of real estate investments in the condensed consolidated statements of operations. Two of the 15 facilities impaired and classified as held for sale were sold during the three months ended June 30, 2023. The impairment charges were recognized to write down the properties' aggregate carrying value to their aggregate fair value, less estimated costs to sell.

During the three months ended September 30, 2023, we recognized an impairment charge of $8.0 million related to one SNF. We wrote down its carrying value of $8.7 million to its estimated fair value of $0.7 million, which is included in real estate investments, net on our condensed consolidated balance sheets. The fair value of the asset was based on comparable market transactions.

Asset Sales and Held for Sale Reclassifications

The following table summarizes our dispositions for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022 (dollars in thousands):

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Number of facilities	Number of facilities	3	—	4	1	Number of facilities	—	7	4	8
Net sales proceeds	Net sales proceeds	$ 13,234	$ —	$ 16,464	$ 959	Net sales proceeds	$ —	$ 45,157	$ 16,464	$ 46,116
Net carrying value	Net carrying value	11,206	—	14,506	773	Net carrying value	—	47,444	14,506	48,217
Net gain on sale		$ 2,028	$ —	$ 1,958	$ 186					
Net (loss) gain on sale						Net (loss) gain on sale	$ —	$ (2,287)	$ 1,958	$ (2,101)

The following table summarizes our assets held for sale activity for the periods presented (dollars in thousands):

		Net Carrying Value	Number of Facilities		Net Carrying Value	Number of Facilities
December 31, 2022	December 31, 2022	$ 12,291	5	December 31, 2022	$ 12,291	5
Additions to assets held for sale	Additions to assets held for sale	47,047	14	Additions to assets held for sale	47,064	14
Assets sold	Assets sold	(14,506)	(4)	Assets sold	(14,506)	(4)

Impairment of real estate held for sale	Impairment of real estate held for sale	(23,278)	—	Impairment of real estate held for sale	(23,508)		—
June 30, 2023		$ 21,554	15				
September 30, 2023					September 30, 2023	$ 21,341	15

On October 20, 2023, we closed on the sale of one ALF consisting of 135 beds located in Florida with a carrying value of $1.6 million, which approximated the net sales proceeds received. The facility was classified as held for sale as of September 30, 2023.

New Lease Agreement

On October 24, 2023, the Company entered into a new master lease (the "New Ridgeline Lease") with affiliates of Ridgeline Properties, LLC to lease two ALFs in New Jersey which were non-operational and under a short-term lease. The New Ridgeline Lease has an initial term at the date of the lease of approximately 10 years from the facility opening date with two five-year renewal options and CPI-based rent escalators. Annual cash rent under the new lease is approximately $1.0 million beginning on the first day of the second lease year.

Other Real Estate Investment Transactions

In March 2023, the Company received full repayment of the outstanding balance of a $15 million mezzanine loan receivable.

Recent Investments

From January 1, 2023 through August 3, 2023 November 9, 2023, we acquired seven ten SNFs, one multi-service campus, and four ALFs for approximately $172.5 million $233.7 million, which includes estimated capitalized acquisition costs. These acquisitions are expected to generate initial annual cash revenues of approximately $14.5 million $19.2 million and an initial blended yield of approximately 8.4% 8.2% before the impact of any rent abatement.

From January 1, 2023 through August 3, 2023 November 9, 2023, we originated $41.7 million $45.3 million in mortgage loans. These investments are expected to generate annual interest income of approximately $3.8 million $4.2 million and an initial blended yield of approximately 9.0% 9.2%.

At-The-Market Offering of Common Stock

On February 24, 2023 September 15, 2023, we entered into a new equity distribution agreement to issue and sell, from time to time, up to $500.0 million in aggregate offering price of our common stock through an "at-the-market" equity offering program (the "New ATM Program") and terminated our previous $500.0 million "at-the-market" equity offering program (the "Previous ATM Program" and together with the New ATM Program, the "ATM Program"). In addition to the issuance and sale of shares of our common stock, we may also enter into one or more forward sales agreements (each, an "ATM forward contract") with sales agents for the sale of shares of our common stock under the ATM Program.

From January 1, 2023 through August 3, 2023 November 9, 2023, we executed entered into ATM forward equity sales contracts under the ATM Program with a financial institution acting as a forward purchaser to sell an aggregate of 10,575,437 15,794,229 shares of common stock at a weighted average initial sales price of $19.80 $19.87 per share before commissions and offering expenses. We did During the three months ended September 30, 2023, we settled 10,893,229 shares outstanding under the ATM forward contracts at a weighted average sales price of $19.57 for net proceeds of $213.1 million. For the remaining shares subject to the ATM forward contracts, we will not receive any proceeds from the sale sales of our those shares of common stock by the forward sellers. sellers until the forward contracts are settled. We currently expect to fully physically settle forward equity sales by delivery of shares of common stock to the forward purchaser and receive cash proceeds upon one or more settlement dates, which are typically a one-year term, at our discretion, prior to the final settlement date, at which time we expect to receive aggregate net cash proceeds at settlement equal to the number of shares sold on a forward basis multiplied by the relevant forward price per share. The weighted average forward sale price that we expect to receive upon physical settlement will be subject to adjustment for (i) a floating interest rate factor equal to a specified daily rate less a spread, (ii) the forward purchaser's stock borrowing costs and (iii) scheduled dividends through the settlement. We have not settled any portion of these forward equity sales as of the date of this report.

There was no ATM Program activity (or activity under any predecessor at-the-market equity offering programs) for the three and six nine months ended June 30, 2022 September 30, 2022. The following table summarizes the ATM Program activity under the ATM forward contracts and direct issuances for the three and nine months ended September 30, 2023 (in thousands, except per share amounts).

	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2023
Number of shares	16,285	16,285
Average sales price per share	$ 19.89	$ 19.89
Gross proceeds(1)	$ 323,886	$ 323,886

(1) Total gross proceeds is before $4.0 million of commissions paid to the sales agents and forward adjustments during both the three and nine months ended September 30, 2023, respectively, under the ATM Program. As of September 30, 2023, 4,901,000 shares of common stock at the weighted average initial sales price of $20.00 per share as of September 30, 2023, before commissions and offering expenses, remain outstanding under the ATM forward contracts.

As of August 3, November 9, 2023, we we had $496.0 million ava$290.7 million available ilable for future issuances under the New ATM Program.

Results of Operations

Three Months Ended June 30, 2023 September 30, 2023 Compared to Three Months Ended March 31, 2023 June 30, 2023:

	Three Months Ended				Three Months Ended			
	June 30, 2023	March 31, 2023	Increase (Decrease)	Percentage Difference	September 30, 2023	June 30, 2023	Increase (Decrease)	Percentage Difference
	(dollars in thousands)				(dollars in thousands)			
Revenues:								
Rental income	$ 47,745	$ 46,163	$ 1,582	3 %	$ 51,218	$ 47,745	$ 3,473	7 %
Interest and other income	3,808	4,443	(635)	(14) %	4,659	3,808	851	22 %
Expenses:								
Depreciation and amortization	12,716	12,238	478	4 %	13,034	12,716	318	3 %
Interest expense	11,040	9,827	1,213	12 %	11,750	11,040	710	6 %
Property taxes	1,390	880	510	58 %	2,167	1,390	777	56 %
Impairment of real estate investments	21,392	1,886	19,506	*	8,232	21,392	(13,160)	(62) %
Property operating expenses	658	963	(305)	(32) %	1,239	658	581	88 %
General and administrative	4,718	5,061	(343)	(7) %	5,519	4,718	801	17 %
Other loss:								
Gain (loss) on sale of real estate, net	2,028	(70)	2,098	*				
Gain on sale of real estate, net					—	2,028	(2,028)	(100) %
Unrealized losses on other real estate related investments, net	(2,151)	(454)	(1,697)	*	(5,251)	(2,151)	(3,100)	144 %
Net income								
Net loss allocated to noncontrolling interests					(11)	—	(11)	*

- Not meaningful

Rental income. Rental income increased by $1.6 $3.5 million as detailed below:

	Three Months Ended			Three Months Ended		
(in thousands)	June 30, 2023	March 31, 2023	Increase/(Decrease)	September 30, 2023	June 30, 2023	Increase/(Decrease)
Contractual cash rent	$ 46,536	$ 45,461	$ 1,075	$ 49,234	$ 46,536	$ 2,698

Tenant reimbursements	Tenant reimbursements	1,216	709	507	Tenant reimbursements	1,991	1,216	775
Total contractual rent(1)	Total contractual rent(1)	47,752	46,170	1,582	Total contractual rent(1)	51,225	47,752	3,473
Straight-line rent	Straight-line rent	(7)	(7)	—	Straight-line rent	(7)	(7)	—
Rental income	Rental income	$ 47,745	$ 46,163	$ 1,582	Rental income	$ 51,218	$ 47,745	$ 3,473

(1) Includes initial contractual cash rent, as adjusted for applicable rental escalators and rent increases due to capital expenditures funded by the Company. For tenants on a cash basis, this represents the lesser of the amount that would be recognized on a straight-line basis or cash that has been received.Total contractual cash rent increased by $1.6 million $3.5 million due to a $1.2 million $2.5 million increase in rental income from real estate investments made after January 1, 2023 April 1, 2023, a $0.5 million $0.8 million increase in tenant reimbursements, and a $0.4 million increase in rental rates for our existing tenants, partially offset by a $0.4 million decrease in rental income related to lower cash collections from tenants on a cash basis method of accounting and a $0.1 million $0.2 million decrease in rental income related to dispositions in June 2023.

Interest and other income. The $0.6 $0.9 million, or 14% 22%, decrease increase in interest and other income was primarily due to a prepayment penalty received of $0.5 million related to the prepayment of one mezzanine loan receivable during the three months ended March 31, 2023 and a decrease of $0.4 million due to repayment of the mezzanine loan, partially offset by an increase of $0.2 million $1.0 million of interest income on money market funds new loan investments made after April 1, 2023 and an increase of $0.1 million of interest income on other loans due to rising interest rates and a higher number of days during the three months ended June 30, 2023 September 30, 2023 compared to the three months ended March 31, 2023. June 30, 2023, partially offset by a decrease of $0.2 million of interest income on money market funds.

Depreciation and amortization. amortization. The $0.5 $0.3 million, or 4% 3%, increase in depreciation and amortization was primarily due to an increase of $0.6 million $0.7 million due to acquisitions and capital improvements made after January 1, 2023 April 1, 2023, partially offset by a decrease of $0.3 million due to assets classified as held for sale and a decrease of $0.1 million due to assets becoming fully depreciated after January 1, 2023 April 1, 2023.

Interest expense. Interest expense increased by $1.2 $0.7 million as detailed below:

		Change in interest expense for the three months ended June 30, 2023 September 30, 2023 compared to the three months ended March 31, 2023 June 30, 2023
		(in thousands)
Increase in outstanding borrowing amount for the Revolving Facility, net	$	985 364
Increase in interest rates for the Term Loan (as defined below)		187 208
Increase in interest rates for the Revolving Facility (as defined below)		41 138
Net change in interest expense	$	1,213 710

Property taxes. The $0.5 $0.8 million, or 58% 56%, increase in property taxes was primarily due to $0.4 million of changes in estimates during the three months ended June 30, 2023 of a $0.6 million increase related to acquisitions made after April 1, 2023 and a $0.2 million increase due to property taxes expected to be paid directly by us as a result of certain assets being designated as held for sale and a $0.1 million increase in property taxes due to the transfer of certain properties to new operators in March 2023 that do not make direct tax payments. sale.

Impairment of real estate investments. During the three months ended June 30, 2023 September 30, 2023, we recognized an impairment charge charges of $21.4 million $8.0 million related to 12 properties classified as one property held for sale during the quarter. investment and $0.2 million related to one property held for sale. See above under "Recent Developments - Impairment of Real Estate Assets, Assets Held for Sale, and Asset Sales" for additional information. During the three months ended March 31, 2023 June 30, 2023, we recognized an impairment charge of $1.9 million $21.4 million related to four 12 properties classified as held for sale during the quarter.

Property operating expenses. During the three months ended June 30, 2023 September 30, 2023 and March 31, 2023 June 30, 2023, we recognized $0.7 $1.2 million and $1.0 $0.7 million, respectively, of property operating expenses related to assets we plan to sell or repurpose, or have sold.

General and administrative expense. General and administrative expense decreased increased by $0.3 $0.8 million as detailed below:

		Three Months Ended				Three Months Ended		
(in thousands)	(in thousands)	June 30, 2023	March 31, 2023	Increase/(Decrease)	(in thousands)	September 30, 2023	June 30, 2023	Increase/(Decrease)
Cash compensation	Cash compensation	$ 1,267	$ 1,550	$ (283)	Cash compensation	$ 1,439	$ 1,267	$ 172
Share-based compensation					Share-based compensation	1,519	924	595

Incentive compensation	Incentive compensation	1,025	1,550	(525)	Incentive compensation	1,125	1,025	100
Share-based compensation		924	936	(12)				
Professional services	Professional services	704	474	230	Professional services	604	704	(100)
Taxes and insurance	Taxes and insurance	276	204	72	Taxes and insurance	224	276	(52)
Other expenses	Other expenses	522	347	175	Other expenses	608	522	86
General and administrative expense	General and administrative expense	$ 4,718	$ 5,061	$ (343)	General and administrative expense	$ 5,519	$ 4,718	$ 801

Gain (loss) on sale of real estate, net. During the three months ended June 30, 2023, we recorded a $2.1 million gain on sale of real estate related to the sale of one SNF and one ALF, partially offset by a $0.1 million loss on sale of real estate related to the sale of one ALF. During the three months ended March 31, 2023, we recorded a $0.1 million No gain or loss on sale of real estate related to was recognized during the sale of one ALF. three months ended September 30, 2023.

Unrealized losses on other real estate related investments, net. During the three months ended September 30, 2023, we recorded a $5.3 million unrealized loss on four mortgage loans receivable and one mezzanine loan receivable. During the three months ended June 30, 2023, we recorded a $1.9 million unrealized loss on three mortgage loans and one mezzanine loan receivable and a $0.3 million loss related to a loan origination fee paid. During the three months ended March 31, 2023, we recorded a $1.0 million The unrealized loss on one mezzanine loan receivable, partially offset by a $0.5 million reversal of a previously recognized unrealized loss related is due to the prepayment of one mezzanine loan receivable. rising interest rates.

Six Nine Months Ended June 30, 2023 September 30, 2023 Compared to Six Nine Months Ended June 30, 2022 September 30, 2022:

		Six Months Ended					Nine Months Ended			
		June 30, 2023	**June 30, 2022**	**Increase (Decrease)**	**Percentage Difference**		**September 30, 2023**	**September 30, 2022**	**Increase (Decrease)**	**Percentage Difference**
		(dollars in thousands)					(dollars in thousands)			
Revenues:	**Revenues:**					**Revenues:**				
Rental income	Rental income	$ 93,908	$ 92,813	$ 1,095	1 %	Rental income	$ 145,126	$ 139,831	$ 5,295	4 %
Interest and other income	Interest and other income	8,251	1,216	7,035	579 %	Interest and other income	12,910	4,491	8,419	187 %
Expenses:	**Expenses:**					**Expenses:**				
Depreciation and amortization	Depreciation and amortization	24,954	26,134	(1,180)	(5) %	Depreciation and amortization	37,988	38,390	(402)	(1) %
Interest expense	Interest expense	20,867	12,045	8,822	73 %	Interest expense	32,617	20,400	12,217	60 %
Property taxes	Property taxes	2,270	2,674	(404)	(15) %	Property taxes	4,437	3,365	1,072	32 %
Impairment of real estate investments	Impairment of real estate investments	23,278	61,384	(38,106)	(62) %	Impairment of real estate investments	31,510	73,706	(42,196)	(57) %
Provision for loan losses, net	Provision for loan losses, net	—	3,844	(3,844)	*	Provision for loan losses, net	—	3,844	(3,844)	(100) %
Property operating expenses	Property operating expenses	1,621	536	1,085	202 %	Property operating expenses	2,860	4,344	(1,484)	(34) %
General and administrative	General and administrative	9,779	10,193	(414)	(4) %	General and administrative	15,298	15,352	(54)	— %
Other loss:	**Other loss:**					**Other loss:**				
Gain on sale of real estate, net		1,958	186	1,772	*					
Gain (loss) on sale of real estate, net						Gain (loss) on sale of real estate, net	1,958	(2,101)	4,059	(193) %

Unrealized losses on other real estate related investments, net	Unrealized losses on other real estate related investments, net	(2,605)	—	(2,605)	*	Unrealized losses on other real estate related investments, net	(7,856)	(4,706)	(3,150)	67 %
Net income						**Net income**				
Net loss allocated to noncontrolling interests						Net loss allocated to noncontrolling interests	(11)	—	(11)	*

- Not meaningful

Rental income. Rental income increased by $1.1 $5.3 million as detailed below:

		Six Months Ended				Nine Months Ended		
(in thousands)	(in thousands)	June 30, 2023	June 30, 2022	Increase/(Decrease)	(in thousands)	September 30, 2023	September 30, 2022	Increase/(Decrease)
Contractual cash rent	Contractual cash rent	$ 91,997	$ 91,453	$ 544	Contractual cash rent	$ 141,231	$ 138,768	$ 2,463
Tenant reimbursements	Tenant reimbursements	1,925	1,349	576	Tenant reimbursements	3,916	2,026	1,890
Total contractual rent(1)	Total contractual rent(1)	93,922	92,802	1,120	Total contractual rent(1)	145,147	140,794	4,353
Straight-line rent	Straight-line rent	(14)	11	(25)	Straight-line rent	(21)	14	(35)
Adjustment for collectibility (2)					Adjustment for collectibility (2)	—	(977)	977
Rental income	Rental income	$ 93,908	$ 92,813	$ 1,095	Rental income	$ 145,126	$ 139,831	$ 5,295

(1) Includes initial contractual cash rent, as adjusted for applicable rental escalators and rent increases due to capital expenditures funded by the Company. For tenants on a cash basis, this represents the lesser of the amount that would be recognized on a straight-line basis or cash that has been received.Total contractual cash rent increased by $1.1 $4.4 million due to an increase of $4.9 million from real estate investments made after January 1, 2022, a $1.6 $3.9 million increase in rental rates for our existing tenants an increase of $1.2 million from real estate investments made after January 1, 2022, a $1.0 million write-off of uncollectible rent, and a $0.6 million $1.9 million increase in tenant reimbursements, partially offset by a $3.2 million $5.5 million decrease in rental income related to lower cash collections from tenants on a cash basis method of accounting and a $0.1 million $0.8 million decrease due to dispositions. dispositions after January 1, 2022.

(2) During the nine months ended September 30, 2022, the Company wrote off $1.0 million of uncollectible rent.

Interest and other income. The $7.0 $8.4 million increase in interest and other income was primarily due to an increase of $7.1 million $8.9 million due to the origination of loans receivable after January 1, 2022 and , a prepayment penalty of $0.5 million $0.4 million during the six nine months ended June 30, 2023 September 30, 2023, and an increase of $0.2 million of interest income on money market funds, partially offset by a decrease of $0.4 million $0.9 million of interest income due to a loan repayment and a decrease of $0.2 million of interest income due to a loan origination fee received during the six nine months ended June 30, 2022 September 30, 2022.

Depreciation and amortization. The $1.2 $0.4 million, or 5% 1%, decrease in depreciation and amortization was primarily due to a decrease of $1.8 million $2.4 million due to assets becoming fully depreciated after January 1, 2022 and a decrease of $0.7 million $1.0 million due to classifying assets as held for sale after January 1, 2022, partially offset by an increase of $0.9 million $2.3 million related to new real estate investments acquisitions and capital improvements made after January 1, 2022 and a $0.4 million $0.7 million increase due to reclassifying assets out of held for sale during the three months ended December 31, 2022.

Interest expense. Interest expense increased by $8.8 $12.2 million as detailed below:

	Change in interest expense for the six nine months ended June 30, 2023 September 30, 2023 compared to the six nine months ended June 30, 2022 September 30, 2022
	(in thousands)
Increase in interest rates for the Term Loan	$ 4,425 6,002
Increase in interest rates for the Revolving Facility	2,282 3,623
Increase in outstanding borrowing amount for the Revolving Facility, net	1,941 2,286
Other changes in interest expense	174 306
Net change in interest expense	$ 8,822 12,217

Property taxes. The $0.4 $1.1 million, or 15% 32%, decrease increase in property taxes was primarily due to a decrease of $0.5 million $0.9 million increase due to the property taxes expected to be paid directly by us as a result of certain assets being designated as held for sale, of properties a $0.7 million increase related to acquisitions made after January 1, 2022, partially offset by an increase of $0.1 million $0.2 million due to reassessments, and an increase of $0.2 million due to the transfer of certain properties to new operators in March 2023 that do not make direct tax payments. payments, partially offset by a decrease of $0.9 million due to the sale of properties after January 1, 2022.

Impairment of real estate investments. During the six nine months ended June 30, 2023 September 30, 2023, we recognized an impairment charge of $23.3 million $23.1 million related to 15 properties classified as held for sale. sale, $8.0 million related to properties held for investment, and $0.4 million related to properties that were sold. See above under "Recent Developments - Impairment of Real Estate Assets, Assets Held for Sale, and Asset Sales" for additional information. During the six nine months ended June 30, 2022 September 30, 2022, we recognized an aggregate impairment charge of $61.4 million $73.7 million related to 21 properties. properties held for sale.

Provision for loan losses, net. During the six nine months ended June 30, 2022 September 30, 2022, we recorded a $4.6 million expected credit loss related to two other loans receivable that were placed on non-accrual status, partially offset by a $0.8 million recovery related to one other loan receivable that was previously written off. No such provision for loan losses was recorded during the six nine months ended June 30, 2023 September 30, 2023.

Property operating expenses. During the six nine months ended June 30, 2023 September 30, 2023 and June 30, 2022, 2022, we recognized $1.6 $2.9 million and $0.5 $4.3 million, respectively, of property operating expenses related to assets we plan to sell or repurpose, or have sold.

General and administrative expense. General and administrative expense decreased by $0.4 $0.1 million as detailed below:

		Six Months Ended				Nine Months Ended		
(in thousands)	(in thousands)	June 30, 2023	June 30, 2022	Increase/(Decrease)	(in thousands)	September 30, 2023	September 30, 2022	Increase/(Decrease)
Cash compensation	Cash compensation	$ 2,817	$ 3,436	$ (619)	Cash compensation	$ 4,256	$ 4,767	$ (511)
Incentive compensation	Incentive compensation	2,575	1,650	925	Incentive compensation	3,700	2,950	750
Share-based compensation	Share-based compensation	1,860	2,915	(1,055)	Share-based compensation	3,379	4,295	(916)
Professional services	Professional services	1,179	888	291	Professional services	1,783	1,299	484
Taxes and insurance	Taxes and insurance	480	488	(8)	Taxes and insurance	704	693	11
Other expenses	Other expenses	868	816	52	Other expenses	1,476	1,348	128
General and administrative expense	General and administrative expense	$ 9,779	$ 10,193	$ (414)	General and administrative expense	$ 15,298	$ 15,352	$ (54)

Gain (loss) on sale of real estate, net. During the six nine months ended June 30, 2023 September 30, 2023, we recorded a $2.1 million gain on sale of real estate related to the sale of one SNF and one ALF, partially offset by a $0.1 million loss on sale of real estate related to the sale of two ALFs. During the six nine months ended June 30, 2022 September 30, 2022, we recorded a $2.1 million loss on sale of real estate related to the sale of six SNFs and one multi-service campus and a $0.2 million loss on sale of real estate related to the sale of a land parcel, partially offset by a $0.2 million gain on sale of real estate related to the sale of one SNF.

Unrealized losses on other real estate related investments, net. During the six nine months ended June 30, 2023 September 30, 2023, we recorded a $2.8 million an unrealized loss on three of $8.1 million related to five mortgage loans receivable and one mezzanine loan receivable due to rising interest rates and a $0.3 million $0.3 million loss due to a loan origination fee paid, partially offset by a $0.5 million reversal of a previously recognized unrealized loss of $0.5 million related to the prepayment repayment of one mezzanine loan receivable. No unrealized losses were recognized during During the six nine months ended June 30, 2022. September 30, 2022, we recorded a $4.7 million unrealized loss on one secured loan receivable and two mezzanine loans receivable. The unrealized loss is due to rising interest rates.

Liquidity and Capital Resources

To qualify as a REIT for federal income tax purposes, we are required to distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains, to our stockholders on an annual basis. Accordingly, we intend to make, but are not contractually bound to make, regular quarterly dividends to common stockholders from cash flow from operating activities. All such dividends are at the discretion of our board of directors.

Our short-term liquidity requirements consist primarily of operating and interest expenses directly associated with our properties, including:

- interest expense and scheduled debt maturities on outstanding indebtedness;
- general and administrative expenses;
- dividend plans;
- operating lease obligations; and
- capital expenditures for improvements to our properties.

Our long-term liquidity needs consist primarily of funds necessary to pay for acquisitions and other investments (including mortgage and mezzanine loan originations) capital expenditures, and scheduled debt maturities. We intend to invest in and/or develop additional healthcare and seniors housing properties as suitable opportunities arise and so long as adequate sources of financing are available. We expect that future investments in and/or development of properties, including any improvements or renovations of current or newly-acquired properties, will depend on and will be financed by, in whole or in part, our existing cash, borrowings available to us under the Second Amended Credit Facility (as defined below), future borrowings or the proceeds from sales of shares of our common stock pursuant to our ATM Program or additional issuances of common stock or other securities. In addition, we may seek financing from U.S. government agencies, including through Fannie Mae and the U.S. Department of Housing and Urban Development, in appropriate circumstances in connection with acquisitions and refinancing of existing mortgage loans.

We believe that our expected operating cash flow from rent collections, interest payments on our other real estate related investments, and borrowings under our Second Amended Credit Facility, together with our cash balance of $1.1 million $3.5 million, available borrowing capacity of $320.0 million $600.0 million under the Revolving Facility, approximately $132.8 million in 4,901,000 shares of common stock subject to forward equity sale contracts at the weighted average initial sales price of $20.00 per share, before commissions and offering expenses, which can be settled at any time through before the second quarter one year anniversary of 2024, before commissions and offering expenses, the applicable forward contract, and availability of $367.2 million $496.0 million under the ATM Program, each at June 30, 2023 September 30, 2023, will be sufficient to meet ongoing debt service requirements, dividend plans, operating lease obligations, capital expenditures, working capital requirements and other other needs for at least the next 12 months. We expect to meet our long-term liquidity needs with cash flows from operations and financing arrangements. While we are currently pursuing the sale, re-tenanting or repurposing of certain of our assets in connection with our ongoing review and monitoring of our investment portfolio as described under “Recent Developments” above, we currently do not expect to sell any of our properties to meet liquidity needs, although we may do so in the future. Our quarterly cash dividend and any failure of our operators to pay rent or of our borrowers to make interest or principal payments may impact our available capital resources.

We have filed an automatic shelf registration statement with the U.S. Securities and Exchange Commission that expires in February 2026 and at or prior to such time we expect to file a new shelf registration statement. The shelf registration statement allows us or certain of our subsidiaries, as applicable, to offer and sell shares of common stock, preferred stock, warrants, rights, units and debt securities through underwriters, dealers or agents or directly to purchasers, in one or more offerings on a continuous or delayed basis, in amounts, at prices and on terms we determine at the time of the offering. On February 24, 2023 September 15, 2023, we entered into the New ATM Program. In addition to the issuance and sale of shares of our common stock, we may also enter into one or more ATM forward contracts with sales agents for the sale of shares of our common stock under the ATM Program. See “At-The-Market Offering of Common Stock” for information regarding activity under the ATM Program.

Although we are subject to restrictions on our ability to incur indebtedness, we expect that we will be able to refinance existing indebtedness or incur additional indebtedness for acquisitions or other purposes, if needed. However, there can be no assurance that we will be able to refinance our indebtedness, incur additional indebtedness or access additional sources of capital, such as by issuing common stock or other debt or equity securities, on terms that are acceptable to us or at all.

As of June 30, 2023 September 30, 2023, we are in compliance with all debt covenants on our outstanding indebtedness.

Cash Flows

The following table presents selected data from our condensed consolidated statements of cash flows for the periods presented (dollars in thousands):

		For the Six Months Ended June 30,			For the Nine Months Ended September 30,	
		2023	2022		2023	2022
Net cash provided by operating activities	Net cash provided by operating activities	$ 66,986	$ 68,302	Net cash provided by operating activities	$ 112,096	$ 110,672

Net cash used in investing activities	Net cash used in investing activities	(176,644)	(125,644)	Net cash used in investing activities	(232,305)	(141,759)
Net cash provided by financing activities	Net cash provided by financing activities	97,625	67,714	Net cash provided by financing activities	110,516	16,053
Net (decrease) increase in cash and cash equivalents		(12,033)	10,372			
Net decrease in cash and cash equivalents				Net decrease in cash and cash equivalents	(9,693)	(15,034)
Cash and cash equivalents as of the beginning of period	Cash and cash equivalents as of the beginning of period	13,178	19,895	Cash and cash equivalents as of the beginning of period	13,178	19,895
Cash and cash equivalents as of the end of period	**Cash and cash equivalents as of the end of period**	$ 1,145	$ 30,267	**Cash and cash equivalents as of the end of period**	$ 3,485	$ 4,861

Net cash provided by operating activities decreased increased for the six nine months ended June 30, 2023 September 30, 2023 compared to the six nine months ended June 30, 2022 September 30, 2022. Operating cash inflows are derived primarily from the rental payments received under our lease agreements, including as a result of new investments, and interest payments on our other real estate related investments. Operating cash outflows consist primarily of interest expense on our borrowings and general and administrative expenses. The net decrease increase of $1.3 million $1.4 million in cash provided by operating activities for the six nine months ended June 30, 2023 September 30, 2023 compared to the six nine months ended June 30, 2022 September 30, 2022 is primarily due to an increase in cash paid for interest expense and operating expenses related to assets we plan to sell, have sold, or repurpose, partially offset by an increase in interest income received on our other real estate related investments, an increase in rental income received, and a decrease in cash paid for general and administrative expense, partially offset by an increase in cash paid for interest expense.

Cash used in investing activities for the six nine months ended June 30, 2023 September 30, 2023 was primarily comprised of $200.0 million $253.3 million in acquisitions of real estate, investment in real estate related investments and other loans receivable and escrow deposits for potential acquisitions of real estate and $6.4 million $9.1 million of purchases of equipment, furniture and fixtures and improvements to real estate, partially offset by $15.3 million $15.7 million of principal payments received from our other real estate related investments and other loans receivable and $14.5 million in net proceeds from real estate sales. Cash used in investing activities for the six nine months ended June 30, 2022 September 30, 2022 was primarily comprised of $124.0 million $171.6 million in acquisitions of real estate and investments in real estate related investments and other loans receivable and $3.6 million $5.5 million of purchases of equipment, furniture and fixtures and improvements to real estate, partially offset by $1.0 million $34.1 million in net proceeds from real estate sales and $1.0 million $1.2 million of principal payments received from other loans receivable.

Our cash flows provided by financing activities for the six nine months ended June 30, 2023 September 30, 2023 were primarily comprised of $155.0 million $319.0 million in borrowings net proceeds from the issuance of common stock and $1.1 million in contributions from noncontrolling interests, partially offset by $125.0 million in net payments under our Revolving Facility (as defined below), partially offset by $55.2 million $83.1 million in dividends paid and a $1.5 million net settlement adjustment on restricted stock and $0.6 million in costs paid for the issuance of common stock. Our cash flows provided by financing activities for the six nine months ended June 30, 2022 September 30, 2022 were primarily comprised of $125.0 million $100.0 million in net borrowings under our Prior Credit Agreement (as defined below), partially offset by $52.8 million $79.5 million in dividends paid and a $4.5 million net settlement adjustment on restricted stock.

Material Cash Requirements

Our material cash requirements from known contractual and other obligations include:

3.875% Senior Unsecured Notes due 2028

On June 17, 2021, our wholly owned subsidiary, CTR Partnership, L.P. (the "Operating Partnership"), and its wholly owned subsidiary, CareTrust Capital Corp. (together with the Operating Partnership, the "Issuers"), completed a private offering of $400.0 million aggregate principal amount of 3.875% Senior Notes due 2028 (the "Notes"). The Notes mature on June 30, 2028. The Notes accrue interest at a rate of 3.875% per annum payable semiannually in arrears on June 30 and December 30 of each year, commencing on December 30, 2021. The obligations under the Notes are guaranteed, jointly and severally, on an unsecured basis, by us and all of our subsidiaries (other than the Issuers) that guarantee obligations under the Second Amended Credit Facility (as defined below). As of June 30, 2023 September 30, 2023, we were in compliance with all applicable financial covenants under the indenture governing the Notes. See Note 7, *Debt,* to our condensed consolidated financial statements included in this report for further information about the Notes.

Unsecured Revolving Credit Facility and Term Loan

On December 16, 2022, we, together with certain of our subsidiaries, entered into a second amended and restated credit and guaranty agreement with KeyBank National Association, as administrative agent, an issuing bank and swingline lender (the (as amended from time to time, the "Second Amended Credit Agreement"). The Operating Partnership is the borrower under the Second Amended Credit Agreement, and the obligations thereunder are guaranteed, jointly and severally, on an unsecured basis, by us and certain of our subsidiaries. The Second Amended Credit Agreement, which amends and restates our amended and restated credit and guaranty agreement, dated as of February 8, 2019 (as amended, the "Prior Credit Agreement") provides for: (i) an unsecured revolving credit facility (the "Revolving Facility") with revolving commitments in an aggregate principal amount of $600.0 million, including a letter of credit subfacility for 10% of the then available revolving commitments and a swingline loan subfacility for 10% of the then available revolving commitments and (ii) the continuation of the unsecured term loan credit facility which was previously extended under the Prior Credit Agreement (the "Term Loan" and together with the Revolving Facility, the "Second Amended Credit Facility") in an aggregate principal amount of $200.0 million. Future borrowings under the Second Amended Credit Facility will be used for working capital purposes, for capital expenditures, to fund acquisitions and for general corporate purposes.

On October 10, 2023, we entered into the First Amendment to the Second Amended Credit Agreement with KeyBank National Association (the "First Amendment"). The First Amendment restates the definition of Consolidated Total Asset Value to include net proceeds from at-the-market forward commitments executed but not yet closed as of the relevant date as if such proceeds had actually been received.

As of June 30, 2023 September 30, 2023, we had $200.0 million$200.0 million outstanding under the Term Loan and $280.0 million no borrowings outstanding under the Revolving Facility. The Revolving Facility has a maturity date of February 9, 2027, and includes, at our sole discretion, two six-month extension options. The Term Loan has a maturity date of February 8, 2026.

The interest rates applicable to loans under the Revolving Facility are, at the Operating Partnership's option, equal to either a base rate plus a margin ranging from 0.10% to 0.55% per annum or Adjusted Term SOFR or Adjusted Daily Simple SOFR (each as defined in the Second Amended Credit Agreement) plus a margin ranging from 1.10% to 1.55% per annum based on the debt to asset value ratio of the Company and our consolidated subsidiaries (subject to decrease at the Operating Partnership's election if we obtain certain specified investment grade ratings on our senior long-term unsecured debt). The interest rates applicable to loans under the Term Loan are, at the Operating Partnership's option, equal to either a base rate plus a margin ranging from 0.50% to 1.20% per annum or Adjusted Term SOFR or Adjusted Daily Simple SOFR plus a margin ranging from 1.50% to 2.20% per annum based on the debt to asset value ratio of the Company and our consolidated subsidiaries (subject to decrease at the Operating Partnership's election if we obtain certain specified investment grade ratings on our senior long-term unsecured debt). In addition, the Operating Partnership will pay a facility fee on the revolving commitments under the Revolving Facility ranging from 0.15% to 0.35% per annum, based on the debt to asset value ratio of the Company and our consolidated subsidiaries (unless we obtain certain specified investment grade ratings on our senior long-term unsecured debt and the Operating Partnership elects to decrease the applicable margin as described above, in which case the Operating Partnership will pay a facility fee on the revolving commitments ranging from 0.125% to 0.30% per annum based off the credit ratings of our senior long-term unsecured debt).

As of June 30, 2023 September 30, 2023, we were in compliance with all applicable financial covenants under the Second Amended Credit Agreement. See Note 7, *Debt,* to our condensed consolidated financial statements included in this report for further information about the Second Amended Credit Agreement.

Capital Expenditures

As of June September 30, 2023, we had committed to fund expansions, construction and capital improvements at certain triple-net leased facilities totaling $14.2 $11.8 million, of which $2.7 $3.2 million is subject to rent increase at the time of funding. We expect to fund the capital expenditures in the next one to two years. See Note 11, 12, *Commitments and Contingencies,* to our condensed consolidated financial statements included in this report for further information regarding our obligation to finance certain capital expenditures under our triple-net leases.

Dividend Plans

We are required to pay dividends in order to maintain our REIT status and we expect to make quarterly dividend payments in cash with the annual dividend amount no less than 90% of our annual REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains. See Note 8, *Equity,* to our condensed consolidated financial statements included in this report for a summary of the cash dividends per share of our common stock declared by our board of directors for the three months ended June September 30, 2023.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information set forth in the Accounting Standards Codification, as published by the Financial

Accounting Standards Board. GAAP requires us to make estimates and assumptions regarding future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We base these estimates on our experience and assumptions we believe to be reasonable under the circumstances. However, if our judgment or interpretation of the facts and circumstances relating to various transactions or other matters had been different, we may have applied a different accounting treatment, resulting in a different presentation of our financial statements. We periodically reevaluate our estimates and assumptions, and in the event they prove to be different from actual results, we make adjustments in subsequent periods to reflect more current estimates and assumptions about matters that are inherently uncertain. Please refer to "Critical Accounting Policies and Estimates" in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 9, 2023, for further information regarding the critical accounting policies that affect our more significant estimates and judgments used in the preparation of our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. There have been no material changes in such critical accounting policies during the six nine months ended June 30, 2023 September 30, 2023.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Our primary market risk exposure is interest rate risk with respect to our variable rate indebtedness.

Our Second Amended Credit Agreement provides for revolving commitments in an aggregate principal amount of $600.0 million and an unsecured term loan facility in an aggregate principal amount of $200.0 million from a syndicate of banks and other financial institutions.

The interest rates applicable to loans under the Revolving Facility are, at the Company's option, equal to either a base rate plus a margin ranging from 0.10% to 0.55% per annum or Adjusted Term SOFR or Adjusted Daily Simple SOFR (each as defined in the Second Amended Credit Agreement) plus a margin ranging from 1.10% to 1.55% per annum based on the debt to asset value ratio of the Company and its consolidated subsidiaries (subject to decrease at the Operating Partnership's election if the Company obtains certain specified investment grade ratings on its senior long-term unsecured debt). The interest rates applicable to loans under the Term Loan are, at the Operating Partnership's option, equal to either a base rate plus a margin ranging from 0.50% to 1.20% per annum or Adjusted Term SOFR or Adjusted Daily Simple SOFR plus a margin ranging from 1.50% to 2.20% per annum based on the debt to asset value ratio of the Company and its consolidated subsidiaries (subject to decrease at the Operating Partnership's election if the Company obtains certain specified investment grade ratings on its senior long-term unsecured debt). As of June 30, 2023 September 30, 2023, we had a $200.0 million Term Loan outstanding and had $280.0 million no borrowings outstanding under the Revolving Facility.

An increase in interest rates could make the financing of any acquisition by us more costly as well as increase the costs of our variable rate debt obligations. Rising interest rates could also limit our ability to refinance our debt when it matures or cause us to pay higher interest rates upon refinancing and increase interest expense on refinanced indebtedness. Increased inflation may also have a pronounced negative impact on the interest expense we pay in connection with our outstanding indebtedness, as these costs could increase at a rate higher than our rents.

Based on our outstanding debt balance as of June 30, 2023 September 30, 2023 described above and the interest rates applicable to our outstanding debt at June 30, 2023 September 30, 2023, assuming a 100 basis point increase in the interest rates related to our variable rate debt, interest expense would have increased approximately $2.4 million $1.5 million for the six nine months ended June 30, 2023 September 30, 2023.

We may, in the future, manage, or hedge, interest rate risks related to our borrowings by means of interest rate swap agreements. However, the REIT provisions of the Internal Revenue Code of 1986, as amended, substantially limit our ability to hedge our assets and liabilities. See "Risk Factors — Risks Related to Our Status as a REIT — Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities," which is included in our Annual Report on Form 10-K for the year ended December 31, 2022. As of June 30, 2023 September 30, 2023, we had no swap agreements to hedge our interest rate risks. We also expect to manage our exposure to interest rate risk by maintaining a mix of fixed and variable rates for our indebtedness.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and regulations and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of June 30, 2023 September 30, 2023, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, regarding the effectiveness of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective, at the reasonable assurance level, as of June 30, 2023 September 30, 2023.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended June 30, 2023 September 30, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

The Company and its subsidiaries are and may become from time to time a party to various claims and lawsuits arising in the ordinary course of business, but none of the Company or any of its subsidiaries is, and none of their respective properties are, the subject of any material legal proceedings. Claims and lawsuits may include matters involving general or professional liability asserted against its tenants, which are the responsibility of its tenants and for which the Company is entitled to be indemnified by its tenants under the insurance and indemnification provisions in the applicable leases.

Item 1A. Risk Factors.

We have disclosed under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 and our Quarterly Report Reports on Form 10-Q for the quarter quarters ended March 31, 2023 and June 30, 2023 risk factors which materially affect our business, financial condition, or results of operations. Other than revisions to the risk factor below, there have been no material changes from the risk factors previously disclosed in such reports.

Healthcare reform legislation impacts cannot accurately be predicted and could adversely affect our results of operations. Investments through joint ventures involve risks not present in investments in which we are the sole investor.

We have invested, and may continue to invest, as a joint venture partner in joint ventures. Such investments may involve risks not otherwise present when acquiring real estate directly, including for example:

- the healthcare operators leasing joint venture partner(s) may at any time have economic or business interests or goals which are or which may become inconsistent with our business interests or goals, including inconsistent goals relating to the sale of properties depend held in the joint venture or the timing of termination or liquidation of the joint venture;
- the possibility that the joint venture partner(s) might become insolvent or bankrupt;
- the possibility that we may incur liabilities as a result of an action taken by the joint venture partner(s);
- joint ventures may share certain approval rights over major decisions;
- a joint venture partner may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives, including our policy with respect to qualifying and maintaining our qualification as a REIT;
- our ability to sell or transfer our interest in the joint ventures on advantageous terms when we so desire may be limited or restricted under the healthcare industry terms of our agreements with the counterparties in the joint ventures;
- we may be required to contribute additional capital if the counterparties in the joint ventures fail to fund their share of required capital contributions;
- disputes between us and are susceptible to risks associated with healthcare reform. Legislative proposals are introduced each year a joint venture partner may result in litigation or arbitration that would introduce major changes in the healthcare system, both nationally increase our expenses and at the state level. For example, we believe that efforts may be made to, among other things, transition Federal payment programs further in the direction of value based care, but we cannot predict whether or in what form any of these measures may be enacted, or what effect they would have distract our officers and directors from focusing their time and effort on our business or and result in subjecting the businesses of our tenants if enacted. Efforts may also be made properties owned by the applicable joint venture to reduce the age at which individuals become eligible for Medicare, which could have an adverse impact on our tenants because Medicare sometimes reimburses long term care providers at rates lower than those paid by commercial payors. In addition, the Biden Administration announced a focus on implementing minimum staffing requirements and increased inspections as part of nursing home reforms announced in the 2022 State of the Union Address, and in July 2022, CMS announced it was evaluating a proposed federal staffing mandate for SNFs. Specifically, CMS sought input on establishing minimum staffing requirements for long-term care facilities and issued updates to guidance on minimum health and safety standards that long-term care facilities must meet to participate in Medicare and Medicaid and updated and developed new guidance in the State Operations Manual to address issues that significantly affect residents of long-term care facilities. CMS has announced that it is continuing to review the comments it received in response to its request for information on establishing minimum staffing requirements for long-term care facilities, and that it remains committed to proposing a minimum staffing standard. It is uncertain whether such a mandate will be implemented and, if it is, whether it will be accompanied by additional funding to offset any increased staffing requirements for our operators. If additional funding is unavailable at sufficient levels risk; or at all, a mandate to increase staffing levels in SNFs
- under certain joint venture arrangements, neither joint venture partner may have the power to control the venture, and an impasse could be reached which might have a material adverse effect negative influence on the operating results and financial condition of our tenants.

Our tenants are subject to extensive federal, state and local laws and regulations affecting the healthcare industry that include those relating to, among other things, licensure, conduct of operations, ownership of facilities, addition of facilities and equipment, allowable costs, services, prices for services, qualified beneficiaries, quality of care, patient rights and insurance, fraudulent or abusive behavior, and financial and other arrangements that may be entered into by healthcare providers. See "Government Regulation, Licensing and Enforcement" in Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2022 for more information. If our tenants or operators fail to comply with the laws, regulations and other requirements applicable to their businesses and the operation of our properties, they could become ineligible to receive reimbursement from governmental and private third-party payor programs, face bans on admissions of new patients or residents, suffer civil or criminal penalties or be required to make significant operational changes. We believe that additional resources may be dedicated to regulatory enforcement, which could increase our tenants' costs of doing business and negatively impact their ability to pay their rent obligations to us. Changes in enforcement policies by federal and state governments have also resulted in a significant increase in inspection rates, citations of regulatory deficiencies and sanctions, including terminations from Medicare and Medicaid programs, bars on Medicare and Medicaid payments for new admissions, civil monetary penalties and criminal penalties. Our tenants and operators could be forced to expend considerable resources responding to an investigation, lawsuit or other enforcement action under applicable laws or regulations. Additionally, if our tenants' residents do not have insurance, it could adversely impact the tenants' ability to satisfy their obligation to us. We cannot predict whether any future legislative proposals will be adopted or, if adopted, the impact these proposals would have on our tenants or our business. joint venture.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description of the Document
3.1	Articles of Amendment and Restatement of CareTrust REIT, Inc. (Exhibit 3.1 to the Company's Registration Statement on Form 10, filed on May 13, 2014, is incorporated herein by reference).
3.2	Articles of Amendment, dated May 30, 2018, to the Articles of Amendment and Restatement of CareTrust REIT, Inc. (Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on May 31, 2018, is incorporated herein by reference).
3.3	Amended and Restated Bylaws of CareTrust REIT, Inc. (Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on March 7, 2019, is incorporated herein by reference).
*10.1	First Amendment to Second Amended and Restated Credit and Guarantee Agreement, dated as of October 10, 2023, by and among CTR Partnership, L.P., CareTrust REIT, Inc. and KeyBank National Association
*31.1	Certification of Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification of Chief Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
**32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
*101.SCH	Inline XBRL Taxonomy Extension Schema Document
*101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
*104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith

** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		CareTrust REIT, Inc.
August 3, November 9, 2023	By:	/s/ David M. Sedgwick
		David M. Sedgwick President and Chief Executive Officer *(duly authorized officer)*
August 3, November 9, 2023	By:	/s/ William M. Wagner
		William M. Wagner Chief Financial Officer and Treasurer *(principal financial officer and principal accounting officer)*

FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AND GUARANTY AGREEMENT

This First Amendment to Second Amended and Restated Credit and Guaranty Agreement (this "Amendment") is made as of this 10th day of October, 2023, by and among **CTR PARTNERSHIP, L.P.**, a Delaware limited partnership (the "Borrower"), **CARETRUST REIT, INC.**, a Maryland corporation (the "REIT Guarantor"), the other Guarantors identified herein, **KEYBANK NATIONAL ASSOCIATION**, as Administrative Agent (the "Administrative Agent"), on behalf of itself and certain other lenders (each a "Lender" and collectively, the "Lenders") and the Lenders party hereto. Unless otherwise defined herein, terms defined in the Credit Agreement set forth below shall have the same meaning herein.

W I T N E S S E T H:

WHEREAS, the Borrower, the REIT Guarantor and the other Guarantors party thereto, the Administrative Agent and certain of the Lenders have entered into a certain Second Amended and Restated Credit and Guaranty Agreement dated as of December 16, 2022 (the "Credit Agreement"); and

WHEREAS, the Borrower, the Guarantors, the Administrative Agent and the Lenders have agreed to amend the Credit Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein contained, the parties hereto hereby agree as follows:

1. Amendment to Credit Agreement.

(a) Section 1.1 of the Credit Agreement is hereby amended by amending and restating the definition of "Consolidated Total Asset Value" in its entirety as follows:

"Consolidated Total Asset Value" shall mean, as of any date of determination, the sum of all the following of the Consolidated Parties, without duplication: (i) with respect to Real Property Assets subject to a triple-net lease, (a) the Net Revenue for such Real Property Asset, in each case for the most recently completed four (4) Fiscal Quarters for which financial statements are, or are required to have been, delivered to the Administrative Agent pursuant to Section 5.1(a) or Section 5.1(b), divided by (b) the applicable Capitalization Rate, plus (ii) with respect to Real Property Assets not subject to a triple-net lease, (a) the Adjusted NOI for such Real Property Asset, in each case for the most recently completed four (4) Fiscal Quarters for which financial statements are, or are required to have been, delivered to the Administrative Agent pursuant to Section 5.1(a) or 5.1(b), divided by (b) the applicable Capitalization Rate, plus (iii) the GAAP book value of the Consolidated Parties' unrestricted cash and cash equivalents as of the last day of the prior Fiscal Quarter of the Consolidated Parties, which shall include the amount of net proceeds from at-the-market forward commitments executed but not yet closed as of the last day of such Fiscal Quarter as if such proceeds were actually received as of such date, plus (iv) the book value of land holdings as of the last day of such prior Fiscal Quarter, plus (v) the book value of the actual funded portion of Construction in Progress as of the last day of such prior Fiscal Quarter, plus (vi) the book value of Unencumbered Mortgage Receivables and preferred equity investments as of the last day of such prior Fiscal Quarter, plus (vii) the Consolidated Parties' Ownership Share of the foregoing items and components attributable to interest in Unconsolidated Affiliates, as of the last day of such Fiscal Quarter. In any determination of Consolidated Total Asset Value hereunder, the Borrower may include Acquisitions of Real Property Assets at cost for the first four Fiscal Quarters of such calculation. Real Property Assets located in Canada or the United Kingdom shall not exceed fifteen percent (15%) of the Consolidated Total Asset Value, with any amount in excess of such limitation being excluded when calculating the Consolidated Total Asset Value.

2. Representations and Warranties. The Loan Parties hereby represent, warrant and covenant with Administrative Agent and Lenders that, as of the date hereof:

3730067.4

(a) All representations and warranties made in the Credit Agreement and other Loan Documents are true and correct in all material respects on and as of the Effective Date with the same effect as though made on and as of such date, except to the extent that such representations and warranties expressly refer to an earlier date, in which case they shall be true and correct in all material respects of such earlier date (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties shall be true and correct in all respects).

(b) There exists no Default or Event of Default under any of the Loan Documents.

3. Conditions to Effectiveness. This Amendment shall not be effective (the "First Amendment Effective Date") until each of the following conditions precedent has been fulfilled to the reasonable satisfaction of the Administrative Agent:

(a) This Amendment shall have been duly executed and delivered by the Loan Parties, the Administrative Agent and the Lenders.

(b) All action on the part of the Loan Parties necessary for the valid execution, delivery and performance by the Loan Parties of this Amendment shall have been duly and effectively taken. The Lenders shall have received such customary corporate resolutions, certificates and other customary corporate documents as the Administrative Agent shall reasonably request.

(c) After giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing.

4. This Amendment, which may be executed in multiple counterparts, constitutes the entire agreement of the parties regarding the matters contained herein and shall not be modified by any prior oral or written discussions. Delivery of an executed counterpart of a signature page of this Amendment by telecopy or other electronic imaging transmission (e.g. PDF by email) shall be effective as delivery of a manually executed counterpart of this Amendment. The Loan Parties hereby ratify, confirm and reaffirm all of the terms and conditions of the Credit Agreement, and each of the other Loan Documents, and further acknowledges and agrees that all of the terms and conditions of the Credit Agreement shall remain in full force and effect except as expressly provided in this Amendment. This Amendment constitutes a Loan Document for all purposes under the Credit Agreement.

5. Any determination that any provision of this Amendment or any application hereof is invalid, illegal or unenforceable in any respect and in any instance shall not affect the validity, legality or enforceability of such provision in any other instance, or the validity, legality or enforceability of any other provisions of this Amendment.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

[SIGNATURES ON FOLLOWING PAGE]

It is intended that this Amendment take effect as an instrument under seal as of the date first written above.

CTR PARTNERSHIP, L.P., a Delaware limited partnership

By: CareTrust GP, LLC, its general partner
By: CareTrust REIT, Inc., its sole member

By: /s/ William M. Wagner____
Name: William M. Wagner
Title: Chief Financial Officer and Treasurer

CARETRUST REIT, INC., a Maryland corporation

By: /s/ William M. Wagner_______________
Name: William M. Wagner
Title: Chief Financial Officer and Treasurer

CARETRUST CAPITAL CORP., a Delaware corporation

By: /s/ William M. Wagner______________
Name: William M. Wagner
Title: Chief Financial Officer and Treasurer

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

[Signature page to First Amendment to Amended and Restated Credit and Guaranty Agreement]

CARETRUST GP, LLC
CTR ARVADA PREFERRED, LLC
CTR CASCADIA PREFERRED, LLC
GULF COAST BUYER 1 LLC, each a Delaware limited liability company

By: /s/ William M. Wagner_________________
Name: William M. Wagner
Title: Chief Financial Officer and Treasurer

4TH STREET HOLDINGS LLC
18TH PLACE HEALTH HOLDINGS LLC
49TH STREET HEALTH HOLDINGS LLC
51ST AVENUE HEALTH HOLDINGS LLC
ANSON HEALTH HOLDINGS LLC
ARAPAHOE HEALTH HOLDINGS LLC
ARROW TREE HEALTH HOLDINGS LLC
AVENUE N HOLDINGS LLC
BIG SIOUX RIVER HEALTH HOLDINGS LLC
BOARDWALK HEALTH HOLDINGS LLC
BOGARDUS HEALTH HOLDINGS LLC
BURLEY HEALTHCARE HOLDINGS LLC
CASA LINDA RETIREMENT LLC
CEDAR AVENUE HOLDINGS LLC
CHERRY HEALTH HOLDINGS LLC
CM HEALTH HOLDINGS LLC
COTTONWOOD HEALTH HOLDINGS LLC
DALLAS INDEPENDENCE LLC

DIXIE HEALTH HOLDINGS LLC
EMMETT HEALTHCARE HOLDINGS LLC
ENSIGN BELLFLOWER LLC
ENSIGN HIGHLAND LLC
ENSIGN SOUTHLAND LLC
EVERGLADES HEALTH HOLDINGS LLC
EXPO PARK HEALTH HOLDINGS LLC
EXPRESSWAY HEALTH HOLDINGS LLC
FALLS CITY HEALTH HOLDINGS LLC
FIFTH EAST HOLDINGS LLC
FIG STREET HEALTH HOLDINGS LLC
FLAMINGO HEALTH HOLDINGS LLC
FORT STREET HEALTH HOLDINGS LLC
GAZEBO PARK HEALTH HOLDINGS LLC
GILLETTE PARK HEALTH HOLDINGS LLC
GOLFVIEW HOLDINGS LLC
GRANADA INVESTMENTS LLC
GUADALUPE HEALTH HOLDINGS LLC
HILLENDAHL HEALTH HOLDINGS LLC
HILLVIEW HEALTH HOLDINGS LLC

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

IRVING HEALTH HOLDINGS LLC
IVES HEALTH HOLDINGS LLC
JEFFERSON RALSTON HOLDINGS LLC
JORDAN HEALTH PROPERTIES LLC
JOSEY RANCH HEALTHCARE HOLDINGS LLC
KINGS COURT HEALTH HOLDINGS LLC
LAFAYETTE HEALTH HOLDINGS LLC
LEMON RIVER HOLDINGS LLC

[Signature page to First Amendment to Second Amended and Restated Credit and Guaranty Agreement]

LOCKWOOD HEALTH HOLDINGS LLC
LONG BEACH HEALTH ASSOCIATES LLC
LOWELL HEALTH HOLDINGS LLC
LOWELL LAKE HEALTH HOLDINGS LLC
LUFKIN HEALTH HOLDINGS LLC
MEADOWBROOK HEALTH ASSOCIATES LLC
MEMORIAL HEALTH HOLDINGS LLC
MESQUITE HEALTH HOLDINGS LLC
MISSION CCRC LLC
MOENIUM HOLDINGS LLC
MOUNTAINVIEW COMMUNITYCARE LLC
NORTHSHORE HEALTHCARE HOLDINGS LLC
OLESON PARK HEALTH HOLDINGS LLC
OREM HEALTH HOLDINGS LLC
PAREDES HEALTH HOLDINGS LLC
PLAZA HEALTH HOLDINGS LLC
POLK HEALTH HOLDINGS LLC
PRAIRIE HEALTH HOLDINGS LLC
PRICE HEALTH HOLDINGS LLC
QUEEN CITY HEALTH HOLDINGS LLC
QUEENSWAY HEALTH HOLDINGS LLC

RB HEIGHTS HEALTH HOLDINGS LLC
REGAL ROAD HEALTH HOLDINGS LLC
RENEE AVENUE HEALTH HOLDINGS LLC
RILLITO HOLDINGS LLC
RIO GRANDE HEALTH HOLDINGS LLC
SALMON RIVER HEALTH HOLDINGS LLC
SALT LAKE INDEPENDENCE LLC
SAN CORRINE HEALTH HOLDINGS LLC
SARATOGA HEALTH HOLDINGS LLC
SILVER LAKE HEALTH HOLDINGS LLC
SILVERADA HEALTH HOLDINGS LLC
SKY HOLDINGS AZ LLC
SNOHOMISH HEALTH HOLDINGS LLC
SOUTH DORA HEALTH HOLDINGS LLC
STILLHOUSE HEALTH HOLDINGS LLC
TEMPLE HEALTH HOLDINGS LLC
TENTH EAST HOLDINGS LLC
TERRACE HOLDINGS AZ LLC
TRINITY MILL HOLDINGS LLC
TROUSDALE HEALTH HOLDINGS LLC

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

TULALIP BAY HEALTH HOLDINGS LLC
VALLEY HEALTH HOLDINGS LLC
VERDE VILLA HOLDINGS LLC
WAYNE HEALTH HOLDINGS LLC
WILLITS HEALTH HOLDINGS LLC
WILLOWS HEALTH HOLDINGS LLC
WISTERIA HEALTH HOLDINGS LLC, each a Nevada limited liability company

By: /s/ William M. Wagner____________________
Name: William M. Wagner
Title: Chief Financial Officer and Treasurer

[Signature page to First Amendment to Second Amended and Restated Credit and Guaranty Agreement]

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160 NORTH PATTERSON, LLC, a California limited liability company

By: /s/ William M. Wagner____________________
Name: William M. Wagner
Title: Chief Financial Officer and Treasurer

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

[Signature page to First Amendment to Second Amended and Restated Credit and Guaranty Agreement]

ADMINISTRATIVE AGENT AND LENDERS:

KEYBANK NATIONAL ASSOCIATION, as the Administrative Agent, as the Issuing Bank, as the Swingline Lender and as a Lender

By: /s/ Zachary S. Shulkin____________________
Name: Zachary S. Shulkin
Title: Vice President

[Signature page to First Amendment to Second Amended and Restated Credit and Guaranty Agreement]

BMO HARRIS BANK N.A.,as a Lender

By: /s/ Lloyd Baron_____________________
Name: Lloyd Baron
Title: Managing Director

[Signature page to First Amendment to Second Amended and Restated Credit and Guaranty Agreement]

CAPITAL ONE, NATIONAL ASSOCIATION, as a Lender

By: /s/ Jason LaGrippe_____________________
Name: Jason LaGrippe
Title: Duly Authorized Signatory

[Signature page to First Amendment to Second Amended and Restated Credit and Guaranty Agreement]

WELLS FARGO BANK, N.A., as a Lender

By: /s/ Darin Mullis______________________
Name: Darin Mullis
Title: Managing Director

[Signature page to First Amendment to Second Amended and Restated Credit and Guaranty Agreement]

RAYMOND JAMES BANK, as a Lender

By: /s/ Alexander Sierra____________________
Name: Alexander Sierra
Title: Vice President

[Signature page to First Amendment to Second Amended and Restated Credit and Guaranty Agreement]

THE HUNTINGTON NATIONAL BANK, as a Lender

By: /s/ Michael Kinnick_____________________
Name: Michael Kinnick
Title: Managing Director

[Signature page to First Amendment to Second Amended and Restated Credit and Guaranty Agreement]

FIRST BANK, A MISSOURI STATE CHARTERED BANK, as a Lender

By: /s/ Phillip M. Lykens____________________
Name: Phillip M. Lykens
Title: Senior Vice President

[Signature page to First Amendment to Second Amended and Restated Credit and Guaranty Agreement]

BANK OF AMERICA, N.A., as a Lender

By: /s/ Jimmy Ko______________________
Name: Jimmy Ko
Title: Vice President

[Signature page to First Amendment to Second Amended and Restated Credit and Guaranty Agreement]

JPMORGAN CHASE BANK, N.A., as a Lender

By: /s/ David Glenn____________________
Name: David Glenn
Title: Authorized Officer

[Signature page to First Amendment to Second Amended and Restated Credit and Guaranty Agreement]

Exhibit 31.1

CERTIFICATION

I, David M. Sedgwick, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CareTrust REIT, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ David M. Sedgwick

David M. Sedgwick
President and Chief Executive Officer

Date: August 3, 2023 November 9, 2023

Exhibit 31.2

CERTIFICATION

I, William M. Wagner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CareTrust REIT, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ William M. Wagner

William M. Wagner
Chief Financial Officer and Treasurer

Date: August 3, 2023 November 9, 2023

Exhibit 32.1

Certification of Chief Executive Officer and
Chief Financial Officer Pursuant to
18 U.S.C. Section 1350, As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of CareTrust REIT, Inc. (the "Company") for the quarterly period ended June 30, 2023 September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), David M. Sedgwick, as President and Chief Executive Officer of the Company, and William M. Wagner, as Chief Financial Officer and Treasurer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to their knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

	/s/ David M. Sedgwick
Name:	David M. Sedgwick
Title:	President and Chief Executive Officer
Date:	August 3, November 9, 2023

	/s/ William M. Wagner
Name:	William M. Wagner
Title:	Chief Financial Officer and Treasurer
Date:	August 3, November 9, 2023

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.