

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

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

(State or other jurisdiction of incorporation or organization)

46-3999490

(I.R.S. Employer Identification No.)

24901 Dana Point Harbor Dr, Suite A200, Dana Point, CA 92629

(Address of principal executive offices, including zip code)

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

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

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant’s most recently completed second fiscal quarter: \$6.1 billion.

As of February 11, 2026, there were 223,404,715 shares of the registrant’s common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for the registrant’s 2026 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission within 120 days after the end of fiscal year 2025, are incorporated by reference into Part III of this Report.

TABLE OF CONTENTS

PART I

Item 1.	Business	6
Item 1A.	Risk Factors	27
Item 1B.	Unresolved Staff Comments	45
Item 1C.	Cybersecurity	45
Item 2.	Properties	47
Item 3.	Legal Proceedings	48
Item 4.	Mine Safety Disclosures	48

PART II

Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	49
Item 6.	[Reserved]	51
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	51
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	65
Item 8.	Financial Statements and Supplementary Data	66
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosures	66
Item 9A.	Controls and Procedures	66
Item 9B.	Other Information	69
Item 9C.	Disclosure Regarding Foreign Jurisdictions That Prevent Inspections	69

PART III

Item 10.	Directors, Executive Officers and Corporate Governance	70
Item 11.	Executive Compensation	70
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	70
Item 13.	Certain Relationships and Related Transactions, and Director Independence	70
Item 14.	Principal Accountant Fees and Services	70

PART IV

Item 15.	Exhibit and Financial Statement Schedules	72
Item 16.	Form 10-K Summary	74
Signatures		75

STATEMENT REGARDING 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. You are urged to carefully review the disclosures we make concerning risks and uncertainties that may affect our business and future financial performance, including those made below under “Risk Factors Summary” and “Risk Factors” in Item 1A of this Annual Report on Form 10-K.

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.

RISK FACTORS SUMMARY

Investors should consider the risks and uncertainties described below that may affect our business and future financial performance. These and other risks and uncertainties are more fully described in “Risk Factors” in Item 1A of this Annual Report on Form 10-K, 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”), including subsequent Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. Additional risks not presently known to us or that we currently deem immaterial may also affect us. If any of these risks occur, our business, financial condition or results of operations could be materially and adversely affected. As more fully set forth under “Risk Factors” in Item 1A of this Annual Report on Form 10-K, 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:

- the ability of our tenants, managers, and borrowers to successfully operate our properties and to meet and/or perform their obligations under the agreements 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;
- the impact of unstable market and economic conditions;
- the impact of healthcare reform legislation, including reimbursement rates and potential minimum staffing level requirements, on the operating results and financial conditions of our tenants, managers, and borrowers;
- the consequences of bankruptcy, insolvency or financial deterioration of our tenants, managers and borrowers;
- the ability and willingness of our tenants, managers and borrowers to renew their agreements with us, and our 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 or manager;
- 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;
- the impact of public health crises;
- the availability of and the ability to identify (a) tenants and managers 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;
- the intended benefits of our acquisition of Care REIT plc (“Care REIT”) may not be realized, and the additional risks we will be subject to from our investment in Care REIT and any other international investments;
- the additional operational and legal risks associated with our properties managed in a RIDEA structure;
- the impact of the unfavorable resolution of litigation or disputes and rising liability and insurance costs as a result thereof or other market factors;

- the ability to retain our key management personnel;
- the ability to maintain our status as a real estate investment trust (“REIT”);
- changes in the U.S. and U.K. tax law and other state, federal or local laws, whether or not specific to REITs;
- the ability to generate sufficient cash flows to service our outstanding indebtedness;
- access to debt and equity capital markets; and
- fluctuating interest and currency rates.

TENANT AND BORROWER INFORMATION

This Annual Report on Form 10-K includes information regarding certain of our tenants that lease properties from us and our borrowers, most of which are not subject to SEC reporting requirements. The Ensign Group, Inc. (“Ensign”), The Pennant Group, Inc. (“Pennant”) and PACS Group, Inc. (“PACS”), who each lease properties from us on a triple-net basis, are subject to the reporting requirements of the SEC and are required to file with the SEC annual reports containing audited financial information and quarterly reports containing unaudited financial information. You are encouraged to review Ensign, Pennant and PACS’s publicly available filings, which can be found at the SEC’s website at www.sec.gov.

The information related to our tenants and borrowers contained or referred to in this Annual Report on Form 10-K was provided to us by such tenants and borrowers or derived from SEC filings or other publicly available information. We have not verified this information through an independent investigation or otherwise. We have no reason to believe that this information is inaccurate in any material respect, but we cannot provide any assurance of its accuracy. We are providing this data for informational purposes only.

PART I

All references in this report to “CareTrust REIT,” the “Company,” “we,” “us” or “our” mean CareTrust REIT, Inc. together with its consolidated subsidiaries. Unless the context suggests otherwise, references to “CareTrust REIT, Inc.” mean the parent company without its subsidiaries.

ITEM 1. Business

Our Company

CareTrust REIT is a self-administered, publicly-traded REIT engaged in the ownership, acquisition, financing, development and leasing of skilled nursing, senior housing and other healthcare-related properties.

As of December 31, 2025, CareTrust REIT owned, directly or indirectly in consolidated joint ventures, and leased to independent operators, 407 skilled nursing facilities (each, a “SNF”), senior housing communities and other properties consisting of 37,628 operational beds and units located in 32 states and the United Kingdom (the “U.K.”), with the highest concentration of properties by rental income located in California, the U.K., Texas, and Tennessee. As of December 31, 2025, we also had other real estate related investments consisting of four preferred equity investments, 16 real estate secured loans receivable and five mezzanine loans receivable with a carrying value of \$899.3 million and one financing receivable with a carrying value of \$92.2 million.

During the fourth quarter of 2025, we began utilizing the structure authorized by the REIT Investment Diversification and Empowerment Act of 2007 (commonly referred to as “RIDEA”) as permitted by the Housing and Economic Recovery Act of 2008 in connection with the establishment of a senior housing operating portfolio (“SHOP”) platform, and completed our first SHOP acquisition in December 2025. As of December 31, 2025, CareTrust REIT also owned, indirectly in consolidated joint ventures, the properties and operations of three senior housing communities consisting of 270 units in Texas that are operated on our behalf by independent managers pursuant to the terms of separate management agreements.

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, as defined below). From time to time, we also extend secured mortgage loans to healthcare operators, secured by healthcare-related properties, extend secured mezzanine loans to healthcare operators, secured by membership interests in healthcare-related properties, and invest in preferred equity investments. From time to time, we also partner with third party institutional investors to invest in healthcare real estate in consolidated joint ventures (“joint ventures” or “JVs”). Pursuant to our joint ventures, we typically contribute at least 90% of the joint venture’s total investment amount and we receive 100% of the preferred equity interest in the joint venture and a 50% common equity interest in the joint venture. Each joint venture partner contributes the remaining total investment amount in exchange for a 50% common equity interest in the joint venture.

We also generate revenues by owning, indirectly in consolidated joint ventures, properties operated by third party property managers to whom we pay a management fee. These investments utilize a RIDEA structure pursuant to a management agreement with an independent, third party manager who manages and operates the properties. For our joint ventures within the SHOP platform, we typically contribute at least 90% of the joint venture’s total investment amount and receive at least 90% of the common equity interest in the joint venture, with our joint venture partner contributing the remaining amount of the total investment in exchange for the remaining common equity interests.

Our Businesses

We expect to grow our portfolio by pursuing opportunities to acquire additional properties that will be leased to, or managed by, a diverse group of local, regional, national and international healthcare providers, which may include new or existing skilled nursing operators, as well as senior housing operators or managers, behavioral health properties and related businesses. We may diversify our portfolio over time, including by acquiring properties in different geographic markets, including internationally, and in different asset classes.

We actively monitor the clinical, regulatory and financial operating results of our tenants and borrowers, and work to identify opportunities within their operations and markets that could improve their operating results at our properties. We communicate such observations to our tenants and borrowers; however, we have no contractual obligation to do so. Moreover, our tenants and borrowers have sole discretion with respect to the day-to-day operation of the properties 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 and borrowers on at least a monthly basis. 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. 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. In addition, we may from time to time in the future repurpose properties for other uses, such as behavioral health. We have also provided select tenants with strategic capital for property 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. We have also assisted our tenants with transitioning to lower emissions technologies through our tenant incentive program, where we support efficiency projects through our dedicated tenant capital expenditure budget, providing sustainability incentives rent-free. In addition, we periodically reassess the investments we have made and the tenant relationships we have entered into, and have selectively disposed of properties or investments, or terminated such relationships, and we expect to continue making such reassessments and, where appropriate, taking such actions.

Our SHOP communities consist of senior housing communities that we own and invest in and which are managed by third party managers. Through the RIDEA structure, we participate directly in the financial results of the communities' operations. We generally rely on the third party managers' personnel, expertise, technical resources and information systems, risk management processes, proprietary information, good faith and judgment to manage the senior housing communities' operations efficiently and effectively. We also rely on the third party managers to set appropriate resident fees, to provide accurate property-level financial results in a timely manner and otherwise manage risk and operate the senior housing communities in compliance with the terms of our management agreements and all applicable laws and regulations. We are generally responsible for all operational costs, expenses and other risks and liabilities. While our managers typically indemnify us for liabilities arising out of certain of their actions such as gross negligence, fraud or willful misconduct, it may be difficult to enforce our rights or we may need to seek alternative solutions to ensure the liability is appropriately addressed. See "Risk Factors — Risks Related to Our Business and Operations — We are dependent on the ability of our third party managers to successfully manage and operate our SHOP communities".

Our management agreements typically have fixed terms and are subject to renewal under certain conditions. These agreements may include provisions for termination under specific circumstances, with or without the payment of a fee. The managers generally receive annual management fees which are calculated based on various performance measures, which may include revenue, net operating income and other objective financial metrics. Additionally, incentive fees may be awarded if specified performance targets are met. As of December 31, 2025, third party managers operated all three properties in our SHOP platform on our behalf.

We elected to be taxed as a REIT for U.S. federal income tax purposes beginning with our taxable year ended December 31, 2014. We believe that we have been organized and have operated, and we intend to continue to operate, in a manner to qualify for taxation as a REIT. We operate through an umbrella partnership, commonly referred to as an UPREIT structure, in which substantially all of our properties and assets are held through CTR Partnership, L.P. (the "Operating Partnership"). The Operating Partnership is managed by CareTrust REIT's wholly-owned subsidiary, CareTrust GP, LLC, which is the sole general partner of the Operating Partnership. To maintain REIT status, we must meet a number of organizational and operational requirements, including a requirement that we annually distribute to our stockholders at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains.

Because we have elected to be taxed as a REIT, we are subject to restrictions impacting how we invest in, operate or manage our properties, including the senior housing communities in our SHOP platform. Some of those restrictions depend on whether a senior housing community is treated as a "qualified healthcare property" under the REIT rules. We treat all of the senior housing communities in our SHOP platform as "qualified healthcare properties." Senior housing communities in our SHOP platform that are "qualified healthcare properties" generally must be managed and operated by a third party manager, including for purposes of procuring supplies, hiring and training employees, entering into third party contracts for the benefit of the property and providing resident care and services.

Investment Activity

The Acquisition

On May 8, 2025, we closed our acquisition (the "Care REIT Acquisition") of Care REIT plc ("Care REIT"). In connection with this acquisition, on June 30, 2025, we also acquired substantially all of the assets of Impact Health Partners LLP, the investment manager of Care REIT (together with the Care REIT Acquisition, the "Acquisition"). We treat these acquisitions as a single transaction as they were entered into in contemplation of one another and were intended to achieve an overall economic effect.

The Care REIT Acquisition was implemented by means of a court-sanctioned scheme of arrangement (the “Scheme”) under Part 26 of the United Kingdom Companies Act of 2006. Under the terms of the Scheme, Care REIT stockholders received 108 pence in cash per share, totaling approximately \$595.4 million. At closing, we also assumed Care REIT’s liabilities of approximately \$290.9 million. In addition, we paid the partners of Impact Health Partners LLP approximately \$6.8 million for substantially all of Impact Health Partners LLP’s assets.

Other Investment Activity

The following table summarizes our acquisitions from January 1, 2025 through December 31, 2025 (dollars in thousands):

Type of Property ⁽¹⁾	Purchase Price ⁽²⁾	Number of Properties	Number of Beds/Units ⁽³⁾
Skilled nursing triple-net	\$ 616,521	27	3,214
Senior housing triple-net ⁽⁴⁾	908,507	135	7,822
Senior housing SHOP	40,298	3	270
Total	\$ 1,565,326	165	11,306

(1) Includes properties held in consolidated joint ventures. See Note 4, *Real Estate Investments, Net*, and Note 15, *Variable Interest Entities*, for additional information.

(2) Purchase price includes capitalized acquisition costs.

(3) The number of beds/units includes operating beds at acquisition date.

(4) Includes U.K. Care Homes acquired in connection with the Acquisition. See Note 3, *Acquisitions*, for additional information. On July 31, 2025, we swapped 10 U.K. Care Homes for six U.K. Care Homes and received £2.2 million in cash before selling costs. The amounts shown above are inclusive of this asset swap.

The following table summarizes our other real estate related investments from January 1, 2025 through December 31, 2025 (dollars in thousands):

Investment Type	Investment	Number of Properties	Number of Beds/Units ⁽¹⁾
Mortgage secured loans receivable	\$ 121,168	30	3,622
Mezzanine loans receivable	9,689	3	394
Preferred equity	30,000	N/A	N/A
Total	\$ 160,857	33	4,016

(1) The number of beds/units includes operating beds at the investment date.

Dispositions

From January 1, 2025 through December 31, 2025, we sold five skilled nursing facilities and 19 senior housing communities for net proceeds aggregating \$153.5 million, which includes non-cash consideration related to an asset exchange and \$36.0 million of seller financing, resulting in a net gain on sale of real estate of \$31.5 million.

Our Industry

The skilled nursing and senior housing industries has evolved to meet the growing demand for post-acute and custodial healthcare services generated by an aging population, increasing life expectancies and the trend toward shifting of patient care to lower cost settings. We believe this evolution has led to a number of favorable improvements in the industry, as described below:

- **Shift of Patient Care to Lower Cost Alternatives.** The growth of the senior population in the United States continues to increase healthcare costs. In response, federal and state governments have adopted cost-containment measures that encourage the treatment of patients in more cost-effective settings such as SNFs, for which the staffing requirements and associated costs are often significantly lower than acute care hospitals, inpatient rehabilitation facilities and other post-acute care settings. As a result, SNFs are generally serving a larger population of higher-acuity patients than in the past. The same trend is impacting senior housing communities, which are now generally serving some residents who previously would have received services at SNFs.
- **Significant Acquisition and Consolidation Opportunities.** The skilled nursing and senior housing industry is large and highly fragmented, characterized predominantly by numerous local and regional providers. We believe this fragmentation provides significant acquisition and consolidation opportunities for us.

- **Widening Supply and Demand Imbalance.** The number of SNFs has declined modestly over the past several years. According to the American Health Care Association, the nursing home industry was comprised of approximately 14,742 facilities as of July 2025, as compared with over 15,600 facilities as of July 2016. We expect that the supply/demand imbalance in the skilled nursing industry will increasingly favor skilled nursing and senior living providers due to the shift of care to lower cost settings and an aging population.
- **Increased Demand Driven by Aging Populations.** As seniors account for a higher percentage of the total U.S. population, we believe the overall demand for skilled nursing and senior housing services will increase. At present, the primary market demographic for skilled nursing and senior housing services consists of individuals age 75 and older. The U.S. Census estimates that there were over 59 million people in the United States in 2024 over the age of 65. The U.S. Census estimates this group to be one of the fastest growing segments of the United States population, projecting that it will nearly double between 2020 and 2060. According to the Centers for Medicare & Medicaid Services, nursing home care facilities and continuing care retirement expenditures are projected to grow from approximately \$228.8 billion in 2024 to approximately \$385.9 billion in 2033. Although senior housing and skilled nursing occupancy rates declined during the COVID-19 pandemic, they have largely recovered nationally and we believe that these trends in population will support an increasing demand for services in the long-term, which in turn will likely support an increasing demand for the services provided within our properties.

While most factors described above indicate projected growth for our industry, recent macroeconomic conditions, particularly market uncertainty, immigration restrictions and changes to immigration enforcement policy, changes to the U.S. healthcare system, shutdown of the federal government, declining consumer sentiment, inflation (including higher supply costs and shortages), effects of global tariffs, elevated interest rates and related changes to consumer spending, including, but not limited to, an increase in individuals delaying or deferring moves to senior housing, has adversely impacted and could continue to adversely impact our tenants' and borrowers' ability to meet some of their financial obligations to us or our ability to generate revenue from our SHOP communities. In addition, state level Medicaid reimbursement rate reductions and minimum wage increases could lead to increased costs (see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments — Regulatory Updates"). It is difficult to predict the duration of the effects of these economic, market and regulatory conditions on the industry. 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.

Classification of Properties in our Portfolio

We have a geographically diverse portfolio, consisting of the following types of properties as of December 31, 2025:

- **Skilled Nursing Facilities.** SNFs are licensed healthcare facilities that provide restorative, rehabilitative and nursing care for people not requiring the more extensive and sophisticated treatment available at acute care hospitals. Some of these facilities may also include a limited number of assisted living (AL) or independent living (IL) type beds. Treatment programs include physical, occupational, speech, respiratory and other therapies, including sub-acute clinical protocols such as wound care and intravenous drug treatment. Charges for these services are generally paid from a combination of government reimbursement and private sources. As of December 31, 2025, our portfolio included 366 SNFs, consisting of 236 owned facilities, 73 facilities related to our other real estate related investments, 35 facilities related to our financing receivable, and 22 related to our preferred equity investments. Included in the 236 owned SNFs are 45 SNFs held in consolidated joint ventures.
- **Senior Housing Communities and Other Properties.** As of December 31, 2025, our portfolio included 208 senior housing communities, consisting of 171 owned communities, 23 communities related to our other real estate related investments, six communities related to our financing receivable, and eight communities related to our preferred equity investments. Included in the 171 owned communities are three communities held in consolidated joint ventures that are operated by a third party manager. Senior housing communities include varying care levels, including assisted living, independent living and memory care. The senior housing communities include stand-alone properties that provide one level of service or a combination that provides multiple levels of service and communities or campuses that provide a wide range of services, including:
 - Care Homes in the U.K. ("U.K. Care Home") are a residential setting that provides accommodation and personal care services for individuals who need assistance with daily living activities and are unable to manage independently in their own homes. U.K. Care Homes generally fall into two main categories: residential care homes and care homes with nursing (also called nursing homes). Residential care homes provide personal care and support for daily living activities like washing, dressing, and medication management, while care homes with nursing also offer 24/7 on-site nursing care for individuals with more complex medical needs. As of December 31, 2025, our portfolio included 131 properties that we classify as U.K. Care Homes.

- Assisted Living Communities are licensed healthcare properties that provide personal care services, support and housing for those who need help with activities of daily living, such as bathing, eating and dressing, yet require limited medical care. The programs and services may include transportation, social activities, exercise and fitness programs, beauty or barber shop access, hobby and craft activities, community excursions, meals in a dining room setting and other activities sought by residents. These communities are often apartment-like buildings with private residences ranging from single rooms to large apartments. These properties may include memory care services and clinical programs for individuals with Alzheimer's disease and other forms of dementia. Assisted living communities are classified as senior housing communities. As of December 31, 2025, our portfolio included 54 properties that we classify as Assisted Living Communities.
- Independent Living Communities, also known as retirement communities or senior apartments, are not healthcare facilities and are not licensed to provide healthcare services to residents. The properties typically consist of entirely self-contained apartments, complete with their own kitchens, baths and individual living spaces, as well as parking for tenant vehicles. They are most often rented unfurnished, and generally can be personalized by the tenants, and are typically occupied by an individual or a couple over the age of 55. These properties offer various services and amenities such as laundry, housekeeping, dining options/meal plans, exercise and wellness programs, transportation, social, cultural and recreational activities, on site security and emergency response programs. Independent living communities are classified as senior housing communities. As of December 31, 2025, our portfolio included 12 properties that we classify as Independent Living Communities.
- Continuing Care Retirement Communities provide, as a continuum of care, the services described above for independent living communities, assisted living communities, memory care communities and skilled nursing facilities in an integrated campus. Continuing care retirement communities are classified as senior housing communities. As of December 31, 2025, our portfolio included eight properties that we classify as Continuing Care Retirement Communities.
- Other properties include properties other than those described above that are not classified as skilled nursing, U.K. Care Homes or senior housing communities, such as other healthcare properties, land parcels and projects under development. As of December 31, 2025, our portfolio included three properties that we classify Other.

Our portfolio of SNFs and senior housing communities is broadly diversified by geographic location throughout the United States and the U.K., with concentrations in California, the U.K., Texas, and Tennessee based on revenue.

Significant Master Leases

Ensign

As of December 31, 2025, we leased 113 properties to subsidiaries of Ensign, which have a total of 12,218 operational beds. We have leased a significant number of our properties to subsidiaries of Ensign on a triple-net basis under eight long-term leases, each with its own pool of properties, that have varying maturities and diversity in both property type and geography (each an "Original Ensign Lease" and collectively, the "Original Ensign Leases"). The Original Ensign Leases provide for initial terms in excess of 10 years with staggered expiration dates and no purchase options. At Ensign's option, each Original Ensign Lease may be extended for up to three five-year renewal terms beyond the initial term and, if elected, the renewal will be effective for all of the leased properties then subject to the applicable Original Ensign Lease. The Original Ensign Leases are guaranteed by Ensign and contain cross-default provisions. As of December 31, 2025, 9 of the 113 properties, with a total of 1,024 operational beds, are leased to Ensign under three separate triple-net master lease agreements (the "New Ensign Leases" and collectively with the Original Ensign Leases, the "Ensign Master Leases"). The obligations under these separate master leases are guaranteed by Ensign. A default under the New Ensign Leases constitutes a default under the Original Ensign Leases, but a default under the Original Ensign Leases does not constitute a default under the New Ensign Leases.

As of December 31, 2025, annualized contractual rental income from the Original Ensign Leases was \$79.6 million, and annualized contractual rental income from the Ensign Master Leases was \$92.1 million, representing 19% and 23% of total annualized contractual rental income, respectively. Rent under the Ensign Master Leases is subject to annual escalation based on changes in the CPI, subject to applicable caps.

See "Risk Factors — Risks Related to Our Business and Operations — We are dependent on the healthcare operators that lease our properties as well as the borrowers under our mortgage secured loans to successfully operate their business and make contractual payments, and an event that materially and adversely affects their business, financial position or results of operations could materially and adversely affect our business, financial position or results of operations."

We monitor the creditworthiness of our tenants by evaluating the ability of the tenants to meet their lease obligations to us based on the tenants' financial performance, including the evaluation of any guarantees of tenant lease obligations. The primary basis for our evaluation of the credit quality of our tenants (and more specifically the tenants' ability to pay their rent obligations to us) is the tenants' lease coverage ratios. These coverage ratios compare (i) earnings before interest, income taxes, depreciation, amortization and rent ("EBITDAR") to rent, and (ii) earnings before interest, income taxes, depreciation, amortization, rent and management fees ("EBITDARM") to rent. We utilize a standardized management fee of 5% of revenue when we calculate lease coverage ratios. We obtain various financial and operational information from our tenants each month. We regularly review this information to calculate the above-described coverage metrics, to identify operational trends, to assess the operational and financial impact of the changes in the broader industry environment (including the potential impact of government reimbursement and regulatory changes), and to evaluate the management and performance of the tenants' operations. We also monitor the creditworthiness of our borrowers and the ability of the borrowers to meet their loan obligations to us based on the borrowers' financial performance. Our monitoring process includes review of monthly financial statements and other operating data for each property, quarterly review of borrower creditworthiness based on debt service coverage ratios and review of covenant compliance. These metrics help us identify potential areas of concern relative to our tenants' or borrowers' credit quality and ultimately the tenants' or borrowers' ability to generate sufficient liquidity to meet their ongoing obligations, including their obligations to continue paying contractual rents and interest due to us and satisfying other financial obligations to third parties, as prescribed by our triple-net leases and loan agreements.

The SHOP structure gives us direct exposure to the risks and benefits of the operations of the senior housing communities within this portfolio. The third party property managers manage these communities in exchange for the receipt of a management fee, and as such, we are not directly exposed to the credit risk of the property managers in the same manner or to the same extent as we are to our triple-net tenants. However, we rely on the property managers' personnel, expertise, technical resources and information systems, proprietary information, good faith and judgment to manage our communities efficiently and effectively. We also rely on the property managers to set appropriate resident fees and otherwise operate our communities in compliance with the terms of our management agreements and all applicable laws and regulations. See "Risk Factors — Risks Related to Our Business and Operations — We are dependent on the ability of our third party managers to successfully manage and operate our SHOP communities".

Owned Properties

Properties by Type:

The following table displays the geographic distribution of our owned properties by property type and the related number of beds and units available for occupancy by property type, as of December 31, 2025. The number of beds or units that are operational may be less than the official licensed capacity.

State ⁽¹⁾	Total		Skilled nursing triple-net		Senior housing triple-net		Senior housing operating	
	Properties	Beds/Units	Facilities	Beds	Properties	Beds/Units	Properties	Beds/Units
UK	133	7,327	—	—	133	7,327	—	—
CA	54	6,885	40	5,053	14	1,832	—	—
TX	45	5,585	40	5,103	2	212	3	270
TN	27	2,834	27	2,834	—	—	—	—
ID	19	1,588	19	1,588	—	—	—	—
WA	17	1,539	16	1,442	1	97	—	—
UT	13	1,374	10	1,185	3	189	—	—
AZ	11	1,368	8	999	3	369	—	—
IL	11	1,053	9	917	2	136	—	—
LA	8	1,164	8	1,164	—	—	—	—
MS	8	1,125	8	1,125	—	—	—	—
CO	7	788	5	520	2	268	—	—
NC	7	666	5	570	2	96	—	—
OH	6	583	4	433	2	150	—	—
IA	5	354	5	354	—	—	—	—
MD	5	439	4	423	1	16	—	—
NE	5	366	5	366	—	—	—	—
PA	4	597	4	597	—	—	—	—
VA	4	467	4	467	—	—	—	—
MT	3	243	3	243	—	—	—	—
NV	3	304	1	92	2	212	—	—
MO	2	173	1	70	1	103	—	—
OR	2	145	2	145	—	—	—	—
WI	2	89	—	—	2	89	—	—
AL	1	91	1	91	—	—	—	—
GA	1	148	1	148	—	—	—	—
KS	1	102	1	102	—	—	—	—
MI	1	66	—	—	1	66	—	—
ND	1	63	1	63	—	—	—	—
NM	1	129	1	129	—	—	—	—
SC	1	108	1	108	—	—	—	—
SD	1	68	1	68	—	—	—	—
WV	1	67	1	67	—	—	—	—
Total	410	37,898	236	26,466	171	11,162	3	270

(1) Includes properties held in consolidated joint ventures. See Note 4, *Real Estate Investments, Net*, and Note 15, *Variable Interest Entities*, for additional information.

Property Type — Revenue and Occupancy:

The following tables display the revenue and occupancy for each property type leased to third party tenants or operated by third party property managers, which excludes interest income from financing receivable and interest income from other real estate related investments and other income, for the years ended December 31, 2025 and 2024 as well as the total beds/units for each property type as of December 31, 2025 and 2024. Percentage occupancy in the below table is computed by dividing the average daily number of beds occupied by the total number of beds available for use during the periods indicated (beds are included in the computation following the date of acquisition, or through the date of disposition, only).

Property Type ⁽¹⁾	For the Year Ended December 31, 2025			As of December 31, 2025
	Revenue (in thousands) ⁽²⁾	Percent of Total	Occupancy	Total Beds/ Units
Skilled nursing triple-net	\$ 275,077	74 %	76 % ⁽³⁾	26,466
Senior housing triple-net	93,117	25 %	86 % ⁽³⁾	11,162
Senior housing operating	1,225	— %	83 %	270
Total	\$ 369,419	100 %		37,898

(1) Includes properties held in consolidated joint ventures. See Note 4, *Real Estate Investments, Net*, and Note 15, *Variable Interest Entities*, for additional information. As of December 31, 2025, we combined assisted living properties and independent living properties into a new category, which we call senior housing triple-net. As of December 31, 2025, we assessed the properties underlying the multi-service campuses and classified each property as either skilled nursing triple-net or senior housing triple-net, based on the predominant intended use of the property. As such, for the year ended December 31, 2025, 25 multi-service campuses are now classified as skilled nursing triple-net and seven are classified as senior housing triple-net.

(2) Revenue represents rental income and resident fees and services.

(3) Occupancy data excludes three other properties, which do not report occupancy. Occupancy data derived solely from information provided by our tenants without independent verification by us. The leased property financial performance data is presented one quarter in arrears.

Facility Type ⁽¹⁾	For the Year Ended December 31, 2024			As of December 31, 2024
	Revenue (in thousands) ⁽²⁾	Percent of Total	Occupancy ⁽³⁾	Total Beds/ Units
SNFs	\$ 169,414	74 %	79 %	20,930
Multi-Service Campuses	43,372	19 %	79 %	4,272
ALFs and ILFs	15,475	7 %	74 %	2,886
Total	\$ 228,261	100 %		28,088

(1) Includes properties held in consolidated joint ventures. See Note 4, *Real Estate Investments, Net*, and Note 15, *Variable Interest Entities*, for additional information.

(2) Revenue represents rental income.

(3) Occupancy data excludes one non-operational ALF. Occupancy data derived solely from information provided by our tenants without independent verification by us. The leased facility financial performance data is presented one quarter in arrears.

Financing Receivable

We have invested in a portfolio of properties through a sale and leaseback transaction and leased the properties back to an affiliate of the seller and provided the seller-lessee with purchase options. We determined that the sale and leaseback transaction met the accounting criteria to be presented as financing receivable on our consolidated balance sheets and recorded the payments from these properties as interest income from financing receivable on our consolidated income statements. See Note 2, *Summary of Significant Accounting Policies*, for additional information. The following table provides information regarding our investment in the financing receivable during the years ended December 31, 2025 and 2024 (dollars in thousands):

Lease Maturity	State	Type of Properties	As of December 31, 2025				Effective Interest Rate ⁽²⁾	For The Year Ended December 31, 2025		For The Year Ended December 31, 2024	
			Number of Properties	Number of Beds/Units	Gross Investment ⁽¹⁾			Interest Income from Financing Receivable		Interest Income from Financing Receivable	
2039	IL	SNF / Senior Housing Communities	41	3,546	\$ 92,635		12.0 %	\$ 11,492		\$ 1,009	

(1) Gross investment includes \$1.4 million of transaction costs.

(2) We leased these properties back to the seller under a 15-year contract, with two five-year renewal options. The agreement provides for an initial contractual cash yield of 11.0% for the first three years, with annual CPI-based escalators beginning in year four, subject to a 3% annual cap. The agreement provides for deferred payments equal to 2.0% of the contractual cash yield in the first year and 0.5% of the contractual cash yield in the second year. At the time the seller-lessee exercises its purchase options, option proceeds will be used to repay any outstanding deferred payments as well as additional amounts such that we receive a contractual cash yield of 12.5% on our gross investment in the applicable properties through the option exercise date. If any deferred amounts remain unpaid, beginning in year eight, the deferred amounts are to be repaid in 24 equal monthly payments. The agreement provides the seller-lessee with options to purchase all properties in separate tranches, with the first purchase option window beginning December 1, 2024. During the year ended December 31, 2025, one purchase option was exercised, reducing the investment amount by \$4.4 million. See Note 6, *Other Real Estate Related and Other Investments*, for additional information.

Other Real Estate Related Investments

The following table summarizes our investments in mortgage loans, mezzanine loans and preferred equity investments for the years ended December 31, 2025 and 2024 (dollars in thousands):

	As of December 31, 2025		For The Year Ended December 31, 2025	For The Year Ended December 31, 2024
	Principal Balance	Wtd Avg Contractual Interest Rate	Interest Income	Interest Income
Mortgage Loans	\$ 740,202	8.8%	\$ 59,680	\$ 35,972
Mezzanine Loans	56,976	12.1%	10,705	9,456
Preferred Equity Investments	83,782	11.5%	8,217	2,826
Total Investments:	\$ 880,960		\$ 78,602	\$ 48,254

Geographic Concentration — Revenue:

The following table displays the geographic distribution of revenue for properties leased to third party tenants and properties within our SHOP platform for the years ended December 31, 2025 and 2024 (dollars in thousands).

State	For the Year Ended December 31, 2025		For the Year Ended December 31, 2024	
	Total Revenue ⁽¹⁾⁽²⁾	Percent of Total	Total Revenue ⁽¹⁾⁽²⁾	Percent of Total
CA	\$ 92,987	25 %	\$ 75,717	33 %
UK	53,952	15 %	—	*
TX	47,144	13 %	47,950	21 %
TN	42,657	12 %	2,055	1 %
LA	18,854	5 %	18,403	8 %
ID	16,900	5 %	15,389	7 %
AZ	13,933	4 %	13,625	6 %
WA	11,164	3 %	5,041	2 %
UT	8,193	2 %	8,008	4 %
IL	8,007	2 %	6,996	3 %
NC	7,322	2 %	3,479	2 %
MD	6,586	2 %	1,420	1 %
VA	5,415	1 %	1,192	1 %
PA	4,506	1 %	747	*
CO	4,284	1 %	4,519	2 %
OH	3,406	1 %	3,018	1 %
MT	2,448	1 %	2,321	1 %
NV	2,338	1 %	2,287	1 %
MS	2,261	1 %	—	*
NM	2,119	1 %	1,925	1 %
SD	2,001	1 %	1,810	1 %
MO	1,868	1 %	1,341	1 %
OR	1,836	*	436	*
GA	1,510	*	1,894	1 %
AL	1,089	*	—	*
NE	1,069	*	1,045	*
SC	1,068	*	580	*
IA	1,036	*	3,426	2 %
WI	934	*	857	*
WV	821	*	801	*
ND	742	*	498	*
KS	618	*	233	*
MI	167	*	115	*
MN	100	*	1,133	*
FL	84	*	—	*
Total	\$ 369,419	100 %	\$ 228,261	100 %

* Represents less than 1%

(1) Total Revenue includes rental income and resident fees and services, exclusive of interest income.

(2) Includes properties held in consolidated joint ventures. See Note 4, *Real Estate Investments, Net*, and Note 15, *Variable Interest Entities*, for additional information.

Investment and Financing Policies

Our investment objectives are to increase cash flow, provide quarterly cash dividends, maximize the value of our properties and acquire properties with cash flow growth potential. We intend to invest primarily in SNFs and senior housing communities, both domestically and internationally. We intend to utilize the RIDEA structure as opportunities warrant for future acquisitions (see “Business Strategies — Diversify Asset Portfolio” below). We may determine in the future to expand

our investments to include behavioral health facilities, medical office buildings, long-term acute care hospitals and inpatient rehabilitation facilities. Our owned properties are located in 32 states and in the U.K., and we intend to continue to acquire properties in other states throughout the United States and the U.K. Although our portfolio currently consists primarily of owned real property, we have also invested in joint ventures through which we own properties, as well as mortgage loans receivable, mezzanine loans and preferred equity investments. We expect that our future investments may also include first mortgages, mezzanine debt and other securities issued by, or joint ventures with, REITs or other entities that own real estate consistent with our investment objectives.

Our Competitive Strengths

We believe that our ability to acquire, integrate and improve properties is a direct result of the following key competitive strengths:

Geographically Diverse Property Portfolio. Our portfolio of real estate held for investment, inclusive of our other real estate related investments and financing receivable, is located in 34 different states and the U.K., with concentrations in California and the U.K. based on annualized revenue. The properties in any one state do not account for more than 19% of our annualized run rate revenue as of December 31, 2025. We believe this geographic diversification will limit the effect of changes in any one market on our overall performance.

Long-Term, Triple-Net Lease Structure. The vast majority of our owned properties (including properties we own in consolidated joint ventures), are leased to tenants under long-term, triple-net leases, pursuant to which the operators are responsible for all maintenance and repair, insurance required in connection with the leased properties and the business conducted on the leased properties, taxes levied on or with respect to the leased properties and all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties.

SHOP. During the fourth quarter of 2025, we established a SHOP platform with an investment in three senior housing communities, which are operated by a third party manager. The SHOP platform offers direct exposure to the risks and benefits of the operations of the senior housing communities within the portfolio, which allows us to participate directly in property-level performance and offers the ability to drive organic growth through active asset management.

Financially Secure Primary Tenant. Ensign is an established provider of healthcare services with strong financial performance and accounted for 23% of total annualized contractual rental income as of December 31, 2025. Ensign is subject to the 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 publicly available filings can be found at the SEC's website at www.sec.gov.

Investments in Joint Ventures. From time to time, we partner with third party institutional investors to invest in healthcare real estate in consolidated joint ventures. Pursuant to joint ventures we have entered into in connection with investments in triple-net leased properties, we typically contribute at least 90% of the joint venture's total investment amount and we receive 100% of the preferred equity interest in the joint venture and a 50% common equity interest in the joint venture. Our joint venture partner contributes the remaining total investment amount in exchange for a 50% common ownership interest in the joint venture. For joint ventures we have entered into in connection with investments in SHOP communities, we typically contribute at least 90% of the joint venture's total investment amount and receive at least 90% of the equity interest in the joint venture, with our joint venture partner contributing the remaining percent of the total investment in exchange for the remaining equity interests. Our joint ventures are investments that we typically consolidate as they are variable interest entities and as we are considered to be the primary beneficiary and have the power to direct the activities that most significantly impact the entity's economic performance and have the obligation to absorb losses of, or the right to receive benefits from, the entity that could potentially be significant.

Lower Cost of Capital. Our ability to access the capital markets provides us greater flexibility to manage our cost of capital and also offers us the ability to fund future acquisitions through the issuance of additional shares, including under our ATM Program (as defined below). During the year ended December 31, 2025, we sold approximately 12.6 million shares at an average gross price of \$29.34 for gross proceeds of approximately \$369.9 million under our ATM Program to fund current and future acquisitions. As of December 31, 2025, we also had forward contracts outstanding under the ATM Program with a financial institution acting as a forward purchaser to sell 6.5 million shares of common stock at a weighted average initial sales price of \$37.30 per share, before commissions and offering expenses. Subsequent to December 31, 2025, we entered into forward contracts under the ATM program to sell 3.5 million shares of common stock at a weighted average initial sales price of \$37.00 per share, before commissions and offering expenses. In addition, on August 14, 2025, we completed an underwritten public offering of 23.0 million newly issued shares at a price per share of \$32.00 resulting in gross proceeds of \$736.0 million to pay down the outstanding revolving credit facility, and to fund acquisitions.

Ability to Identify Talented Operators and Managers. As a result of our management team's operating experience and network of relationships and insight, we believe that we are able to identify and pursue working relationships with qualified

local, regional and national healthcare providers, senior housing operators and managers. We expect to continue our disciplined focus on pursuing investment opportunities, primarily with respect to stabilized assets but also some strategic investments in new and/or improving properties, while seeking dedicated and engaged operators and managers who possess local market knowledge, have solid operating records and emphasize quality services and outcomes. We intend to support these operators and managers by providing strategic capital for property acquisition, upkeep and modernization. Our management team's experience gives us a key competitive advantage in objectively evaluating an operator's financial position and likely business prospects, as well as the care and service programs and operating efficiencies of an operator or manager.

Ability to Identify Strategic Borrowers. Our ability to execute a strategic approach to lending has resulted in additional real estate acquisition opportunities. As a result of our management team's network of relationships and insight, we believe that our ability to originate loan investments to healthcare real estate owners has allowed us access to unique acquisition opportunities and contributed to our growth.

Experienced Management Team. David M. Sedgwick was appointed as our Chief Executive Officer effective January 1, 2022. At the time of his appointment, Mr. Sedgwick was serving as our President, a role he had filled since February 2021, and he continues to hold that title. He previously served as our Chief Operating Officer from August 2018 through 2021, and as our Vice President-Operations from CareTrust's launch as an independent public company in 2014 to 2018. Mr. Sedgwick has more than 25 years of experience in the skilled nursing and senior housing industries. Mr. Sedgwick's President, Chief Operating Officer and Vice President duties regularly involved him in matters related to new investments, asset management, tenant relations, portfolio management, portfolio optimization, investor relations and capital markets activities for the Company. Prior to joining CareTrust, Mr. Sedgwick served as the Chief Human Capital Officer and President of Facility Services at Ensign. Mr. Sedgwick has been a licensed nursing home administrator since 2001.

Effective January 1, 2026, Derek Bunker was appointed Chief Financial Officer, succeeding Bill Wagner. Mr. Bunker has served as Senior Vice President of Strategy and Investor Relations of the Company since June 2025 after serving as a consultant to the Company from January 2025 to June 2025 to assist with the Care REIT Acquisition. Prior to joining the Company, Mr. Bunker ran a post-acute healthcare consultancy and independent sponsor, served as Chief Investment Officer, Executive Vice President and Secretary of The Pennant Group and Vice President, Acquisitions and Business Legal Affairs at The Ensign Group.

James B. Callister was appointed as our Executive Vice President effective July 2022 and Chief Investment Officer effective December 31, 2022. Mr. Callister continues to serve as Secretary, and previously served as General Counsel from February 2021 to July 2022. Prior to joining the Company, Mr. Callister worked as a real estate attorney and a partner at the law firm of Sherry Meyerhoff Hanson & Crance LLP and, before that, at the law firm of O'Melveny & Myers LLP.

Flexible UPREIT Structure. We operate through an umbrella partnership, commonly referred to as an UPREIT structure, in which substantially all of our properties and assets are held through the Operating Partnership. Conducting business through the Operating Partnership allows us flexibility in the manner in which we structure the acquisition of properties. In particular, an UPREIT structure enables us to acquire additional properties from sellers in exchange for limited partnership units, which provides property owners the opportunity to defer the tax consequences that would otherwise arise from a sale of their real properties and other assets to us. As a result, this structure allows us to acquire assets in a more efficient manner and may allow us to acquire assets that the owner would otherwise be unwilling to sell because of tax considerations.

Business Strategies

Our primary goal is to create long-term stockholder value through the payment of consistent cash dividends and the growth of our asset base. To achieve this goal, we intend to pursue a business strategy focused on opportunistic acquisitions and property diversification. We also intend to further develop our relationships with tenants, managers and healthcare providers with a goal to progressively expand the mixture of tenants managing and operating our properties.

The key components of our business strategies include:

Diversify Asset Portfolio. We diversify through the acquisition of new and existing properties from third parties and the expansion and upgrade of current properties. In addition, we diversify through investing in high-quality borrowers, property types and geography. In addition, during the fourth quarter of 2025, we diversified our business through the establishment of a SHOP platform pursuant to which we invest in senior housing communities operated by third party property managers pursuant to property management agreements utilizing the RIDEA structure. The SHOP platform gives us direct exposure to the risks and benefits of the operations of these communities. The third party property managers manage our communities in exchange for the receipt of a management fee, and as such, we are not directly exposed to the credit risk of the property managers in the same manner or to the same extent as our triple-net tenants. Under this management structure, we are required to rely on a third party manager to hire and train all property employees, enter into third party contracts for the benefit of the community, comply with laws, and provide resident care, and we are substantially limited in our ability to control or influence day-to-day operations.

We employ what we believe to be a disciplined, opportunistic acquisition strategy with a focus on the acquisition of SNFs, U.K. Care Homes and senior housing communities. We may determine in the future to expand our investments to include behavioral health facilities, medical office buildings, long-term acute care hospitals and inpatient rehabilitation facilities. As we acquire, or invest in, additional properties, we expect to further diversify by geography, asset class and tenant within the healthcare and healthcare-related sectors.

Maintain Balance Sheet Strength and Liquidity. We maintain a capital structure that provides the resources and flexibility to support the growth of our business. We intend to maintain a mix of credit facility debt, unsecured debt and possibly secured mortgage debt, which, together with our anticipated ability to complete future equity financings, including issuances of our common stock via registered public offerings or under our at-the-market equity program, we expect will fund the growth of our property portfolio.

Develop New Tenant and Manager Relationships. We cultivate new relationships with tenants, managers and healthcare providers in order to expand the mix of tenants operating and managers managing our properties. We expect that this objective will be achieved over time as part of our overall strategy to acquire new properties and further diversify our portfolio of healthcare properties.

Provide Capital to Underserved Operators. We believe there is a significant opportunity to be a capital source to healthcare operators, through the acquisition and leasing of healthcare properties to them that are consistent with our investment and financing strategy at appropriate risk-adjusted rates of return, which, due to size and other considerations, are not a focus for larger healthcare REITs. We pursue acquisitions and strategic opportunities that meet our investing and financing strategy and that are attractively priced, including funding development of properties through preferred equity or construction loans and thereafter entering into sale and leaseback arrangements with such developers as well as other secured term financing and mezzanine lending. We utilize our management team's operating experience, network of relationships and industry insight to identify both large and small quality operators in need of capital funding for future growth. In appropriate circumstances, we may negotiate with operators to acquire individual healthcare properties from those operators and then lease those properties back to the operators pursuant to long-term triple-net leases.

Fund Strategic Capital Improvements. We support operators by providing capital to them for a variety of purposes, including capital expenditures and property modernization. We expect to structure these investments as either lease amendments that produce additional rents or as loans that are repaid by operators during the applicable lease term. We have also assisted our tenants with transitioning to lower emissions technologies through our tenant incentive program, where we support efficiency projects through our dedicated tenant capital expenditure budget, providing sustainability incentives rent-free.

Pursue Strategic Development Opportunities. We work with managers, operators and developers to identify strategic development opportunities. These opportunities may involve replacing or renovating properties that may have become less competitive. We also identify new development opportunities that present attractive risk-adjusted returns. We may provide funding to the developer of a property in conjunction with entering into a sale leaseback transaction or an option to enter into a sale leaseback transaction for the property.

Competition

We compete for real property investments with other REITs, investment companies, private equity and hedge fund investors, sovereign funds, pension funds, healthcare operators, lenders and other institutional investors. Some of these competitors are significantly larger and have greater financial resources and lower costs of capital than us. Increased competition will make it more challenging to identify and successfully capitalize on acquisition opportunities that meet our investment objectives. Our ability to compete is also impacted by national and local economic trends, availability of investment alternatives, availability and cost of capital, construction and renovation costs, existing laws and regulations, new legislation and population trends.

In addition, revenues from our properties are dependent on the ability of our tenants, managers, and operators to compete with other healthcare operators. Healthcare operators compete on a local and regional basis for residents and patients and their ability to successfully attract and retain residents and patients depends on key factors such as the number of properties in the local market, the types of services available, the quality of care, reputation, age and appearance of each property and the cost of care in each locality. Private, federal and state payment programs and the effect of other laws and regulations may also have a significant impact on the ability of our tenants, managers, and operators to compete successfully for residents and patients at the properties.

Sustainability and Corporate Social Responsibility

As triple-net landlords, our core responsibility lies in tracking, educating, and incentivizing our tenants, who hold decision-making authority at the property level, to make sustainable and financially prudent business decisions. We believe that environmental sustainability is an important part of our commitment to helping people live and age well in those communities.

We are committed to sustainable practices in our corporate offices and to providing tenant education, support and incentives to make sustainable improvements at our net-leased properties.

In 2025, we published our fifth annual Corporate Sustainability Report (our “ESG Report”) as part of our ongoing commitment to provide regular reporting on our environmental, social and governance (“ESG”) priorities. Our ESG Report outlines our high priority ESG initiatives and goals for our company and our property portfolio. Beginning with our 2023 ESG Report, we included a Global Reporting Initiative (“GRI”) Index in reference to the GRI Standards as well as a Task Force on Climate-Related Financial Disclosures (“TCFD”) index to further align with applicable global standards for sustainability reporting.

Beginning in 2020, with the assistance of an ESG consultant, we designed a monitoring plan to collect key environmental data from a pilot group of 50 of our net-leased properties. The plan’s objective was to benchmark energy and water usage and the impact of our properties on greenhouse gas emissions and climate change. During 2021, we began collecting data and have increased our tracking since, adding waste tracking in 2023 and reaching a total of 105 tracked properties by the end of 2024. We expect the data to help us identify the most promising opportunities for improvement in our portfolio, set informed ESG goals and measure progress over time. In addition, as a landlord and capital supplier to a key segment of the healthcare industry, we intend to seek further opportunities to encourage and incentivize fair and healthy work environments for healthcare workers and suitable living conditions for patients and residents, and to promote diversity, inclusion and the ethical treatment of employees, residents, patients and others wherever our activities and influence can be felt.

In 2022, we prepared “green” lease language for our form master lease to add new ESG-specific requirements in lease agreements when amending or modifying existing lease relationships. Our green lease strategy compliments our efforts to track utility data across our portfolio and work with tenants to identify ESG building operation opportunities. By the fourth quarter of 2024, 34% of our leases included sustainability-related lease provisions.

During 2023, we partnered with a third party to conduct a portfolio-level physical climate risk assessment across all standing assets, evaluating exposure to heat, flood, precipitation, fire, and drought, and identifying heat-related risk driven by higher temperatures as the most significant physical risk across the portfolio.

During 2023, we distributed a Tenant Climate Risk-Opportunity Survey and received a 50% response rate. This survey helped contribute to ESG dialogue with tenants and overall improved our risk management strategy. The survey found transitional risks for our tenants due to transitioning to a low carbon economy including increased material costs, volatility in utilities’ pricing, market preference for greener buildings, and higher insurance premiums.

Additionally, in 2023, we began tracking and engaging tenants to verify compliance with state-level energy benchmarking laws. In 2024, we expanded these efforts to include properties subject to building performance standards laws, offering support to tenants as needed and continuing to monitor compliance.

During 2024, we enhanced climate risk management by preparing tenant communications to share results from physical climate risk assessments and by developing resources to address physical climate hazards, including a Resiliency Checklist and heat resilience rebate opportunities. Additionally, towards the end of 2024, we distributed our second climate-related tenant survey, incorporating enhanced resiliency-focused questions for properties identified as having “extreme” physical risks, with response collection ongoing through 2025.

We have also published a Tenant Code of Conduct & Corporate Responsibility (our “Tenant ESG Program”). The Tenant ESG Program provides our eligible triple-net tenants with monetary inducements to make sustainable improvements to our properties. Incentive options include a wide variety of opportunities for tenants to upgrade everything from energy and environmental systems to water-saving landscaping and more. Our board of directors has authorized annual allocations of up to \$500,000 to fund the Tenant ESG Program. As disclosed in our 2024 ESG Report, we tracked \$145,383 in environmental improvements at our properties during the year ended December 31, 2024. In 2024, we utilized our utility data management software to identify the top 20 energy, water, and waste intensive properties and shared our findings with tenants in hopes that they would prioritize the top resource intensive properties for efficiency initiatives.

We have published our Environmental, Social and Governance policy, Policy on Human Capital, Policy on Human Rights and Responsibilities, Policy on Environmental Sustainability and information about our Tenant ESG Program on the Investor Relations section of our website at www.caretrustreit.com. The information found on, or otherwise accessible through, our website is not incorporated by reference into, nor does it form a part of, this report or any other document that we file with the SEC.

Governance

Our corporate governance structure was carefully crafted to align with the interests of our investors and other stakeholders with a core leadership team that has over 60 years of collective experience as operators and investors. The members of our board of directors each bring deep expertise in healthcare, real estate, investing, accounting, and/or business development. In this oversight role, our board of directors serves as the ultimate decision-making body of our company, except for those matters reserved to or shared with our stockholders.

Human Capital Resources

Our employees are the heart of our company. Our Policy on Human Capital reflects our commitment to the dignity and rights of all people, especially our employees and others whose professional lives may be impacted by our properties and business activities. It represents a critical commitment to, and investment in, the current and long-term health and well-being of our organization and its people. We believe our success depends on our ability to attract, develop and retain key personnel.

During 2025, we conducted an employee satisfaction survey with a 100% response rate and an overall satisfaction rate of 93%. The survey found that 93% of our employees agree that our comprehensive benefits package is very competitive and a strong point of working for CareTrust, employees are highly committed to their future at CareTrust, and that CareTrust has a culture that values inclusivity.

CareTrust invests significant time and resources in supporting and developing our employees and creating a desirable workplace. Our core philosophies and policies in this regard include:

Compensation and Benefits. The skills, experience and industry knowledge of key employees significantly benefit our performance. We believe we offer competitive compensation (including salary, incentive bonus and equity) and benefits packages (including a 401(k) plan with a fixed employer contribution, Flexible Spending Accounts (FSAs), employer-funded employee assistance program (EAP), a generous vacation, holiday and personal time off policy, and an array of voluntary benefits options and other benefits for employees and their families). Our compensation program is designed to attract and reward talented individuals who possess the skills necessary to support our business objectives, assist in the achievement of our strategic goals and create long-term value for our stockholders.

As of December 31, 2025, we employed 43 full-time employees (including our executive officers), none of whom is subject to a collective bargaining agreement. Our comprehensive benefits package includes flexible work hours, the option to work remotely, and company workspaces/amenities.

Retention and Turnover. Recruiting, hiring, training and retaining excellent employees is a high priority for us. These activities carry real and substantial costs, which we regard as a meaningful investment in our workforce and our company. We believe that employee turnover is costly in direct and indirect ways, and we are committed to employee retention and satisfaction. During the year ended December 31, 2025, we did not experience any turnover, except for the retirement of Mr. Wagner, as noted below.

In September 2025, we announced the planned retirement of Bill Wagner, our former Chief Financial Officer and Treasurer, effective December 31, 2025. The Board of Directors appointed Derek Bunker to succeed Mr. Wagner as Chief Financial Officer effective January 1, 2026.

Training and Education. CareTrust's culture values continuous learning, improvement and professional development. This helps our employees to keep their skills current and to adapt to new responsibilities and emerging market needs. CareTrust provides financial support for professional associate dues and memberships, continuing education credits, and fees and travel expenses to attend relevant conferences and seminars.

Government Regulation, Licensing and Enforcement

Overview

As operators of healthcare properties, tenants, managers, and borrowers of our healthcare properties located in the U.S., which is where most of our properties are located, as well as our tenants operating our properties in the U.K., are generally subject to extensive and complex federal, state and local healthcare laws and regulations relating to fraud and abuse practices, government reimbursement, licensure and certificate of need and similar laws governing the operation of healthcare properties. We expect that the healthcare industry, in general, will continue to face significant regulation and pressure in the areas of fraud, waste and abuse, cost control, healthcare management and provision of services, among others. These regulations are wide-ranging and can subject our tenants, managers, and borrowers to civil, criminal and administrative sanctions. Affected tenants, managers, and borrowers may find it increasingly difficult and costly to comply with this complex and evolving regulatory environment because of a relative lack of guidance in many areas as certain of our healthcare properties are subject to oversight from several government agencies and the legal requirements often vary from one jurisdiction to another. Changes in laws and regulations and reimbursement enforcement activity and regulatory non-compliance by our tenants, managers, or borrowers

could have a significant effect on their operations and financial condition, which in turn may adversely affect us, as detailed below and set forth under “Risk Factors — Risks Related to Our Business and Operations.”

The following is a discussion of certain U.S. laws and regulations generally applicable to our tenants, managers, and borrowers and, in certain cases, to us.

Enforcement

There are various extremely complex federal and state laws and regulations governing healthcare providers’ relationships and arrangements and prohibiting fraudulent and abusive practices by such providers. These laws include, but are not limited to, (i) federal and state false claims acts, which, among other things, prohibit providers from filing false claims or making false statements to receive payment from Medicare, Medicaid or other federal or state healthcare programs, (ii) federal and state anti-kickback and fee-splitting statutes, including the Medicare and Medicaid anti-kickback statute, which prohibit the payment or receipt of remuneration to induce referrals or recommendations of healthcare items or services, (iii) federal and state provider self-referral laws (including the federal law commonly referred to as the “Stark Law”), which generally prohibit referrals by physicians and in some cases other providers to entities with which the physician or an immediate family member has a financial relationship, and (iv) the federal Civil Monetary Penalties Law, which prohibits, among other things, the knowing presentation of a false or fraudulent claim for certain healthcare services. Violations of healthcare fraud and abuse laws carry civil, criminal and administrative sanctions, including punitive sanctions, monetary penalties, imprisonment, denial of Medicare and Medicaid reimbursement and potential exclusion from Medicare, Medicaid or other federal or state healthcare programs. These laws are enforced by a variety of federal, state and local agencies and can also be enforced by private litigants through, among other things, federal and state false claims acts, which allow private litigants to bring qui tam or “whistleblower” actions. Our tenants, managers, and borrowers are (and many of our future tenants, managers, and borrowers are expected to be) subject to these laws, and some of them may in the future become the subject of governmental enforcement actions if they fail to comply with applicable laws.

- **State and Federal “Fraud and Abuse” Laws and Regulations.** The Medicare and Medicaid anti-fraud and abuse amendments to the Social Security Act (the “Anti-Kickback Law”) make it a felony, subject to certain exceptions, for any person to engage in illegal remuneration arrangements with vendors, physicians and other health care providers for the referral of Medicare beneficiaries or Medicaid recipients. When a violation occurs, the government may proceed criminally or civilly. If the government proceeds criminally, a violation is a felony and may result in imprisonment for up to five years, fines of up to \$25,000 and mandatory exclusion from participation in all federal health care programs. If the government proceeds civilly, it may impose a civil monetary penalty of \$50,000 per violation and an assessment of not more than three times the total amount of remuneration involved, and it may exclude the parties from participation in all federal health care programs. Violations of the Anti-Kickback Statute also serve as a basis for federal False Claims Act cases. Many states have enacted laws similar to, and in some cases broader than, the Anti-Kickback Law.

The scope of prohibited payments in the Anti-Kickback Law is broad. The U.S. Department of Health and Human Services (“HHS”) has promulgated regulations which describe certain “safe harbor” arrangements that will not be deemed to constitute violations of the Anti-Kickback Law. An arrangement that fits squarely into a safe harbor is immune from prosecution under the Anti-Kickback Statute. The safe harbors described in the regulations are narrow and do not cover a wide range of economic relationships which many SNFs, physicians and other health care providers consider to be legitimate business arrangements not prohibited by the statute. Because the regulations describe safe harbors and do not purport to describe comprehensively all lawful and unlawful economic arrangements or other relationships between health care providers and referral sources, health care providers entering into these arrangements or relationships may be required to alter them in order to ensure compliance with the Anti-Kickback Law and may be subject to significant liability should an arrangement that does not fully satisfy a safe harbor be determined to be illegal. On November 20, 2020, HHS promulgated significant new Anti-Kickback Law regulations, including changes to existing safe harbors and the creation of new safe harbors, in an effort to reduce regulatory burden and incentivize coordinated care, including value-based arrangements.

The False Claims Act provides that any person who “knowingly presents, or causes to be presented” a “false or fraudulent claim for payment or approval” to the U.S. government, or its agents and contractors, is liable for a civil penalty ranging from \$5,500 to \$11,000 per claim, plus three times the amount of damages sustained by the government. Under the False Claims Act’s so-called “reverse false claims,” liability also could arise for “using” a false record or statement to “conceal,” “avoid” or “decrease” an “obligation” (which can include the retention of an overpayment) “to pay or transmit money or property to the government.” The False Claims Act also empowers and provides incentives to private citizens (commonly referred to as qui tam relator or whistleblower) to file suit on the government’s behalf. The qui tam relator’s share of the recovery can be between 15% and 25% in cases in which the government intervenes, and 25% to 30% in cases in which the government does not intervene. Notably, the Affordable Care Act amended certain jurisdictional bars to the False Claims Act, effectively narrowing the “public

disclosure bar” (which generally requires that a whistleblower suit not be based on publicly disclosed information) and expanding the “original source” exception (which generally permits a whistleblower suit based on publicly disclosed information if the whistleblower is the original source of that publicly disclosed information), thus potentially broadening the field of potential whistleblowers.

- **Restrictions on Referrals.** The federal physician self-referral law and its implementing regulations (commonly referred to as the “Stark Law”) prohibits providers of “designated health services” from billing Medicare or Medicaid if the patient is referred by a physician (or his/her immediate family member) with a financial relationship with the entity, unless an exception applies. “Designated health services” include clinical laboratory services; physical therapy services; occupational therapy services; outpatient speech-language pathology; radiology services, including magnetic resonance imaging, computerized axial tomography scans, and ultrasound services; radiation therapy services and supplies; durable medical equipment and services; parenteral and enteral nutrients, equipment and services; prosthetics, orthotics, and prosthetic devices and supplies; home health services; outpatient prescription drugs; and inpatient and outpatient hospital services. The Stark Law also prohibits the furnishing entity from submitting a claim for reimbursement or otherwise billing Medicare or any other person or entity for improperly referred designated health services. Many designated health services are commonly provided in SNFs and ALFs. The new regulations promulgated by HHS, discussed above in “*State and Federal ‘Fraud and Abuse’ Laws and Regulations*”, include significant changes to the Stark Law regulations, including (i) new exceptions designed to enable more value-based arrangements, (ii) a modification to the existing exception for electronic health records items and services, and (iii) new exceptions for limited remuneration to physicians and for cybersecurity technology and related services.

An entity that submits a claim for reimbursement in violation of the Stark Law must refund any amounts collected and may be: (1) subject to a civil penalty of up to \$15,000 for each self-referred service; and (2) excluded from participation in federal health care programs. In addition, a physician or entity that has participated in a “scheme” to circumvent the operation of the Stark Law is subject to a civil penalty of up to \$100,000 and possible exclusion from participation in federal health care programs.

Reimbursement

Sources of revenue for our tenants, managers, and borrowers include (and for our future tenants, managers, and borrowers is expected to include), among other sources, governmental healthcare programs, such as the federal Medicare program and state Medicaid programs, and non-governmental payors, such as insurance carriers and health maintenance organizations. As federal and state governments focus on healthcare reform initiatives, and as the federal government and many states face significant budget deficits, efforts to reduce costs by these payors will likely continue, which may result in reduced or slower growth in reimbursement for certain services provided by our tenants, managers, and borrowers. Federal and state authorities are likely to continue to implement new and modified reimbursement methodologies, including value-based methodologies, that could have a negative impact on our tenants, managers, and borrowers. Such changes to reimbursement methodologies could have a material impact on our them, and we cannot provide assurances that the current revenue levels will be maintained under any future reimbursement arrangements. In addition, the impact of other health care reform efforts, such as “Medicare for all” or the provision of a new Medicare-like public option for consumers to receive health insurance, are impossible to predict.

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the “Affordable Care Act”) serves as the primary vehicle for comprehensive healthcare reform in the United States. Efforts initiated by the previous administration and certain members of Congress to repeal or make significant changes to the Affordable Care Act, its implementation and/or its interpretation including the successful repeal of the penalty associated with the individual mandate of the Affordable Care Act, continue to cast uncertainty on the future of the Affordable Care Act. For example, on December 14, 2018, a U.S. District Court in Texas ruled the Affordable Care Act unconstitutional in its entirety. This decision was appealed, and on December 18, 2019, the Fifth Circuit Court of Appeals ruled that the Affordable Care Act’s individual mandate was unconstitutional but remanded the case for further analysis. The decision was appealed, and on June 17, 2021, the Supreme Court of the United States ruled that the plaintiffs lacked standing to challenge the Affordable Care Act’s minimum essential coverage provision. These types of challenges may impact the number of individuals that elect to obtain public or private health insurance or the scope of such coverage, if purchased.

Given the divided nature of Congress, it is unclear whether Congress will successfully expand health insurance coverage and assess alternative health care delivery and payment systems. The Republican Party currently controls the United States Senate and the House of Representatives (by a slim majority). Due to this, healthcare reform legislation would likely require at least some support from both Republican and Democratic lawmakers to become law and it is uncertain whether any healthcare reform legislation will ultimately become law. We cannot predict the ultimate content, timing or effect of any healthcare reform legislation or the impact of potential legislation on our business. If our tenants’, managers’, and borrowers’ residents do not have insurance, it could adversely impact their ability to satisfy their obligations to us. Expansion of health insurance coverage

to more citizens could have a positive financial impact on our tenants, managers, and borrowers and their ability to satisfy their obligations to us.

Other legislative changes have been proposed and adopted since the Affordable Care Act was enacted, which also may impact our business. For instance, CMS is required to measure, track, and publish readmission rates of SNFs and to implement a value-based purchasing program for SNFs (the “SNF VBP Program”). The SNF VBP Program increases Medicare reimbursement rates for SNFs that achieve certain levels of quality performance measures developed by CMS, relative to other facilities. The value-based payments authorized by the SNF VBP Program are funded by reducing Medicare payment for all SNFs by 2% and redistributing up to 70% of those funds to high-performing SNFs. However, there is no assurance that payments made by CMS as a result of the SNF VBP Program will be sufficient to cover a facility’s costs. If Medicare reimbursement provided to our healthcare tenants and borrowers is reduced under the SNF VBP Program, that reduction may have an adverse impact on their ability to meet their obligations to us.

See “Risk Factors — Risks Related to Our Business and Operations — Healthcare reform legislation impacts cannot accurately be predicted and could adversely affect our results of operations” for additional risks related to changes in Medicare reimbursement.

Increased Government Oversight and Transparency

Section 1150B of the Social Security Act requires employees of federally funded long-term care facilities to immediately report any reasonable suspicion of a crime committed against a resident of that facility. Those reports must be submitted to at least one law enforcement agency and the applicable Centers for Medicare & Medicaid Services (“CMS”) Survey Agency. Covered individuals who fail to report under Section 1150B are subject to various penalties, including civil monetary penalties of up to \$300,000 and possible exclusion from participation in any Federal health care program. Medicare regulations require SNFs to establish and implement written policies to ensure the reporting of crimes that occur in federally funded SNFs in accordance with Section 1150B.

In August 2017, the HHS Office of Inspector General (“OIG”) issued a preliminary report regarding quality of care concerns by operators of SNFs. In its report, the OIG determined that CMS has inadequate procedures in place to ensure that incidents of potential abuse or neglect of Medicare beneficiaries residing in SNFs are identified and reported. The report was issued in connection with the OIG’s ongoing review of potential abuse and neglect of Medicare beneficiaries residing in SNFs.

As a result of the OIG report, CMS enforcement activity against SNF operators may increase, especially with regard to the reporting of potential abuse or neglect of SNF residents. Further, in July 2024, CMS adopted a final rule expanding its ability to impose per instance and per day civil monetary penalties on SNFs for health and safety deficiencies and non-compliance. If any of our tenants or borrowers or their employees are found to have violated any applicable reporting or health and safety requirements, they may become subject to penalties or other sanctions up to and including loss of licensure.

A final rule adopted by CMS that implemented certain portions of the Affordable Care Act and requires the disclosure of certain ownership, managerial, and other information regarding Medicare SNFs and Medicaid nursing facilities, became effective on January 16, 2024. The rule defines the term “real estate investment trust,” which sets the stage for Medicare SNFs to disclose whether each direct or indirect owning or managing entity is a real estate investment trust. However, in December 2025, CMS indefinitely extended the deadline for SNFs to comply with the requirement to submit a new ownership disclosure attachment to their CMS 855-A filings. Once the deadline is set and expires, these disclosure requirements may enable CMS and others to scrutinize more closely how direct and indirect ownership and management correlate with care outcomes and to determine which environments are more likely to deliver better care for residents and patients.

Healthcare Licensure and Certificate of Need

Our healthcare facilities are subject to extensive federal, state and local licensure, certification and inspection laws and regulations. In addition, various licenses and permits are required to operate SNFs and senior housing communities, dispense narcotics, operate pharmacies, handle radioactive materials and operate equipment. Many states require certain healthcare providers to obtain a certificate of need, which requires prior approval for the construction, modification and closure of certain healthcare facilities. The ability to obtain such approval and/or the approval process may impact some of our tenants’, managers’, and borrowers’ abilities to expand or change their businesses. Any failure to comply with any of these laws, regulations, or standards could result in penalties which may include loss or restriction of license, loss of accreditation, denial of reimbursement, imposition of fines, suspension or decertification from federal and state healthcare programs, or closure of the property.

Privacy, Security and Data Breach Notification Laws

The Health Insurance Portability and Accountability Act of 1996, as amended (“HIPAA”) regulates the privacy and security of certain health information (“Protected Health Information”) and requires entities subject to HIPAA to provide

notification of breaches of Protected Health Information. Entities subject to HIPAA include health plans, healthcare clearinghouses, and most health care providers (including many of our tenants, managers, and borrowers). Business associates of these entities who create, receive, maintain or transmit Protected Health Information are also subject to HIPAA. Violations of the HIPAA requirements may result in civil monetary penalties of up to \$50,000 per violation with a maximum civil penalty of \$1.5 million in a calendar year for violations of the same requirement. However, a single breach or incident can result in violations of multiple requirements, resulting in possible penalties well in excess of \$1.5 million. Breaches of unsecured Protected Health Information and other violations of HIPAA may have other material adverse consequences including material loss of business, business interruption, loss of patient or other critical data, regulatory enforcement, substantial legal liability and reputational harm. Certain violations of HIPAA can result in criminal penalties and enforcement.

Various other state and federal laws relate to privacy, security and the reporting of data breaches involving personal information (together with HIPAA, “Privacy Laws”). For example, various state laws and regulations may regulate the privacy and security of personal information, and require notification of affected individuals in the event of a data breach involving such individual’s personal information (including an individual’s name plus social security number, date of birth or credit card information, for example). Failure of us, our tenants, managers, or borrowers to comply with applicable Privacy Laws could have a materially adverse effect on our Company. Failure of our tenants, managers, or borrowers to comply with applicable Privacy Laws could have a material adverse effect on their ability to meet their obligations to us. Furthermore, the adoption of new Privacy Laws at the federal and state level could require us or our tenants, managers, or borrowers to incur significant compliance costs.

Americans with Disabilities Act (the “ADA”)

Although most of our properties are not required to comply with the ADA because of certain “grandfather” provisions in the law, some of our properties must comply with the ADA and similar state or local laws to the extent that such properties are “public accommodations,” as defined in those statutes. These laws may require removal of barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. Under our triple-net lease structure, our tenants or borrowers would generally be responsible for additional costs that may be required to make our properties ADA-compliant. Noncompliance with the ADA could result in the imposition of fines or an award of damages to private litigants.

Environmental Matters

A wide variety of federal, state and local environmental and occupational health and safety laws and regulations affect healthcare property operations. These complex federal and state statutes, and their enforcement, involve a myriad of regulations, many of which involve strict liability on the part of the potential offender. Some of these federal and state statutes may directly impact us. Under various federal, state and local environmental laws, ordinances and regulations, an owner of real property, such as us, may be liable for the costs of removal or remediation of hazardous or toxic substances at, under or disposed of in connection with such property, as well as other potential costs relating to hazardous or toxic substances (including government fines and damages for injuries to persons and adjacent property). The cost of any required remediation, removal, fines or personal or property damages and the owner’s liability therefore could exceed or impair the value of the property and/or the assets of the owner. In addition, the presence of such substances, or the failure to properly dispose of or remediate such substances, may adversely affect the owner’s ability to sell or rent such property or to borrow using such property as collateral which, in turn, could reduce our revenues. See “Risk Factors — General Risk Factors — Environmental compliance costs and liabilities may materially impair the value of properties owned by us.”

Labor and Employment Matters

A wide variety of federal, state and local labor and employment laws and regulations impact healthcare property operations. Our tenants, managers, or borrowers are required to comply with all applicable federal, state and local laws and regulations relating to employment, including occupational safety and health requirements, minimum staffing, wage and hour laws, overtime and other compensation requirements, employee benefits and other leave and sick pay requirements, proper classification of workers as employee or independent contractors, and immigration and equal employment opportunity laws, among others. These laws and regulations can vary significantly among jurisdictions, can change, and can be highly technical and involve strict liability for noncompliance with technical detail. Costs and expenses related to these requirements are a significant operating expense and may increase as laws and regulations change. For example, on October 13, 2023, California Senate Bill No. 525 (“SB 525”) was signed into law, requiring a substantial increase in the minimum wage for workers operating in certain health care facilities. As a result of SB 525, certain health care facilities (including licensed skilled nursing facilities) operating in California are required to increase the wages of their covered health care employees to at least \$21 per hour from June 1, 2024 to May 31, 2026, \$22 or \$23 per hour (depending on property type) from June 1, 2026 to May 31, 2028, and \$25 per hour after June 1, 2028.

U.K. Regulations

The U.K. also imposes very high levels of regulation on our U.K.-based operators. In England, where the majority of our U.K. operators are based, the Care Quality Commission (“CQC”) has regulatory oversight authority over the health and social care sectors and is responsible for approving, registering and inspecting our operators and the properties where they provide services. There is also a detailed legislative and regulatory framework in the U.K. designed to protect the vulnerable (whether by virtue of age or physical and/or mental impairment) and to prevent abuse. Each of these regulatory regimes carries significant enforcement powers, including the ability to criminally prosecute offending operators and facilities, impose fines or revoke registrations. The terms on which our U.K.-based operators provide services to residents is also regulated, including by the Competition and Markets Authority. Compliance with these regulations means our U.K.-based operators must be able to recruit and maintain appropriate staffing levels. There is ongoing debate and uncertainty within the U.K. as to how growing care needs will be met and funded in the future, and it is not clear at this stage what impact this debate and uncertainty will have on our U.K.-based operators.

While the U.K. has transitioned to a post-pandemic position with lessened regulation across the U.K. as a whole, the care sector remains subject to specific guidance and requirements issued by the CQC and the U.K. government’s Department for Health and Social Care as a result of the pandemic, including in relation to infection risk assessments and localized infection control measures. As a result, our U.K.-based operators still face significant regulatory burdens under which they must deliver services and continue to experience significant impacts on their operations and financial condition.

Additionally, our U.K. operators are subject, as data controllers, to laws governing their use of personal data, including in relation to their employees, healthcare providers, clients, residents and recipients of their services. These laws currently take the form of the U.K.’s Data Protection Act 2018 and the U.K. General Data Protection Regulation, as amended by the Data (Use and Access) Act 2025 (collectively “U.K. Data Laws”). The U.K. Data Laws impose a significant number of obligations on data controllers with the potential for fines of up to 4% of annual worldwide turnover or £17.5 million, whichever is greater.

REIT Qualification

We elected to be taxed as a REIT for U.S. federal income tax purposes beginning with our taxable year ended December 31, 2014. Our qualification as a REIT will depend upon our ability to meet, on a continuing basis, various complex requirements under the Internal Revenue Code of 1986, as amended (the “Code”), relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels to our stockholders and the concentration of ownership of our capital stock. We believe that we are organized in conformity with the requirements for qualification and taxation as a REIT under the Code and that our manner of operation has and will enable us to continue to meet the requirements for qualification and taxation as a REIT.

The Operating Partnership

We own substantially all of our assets and properties and conduct our operations through the Operating Partnership. We believe that conducting business through the Operating Partnership provides flexibility with respect to the manner in which we structure the acquisition of properties. In particular, an UPREIT structure enables us to acquire additional properties from sellers in tax deferred transactions. In these transactions, the seller would typically contribute its assets to the Operating Partnership in exchange for units of limited partnership interest in the Operating Partnership (“OP Units”). Holders of OP Units will have the right, after a 12-month holding period, to require the Operating Partnership to redeem any or all of such OP Units for cash based upon the fair market value of an equivalent number of shares of CareTrust REIT’s common stock at the time of the redemption. Alternatively, we may elect to acquire those OP Units in exchange for shares of our common stock on a one-for-one basis. The number of shares of common stock used to determine the redemption value of OP Units, and the number of shares issuable in exchange for OP Units, is subject to adjustment in the event of stock splits, stock dividends, distributions of warrants or stock rights, specified extraordinary distributions and similar events. The Operating Partnership is managed by our operating subsidiary, CareTrust GP, LLC, which is the sole general partner of the Operating Partnership and owns one percent of its outstanding partnership interests. As of December 31, 2025, CareTrust REIT was the only limited partner of the Operating Partnership, owning 99% of its outstanding limited partnership interests, and no OP Units were issued to any other party.

The benefits of our UPREIT structure include the following:

- **Access to capital.** We believe the UPREIT structure provides us with access to capital for refinancing and growth. Because an UPREIT structure includes a partnership as well as a corporation, we can access the markets through the Operating Partnership issuing equity or debt as well as the corporation issuing capital stock or debt securities. Sources of capital include possible future issuances of debt or equity through public offerings or private placements.
- **Growth.** The UPREIT structure allows stockholders, through their ownership of common stock, and the limited partners, through their ownership of OP Units, an opportunity to participate in future investments we may make in additional properties.

- **Tax deferral.** The UPREIT structure provides property owners who transfer their real properties to the Operating Partnership in exchange for OP Units the opportunity to defer the tax consequences that otherwise would arise from a sale of their real properties and other assets to us or to a third party. As a result, this structure allows us to acquire assets in a more efficient manner and may allow us to acquire assets that the owner would otherwise be unwilling to sell because of tax considerations.

Insurance

We maintain, and/or require in our leases and other agreements with our tenants, managers, and borrowers that such tenants, managers and borrowers maintain, all applicable lines of insurance on our properties and their operations. The amount and scope of insurance coverage provided by our policies and the policies maintained by us, our tenants, managers, and borrowers is customary for similarly situated companies in our industry. However, we cannot assure you that our tenants, managers, and borrowers will maintain the required insurance coverages, and the failure by any of them to do so could have a material adverse effect on us. We also cannot assure you that we will continue to require the same levels of insurance coverage under our leases and other agreements, including the Ensign Master Leases, that such insurance will be available at a reasonable cost in the future or that the insurance coverage provided will fully cover all losses on our properties upon the occurrence of a catastrophic event, nor can we assure you of the future financial viability of the insurers.

Available Information

We file annual, quarterly and current reports, proxy statements and other information with SEC. The SEC maintains an internet site that contains these reports, and other information about issuers, like us, which file electronically with the SEC. The address of that site is <http://www.sec.gov>. We make available our reports on Form 10-K, 10-Q, and 8-K (as well as all amendments to these reports), and other information, free of charge, on the Investor Relations section of our website at www.caretrustreit.com. The information found on, or otherwise accessible through, our website is not incorporated by reference into, nor does it form a part of, this report or any other document that we file with the SEC.

ITEM 1A. Risk Factors

Risks Related to Our Business and Operations

We are dependent on the healthcare operators that lease our properties as well as the borrowers under our mortgage secured loans and mezzanine loans to successfully operate their businesses and make contractual payments, and an event that materially and adversely affects their business, financial position or results of operations could materially and adversely affect our business, financial position or results of operations.

Because the majority of the properties we own are operated by our tenants pursuant to triple-net master leases (including properties we own in consolidated joint ventures), we are unable to directly implement strategic business decisions regarding the daily operation and marketing of these properties. While we have rights as the property owner under our triple-net leases and monitor the performance of our tenants, we may have limited recourse under our master leases and other agreements if we believe that one of them is not performing adequately, and any failure by them to effectively conduct operations or to maintain and improve our properties could adversely affect their business reputation and ability to attract and retain residents in our properties, which in turn, could adversely affect their ability to make contractual payments to us and otherwise adversely affect our results of operations, including our ability to repay our outstanding indebtedness or our ability to pay dividends to our stockholders as required to maintain our REIT status. Additionally, because each master lease is a triple-net lease, we depend on our tenants to pay all insurance, taxes, utilities and maintenance and repair expenses and to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities arising in connection with their business. There can be no assurance that our tenants will have sufficient assets, income and financing to enable them to satisfy their contractual payment or indemnification obligations and they have in the past, and may in the future, fail to make payments when due, or they may declare bankruptcy.

Ensign leases or provides a guaranty for a significant portion of our properties. As of December 31, 2025, properties leased to Ensign and held for investment represented \$92.1 million, or 23%, of total annualized contractual rental income, and properties leased to Pennant under the Pennant Master Lease for which Ensign provides a guaranty (the “Pennant Guaranty”) represented \$7.6 million, or 2%, of total annualized contractual rental income. Ensign’s inability or unwillingness to meet its lease obligations or its obligations pursuant to the Pennant Guaranty could materially adversely affect our business, financial position or results of operations. In addition, Ensign’s inability to satisfy its other lease obligations including payment of insurance, taxes and utilities, could materially and adversely affect the condition of the properties leased to Ensign as well as Ensign’s business, financial position and results of operations. Accordingly, if Ensign were to experience a material and adverse effect on its business, financial position or results of operations, our business, financial position or results of operations could also be materially and adversely affected.

Further, our dependence on Ensign’s rental payments for a substantial portion of our rental income may limit our ability to enforce our rights under the Ensign leases or the Pennant Guaranty or to terminate the Ensign leases. Ensign’s failure to comply with its lease obligations or its obligations pursuant to the Pennant Guaranty, or with federal and state healthcare laws and regulations to which the leased properties are subject, could require us to find another lessee for such leased properties and result in a decrease in or cessation of rental payments. In such event, we may be unable to locate a suitable lessee at similar rental rates or at all, which would reduce our rental income.

In addition to the properties we own, from time to time, we originate loans receivable to certain borrowers in the form of mortgage secured loans or mezzanine loans, which are directly or indirectly secured by underlying properties owned by the borrowers. The ability of our borrowers to repay the loans is typically dependent primarily on the successful operation of the properties securing the loans. Because these properties are owned and operated by our borrowers, their affiliates, or unrelated third parties, we are unable to directly implement strategic business decisions regarding the daily operation of these properties. Any failure by a borrower to effectively conduct its operations in such a way to generate sufficient income, or any material adverse event that interferes with a borrower’s ability to generate sufficient income, may cause the borrower to be unable to make timely loan payments or to default on the loan.

We are dependent on the ability of our third party managers to successfully manage and operate our SHOP communities.

For our SHOP communities, we generally rely on our third party managers’ personnel, expertise, technical resources and information systems, risk management processes, proprietary information, good faith and judgment to manage the senior housing communities’ operations efficiently and effectively. We also rely on the third party managers to set appropriate resident fees, to provide accurate property-level financial results in a timely manner and otherwise manage risk and operate the senior housing communities in compliance with the terms of our management agreements and all applicable laws and regulations. We are generally responsible for all operational costs, expenses and other risks and liabilities of the SHOP communities. While our managers typically indemnify us, pursuant to the terms of management agreements, for liabilities arising out of certain of their actions such as gross negligence, fraud or willful misconduct, it may be difficult to enforce our rights or we may need to seek alternative solutions to ensure the liability is appropriately addressed. In addition, as a result of our SHOP structure, we are

exposed to various operational risks with respect to our SHOP communities that may increase our costs or adversely affect our ability to generate revenues. These risks include fluctuations in occupancy experienced during the normal course of business, private pay rates or, if applicable, government reimbursements; economic conditions; the availability and increases in the cost of labor (as a result of unionization or otherwise); competition; federal, state, local, and industry-regulated licensure, certification and inspection laws, regulations, and standards; the availability and increases in cost of general and professional liability insurance coverage; increases in property taxes; state regulation and rights of residents related to entrance fees; and federal and state housing laws and regulations.

Unstable market and economic conditions may have serious adverse consequences on our business, results of operations and financial condition.

Global credit and financial markets have experienced extreme volatility and disruptions over the past several years, including declines in consumer confidence, concerns about declines in economic growth, increases in the rate of inflation, increases in borrowing rates and changes in liquidity and credit availability, and uncertainty about economic stability, including in connection with ongoing and proposed changes to U.S. trade and fiscal policy, actions undertaken by the U.S. Federal Reserve Board to address inflation, the military conflicts in Ukraine and supply chain disruptions. There can be no assurance that deterioration in credit and financial markets and confidence in economic conditions will not occur or persist. Our general business strategy may be adversely affected by any such economic downturn, volatile business environment or unpredictable and unstable market conditions. In addition, increased costs due to inflationary conditions may continue to adversely affect the operating expenses of our tenants and borrowers and their ability to meet their obligations to us and may also increase the costs to operate our SHOP communities and the costs for us to make capital improvements to our properties.

There is significant uncertainty about the future relationship between the United States and other countries with respect to trade policies, taxes, government regulations, and tariffs. The current U.S. administration is pursuing trade policy changes, including the imposition of additional tariffs on imported products to address trade imbalances. In response to some of these actions, certain countries have imposed retaliatory actions against the U.S. These policies, and any additional measures and countermeasures implemented by the U.S. and other countries, may lead to supply chain constraints and additional inflation, further increasing operational costs of our properties.

Our business could also be adversely impacted by volatility caused by geopolitical events, such as the conflict in Ukraine. A significant downturn in economic activity may cause a reduction in spending on healthcare matters and our tenants and borrowers may need to seek to lower their costs by renegotiating their agreements with us. Such reductions may disproportionately affect our revenue. In addition, if the current equity and credit markets deteriorate, it may make any necessary debt or equity financing more difficult, more costly, and more dilutive. Furthermore, our stock price may decline due in part to the volatility of the stock market and the general economic downturn.

Most of our tenants and borrowers depend on reimbursement from government and other third party payors and if reimbursement rates from such payors are reduced by future legislative reform, it could cause our revenues or the revenues of our tenants and borrowers to decline and could affect their ability to meet their obligations to us.

Sometimes, governmental payors freeze or reduce payments to healthcare providers, or provide annual reimbursement rate increases that are smaller than expected, due to budgetary and other pressures. Healthcare reimbursement will likely continue to be of significant importance to federal and state authorities. For example, the federal government and a number of states are currently managing budget deficits and, as a result, many states are focusing on the reduction of expenditures under their Medicaid programs, which may result in a freeze on Medicaid rates or a decrease in reimbursement rates for us, our tenants and borrowers, as recently occurred in Idaho. However, for fiscal year 2026, the Medicare prospective payment system for skilled nursing facilities is projected to increase by 3.2%. The need to control Medicaid expenditures may be exacerbated by the potential for increased enrollment in Medicaid due to unemployment and declines in family incomes. These potential reductions could be compounded by the potential for federal cost-cutting efforts that could lead to reductions in reimbursement to us, our tenants and borrowers under both the Medicaid and Medicare programs. Additionally, in July 2023, Medicare excluded marriage and family therapist services and mental health counselor services from SNF consolidated billing. While these services may still be billed by the clinicians providing the services, such services may not be covered under the SNFs Medicare Part A payment. While we cannot make any assessment as to the ultimate timing or the effect that any future legislative reforms may have on us, our tenants' and borrowers' costs of doing business or the amount of reimbursement by government and other third party payors, potential reductions in Medicaid and Medicare reimbursement or in non-governmental third party payor reimbursement, could reduce the revenues of our tenants and borrowers and their ability to meet obligations to us.

We face potential adverse consequences of bankruptcy, insolvency or financial deterioration of our tenants or borrowers.

We receive a significant portion of our income as rental payments under leases of properties we own directly or through our joint ventures. We have no control over the success or failure of our tenants' businesses and, at any time, any of our tenants may experience a downturn in its business that may weaken its financial condition. As a result, our tenants have in the past, and

may in the future, fail to make rent payments when due, or our tenants may declare bankruptcy. Tenant bankruptcies or failures to make rent payments when due could result in termination of the tenant's lease and could have a material adverse effect on our business, financial condition and results of operations and our ability to make distributions to our stockholders (which could adversely affect our ability to raise capital or service our indebtedness). This risk is magnified where we lease multiple properties to a single tenant.

If a tenant is unable to comply with the terms of its lease, we may be forced to write off unpaid amounts due to us from the tenant, move to a cash basis method of accounting for recognizing rental income from the tenant or otherwise modify the tenant's lease in ways that are unfavorable to us. Alternatively, failure of a tenant to perform under a lease could require us to declare a default, repossess the property, find a suitable replacement tenant, hire third party managers to operate the property or sell the property. See Note 2, *Summary of Significant Accounting Policies* and Note 4, *Real Estate Investments, Net* for further information.

If one or more of our tenants or borrowers files for bankruptcy relief, the U.S. Bankruptcy Code provides that a debtor has the option to assume or reject the unexpired lease or other executory contract within a certain period of time. Any bankruptcy filing by or relating to one of our tenants or borrowers could bar all efforts by us to collect pre-bankruptcy debts from that party or seize its property. A bankruptcy could also delay our efforts to collect past due balances under the agreements and could ultimately preclude collection of all or a portion of these sums. It is possible that we may recover substantially less than the full value of any unsecured claims we hold, if any, which may have a material adverse effect on our business, financial condition and results of operations, and our ability to make distributions to our stockholders.

In addition, the loans receivable we originate in the form of mortgage secured loans or mezzanine loans are directly or indirectly secured by underlying properties owned by the borrowers. In the event of any default under any loan receivable held by us, we will bear a risk of loss of principal and accrued interest to the extent of any deficiency between the value of the underlying property directly or indirectly securing the loan and the principal and accrued interest of the loan, which could have a material adverse effect on our business, financial position or results of operations. In addition, with respect to a default of any of our mezzanine loans, we are not entitled to any payment until all senior debt holders are paid in full. Foreclosure on a property or other interest that secures a loan receivable can be an expensive and lengthy process that could have a substantial negative effect on our anticipated return on the foreclosed investment. In the event of the bankruptcy of a loan borrower, the loan to such borrower will be deemed to be secured only to the extent of the value of the underlying property or other assets, as applicable, at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law.

Replacement tenants or managers may be difficult to identify and we may be required to incur substantial renovation costs to make our healthcare properties suitable for such parties.

If our tenants or managers terminate or do not renew their agreements with us, we would attempt to reposition the properties with another party. Payments on such properties could decline or cease altogether, or costs may increase, while we reposition the properties with a suitable replacement party and we may be required to fund certain expenses and obligations (e.g., real estate taxes, debt costs and maintenance expenses) to preserve the value of, and avoid the imposition of liens on, such properties while they are being repositioned.

Healthcare properties are typically highly customized and may not be easily adapted to non-healthcare-related uses. The improvements generally required to conform a property to healthcare use, such as upgrading electrical, gas and plumbing infrastructure and security, are costly and at times party-specific. A new or replacement tenant may require different features in a property, depending on that party's particular operations. If a current tenant is unable to meet its obligations and vacates a property, we may incur substantial expenditures to modify a property before we are able to secure another tenant. Supply chain volatility and labor shortages may increase these construction costs. In addition, approvals of local authorities for any required modifications and/or renovations may be necessary, resulting in delays in transitioning a property to a new tenant. These expenditures or renovations and delays could materially and adversely affect our business, financial condition or results of operations.

In addition, we may fail to identify suitable replacements or enter into leases or other arrangements with new tenants, managers, or operators on a timely basis or on terms as favorable to us as our current agreements, if at all. If we experience a significant number of properties not under a lease due to the inability to find suitable replacement tenants, or successfully reposition the property, or we are unable to identify a replacement manager for the properties in our SHOP platform, our operating expenses could increase significantly. Even after a suitable replacement tenant or manager has taken over operation of a property, it may still take an extended period of time before such property is fully repositioned and value restored, if at all. Any of these results could have a material adverse effect on our business, financial condition and results of operations and our ability to make distributions to stockholders.

We have incurred and may in the future incur impairment charges, which could negatively impact our results of operations.

At each reporting period, we evaluate our real estate investments and other assets for impairment indicators whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The existence of impairment indicators is based on factors such as market conditions, operating performance and legal structure. If we determine that an impairment has occurred, we are required to adjust the net carrying value of the asset, which could have a material adverse effect on our results of operations in the period in which the write-off occurs. For example, in the twelve months ended December 31, 2025, we recorded impairment charges of approximately \$2.5 million.

The geographic concentration of some of our properties could leave us vulnerable to an economic downturn, regulatory changes or acts of nature in those areas.

As a result of the concentration of our properties in California, the U.K., Texas, and Tennessee as described in “Classification of properties in our Portfolio” under Item 1 of this Annual Report on Form 10-K, the conditions of local economies and real estate markets, including increases in real estate taxes, changes in governmental rules, regulations and reimbursement rates or criteria, changes in demographics, state funding, acts of nature, the impacts of climate change and other factors that may result in a decrease in demand and/or reimbursement for skilled nursing services in these states could have a disproportionately adverse effect on tenants’ and borrowers’ revenues, costs and results of operations, which may affect their ability to meet their obligations to us and may also adversely affect the revenues and results of operations related to our SHOP senior housing communities.

Our owned properties and the properties securing our loans receivable that are located in Texas and certain other states in the southeast are especially susceptible to natural disasters such as hurricanes, tornadoes and flooding and our owned properties and the properties securing our loans receivable that are located in California are particularly susceptible to natural disasters such as fires, earthquakes and mudslides. These types of natural disasters will likely increase in number, scope and intensity as a result of climate change. Further, these acts of nature may cause disruption to us, our tenants, managers, or borrowers, their employees and the underlying properties, which could have an adverse impact on their patients and businesses. In order to provide patient care, the operators and managers of our properties are dependent on consistent and reliable delivery of food, pharmaceuticals, utilities and other goods to the properties they operate, and the availability of employees to provide services at the properties. If the power supply, delivery of goods or the ability of employees to reach the properties is interrupted in any material respect due to a natural disaster or other reasons, it would have a significant impact on the properties and the businesses at those properties. Furthermore, the impact, or impending threat, of a natural disaster may require the evacuation of one or more properties, which would be costly and would involve risks, including potentially fatal risks, for the patients at such properties. The impact of disasters and similar events is inherently uncertain. Such events could harm the patients and employees within the facilities or severely damage or destroy one or more of the properties, which could harm the business, reputation, financial condition and financial performance of our tenants, managers or borrowers, or otherwise cause their businesses to suffer in ways that we currently cannot predict.

In addition, to the extent that significant changes in the climate occur in areas where our properties are located, we may experience extreme weather, including higher temperatures, increases in precipitation, fire, drought and flood, all of which may result in physical damage to or a decrease in demand for properties located in these areas or affected by these conditions. Based on our overall portfolio physical climate risk assessment, we found that the highest climate risk for our portfolio was heat caused by higher temperatures, which may result in higher operating and energy costs for us, our tenants, managers, and borrowers and higher capital costs for resiliency measures for us and our tenants, managers, and borrowers to maintain the property and its value. Should the impact of climate change be material in nature, including destruction or degradation of our owned properties or the properties securing our loans receivable, or occur for lengthy periods of time, our financial condition or results of operations may be adversely affected. Increased costs to our tenants, managers, and borrowers to maintain the properties and take appropriate resiliency measures could harm their financial condition and financial performance. In addition, changes in federal and state legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our existing properties and could also require us to spend more on our new development properties without a corresponding increase in revenue.

We are subject to risks associated with public health crises and government measures to prevent the spread of infectious diseases.

We are subject to risks associated with public health crises and government measures to prevent the spread of infectious diseases, including the global health concerns related to the COVID-19 pandemic and influenza. The COVID-19 pandemic adversely impacted nearly all aspects of our business. Public health crises, including significant COVID-19 outbreaks and any future epidemics or pandemics, could result in similar adverse impacts on our business, results of operations, cash flows and

financial condition. Risks to our business that have been associated with the COVID-19 pandemic, and may be associated with future other public health crises, include:

- one or more of our tenants or borrowers could experience deteriorating financial conditions and be unable or unwilling to pay rent or other obligations on time and in full (which has, and could continue to result from, among other reasons (i) increased operating costs and staffing requirements related to compliance with Centers for Disease Control and Prevention (“CDC”) protocols, (ii) decreased occupancy rates, (iii) increased scrutiny by regulators, (iv) potential repayments of relief funds received by tenants, (v) nursing or other staffing shortages, or (vi) decisions by elderly individuals to avoid or delay entrance into assisted living and other long-term care properties);
- the possibility we may have to restructure our tenants’ or borrowers’ obligations and may not be able to do so on terms that are favorable to us;
- the potential need to recognize asset impairment charges or credit losses on our loans receivable if we determine that the full amount of our investments are not recoverable;
- increased costs or delays that we have incurred, and may continue to incur, if we need to reposition or transition any of our currently leased properties to another tenant or operator, which have adversely impacted, and may in the future adversely impact, our revenues and results of operations;
- risks related to lawsuits and regulatory enforcement actions related to pandemic outbreaks involving us, our tenants, managers, or borrowers, including increases in the costs of business, negative publicity and/or further decreases in occupancy and/or profitability at our properties;
- the expiration, or lack of enforcement, of certain liability immunity for healthcare providers in relation to a qualified pandemic under the Public Readiness and Emergency Preparedness Act (the “PREP Act”);
- complete or partial closures of, or other operational issues at, one or more of our properties resulting from government actions or directives;
- limitations on our access to capital and other sources of funding, which could adversely impact our ability to make new property investments;
- our ability to continue to make cash distributions to our stockholders commensurate with historical levels; and
- our ability to repay outstanding debt or maintain compliance with covenants under our Third Amended Credit Facility (as defined below) and the indenture governing our Notes.

The extent to which public health crises may impact our business, results of operations, cash flows and financial condition depends on many factors which are highly uncertain and are difficult to predict. These factors include, but are not limited to, the duration and spread of any outbreak, the timing, distribution and efficacy of vaccines and other treatments, United States and foreign government actions to respond to the outbreak, the extent of disruption to our business and the business of our tenants, managers, and borrowers, and how quickly and to what extent normal operation conditions can resume.

We pursue property acquisitions and other real estate investments and seek strategic opportunities in the ordinary course of our business, which may result in significant usage of management resources or costs, and we may not fully realize the potential benefits of such transactions.

We regularly review, evaluate, engage in discussions regarding, and pursue acquisitions of properties and other real estate investments and seek other strategic opportunities in the ordinary course of business in order to maximize stockholder value. We may devote a significant amount of our management resources to, and incur significant costs in connection with, such transactions, which may not result in definitive agreements or the completion of any transaction and could negatively impact our operations. In addition, there is no assurance that we will fully realize the potential benefits of any past or future investment or strategic transaction.

If we cannot identify and purchase a sufficient quantity of suitable properties at favorable prices or if we are unable to finance investments on commercially favorable terms, or at all, our business, financial position or results of operations could be materially and adversely affected. Furthermore, any future acquisitions or investments may require the issuance of securities, the incurrence of debt, assumption of contingent liabilities or incurrence of significant expenditures, each of which could materially adversely impact our business, financial condition or results of operations. Additionally, the fact that we must distribute 90% of our REIT taxable income in order to maintain our qualification as a REIT may limit our ability to rely upon rental payments from our leased properties or subsequently acquired properties in order to finance our investments. As a result, if debt or equity financing is not available on acceptable terms, further acquisitions might be limited.

Investments in consolidated 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 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 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 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 a joint venture partner may result in litigation or arbitration that would increase our expenses and distract our officers and directors from focusing their time and effort on our business and result in subjecting the properties owned by the applicable joint venture to additional risk; or
- 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 negative influence on the joint venture.

In addition, we have entered into joint ventures with respect to certain of our properties under the SHOP platform that were structured under a RIDEA structure. This permits REITs to participate directly in the cash flow of “qualified healthcare properties” (as opposed to receiving only contractual rent payments) but requires them to rely on a manager to manage and operate the property, including complying with laws and providing resident care. Although the RIDEA structure gives us certain oversight approval rights and the right to review operational and financial reporting information, our managers are in control of the day-to-day business of the property. As a result, as the owner of the property under a RIDEA structure, we are responsible for, and our financial performance is impacted by, operational and legal risks and liabilities of the property, including those described above, even though we have limited ability to control or influence our operators’ management of these risks.

In the future, our joint ventures may also involve property development, which presents additional risks that could render a development project less profitable or not profitable at all and, under certain circumstances, may prevent completion of development activities once undertaken.

The intended benefits of the Care REIT acquisition may not be realized.

On May 8, 2025, we closed our acquisition of Care REIT by means of a court-sanctioned scheme of arrangement under Part 26 of the United Kingdom Companies Act of 2026, which at the time of acquisition owned 134 care homes across England, Scotland and Northern Ireland. On June 30, 2025, we separately acquired substantially all of the assets of Impact Health Partners LLP, the investment manager of Care REIT.

The intended benefits of the Care REIT acquisition may not be realized. The acquisition poses risks for our ongoing operations, including, among others, that senior management's attention may be diverted from the management of daily operations in our U.S. operations to the integration of the Care REIT properties; costs and expenses associated with any undisclosed or potential liabilities; that the Care REIT properties may not perform as well as anticipated; and unforeseen difficulties may arise in integrating operations in the U.K. into our company. As a result of the foregoing, we cannot assure you that the Care REIT acquisition will be accretive to us in the near term or at all.

We will be subject to additional risks from our investment in Care REIT and any other international investments.

Care REIT is our first major investment in the United Kingdom. We may also pursue other significant acquisition opportunities outside the United States, including in the United Kingdom, elsewhere in Europe or in Canada. International investment may expose us to a variety of risks that are different from and in addition to those commonly found in our current

markets. Our acquisition of Care REIT and any other investments we may make internationally will subject us to additional risks, including:

- complying with a wide variety of foreign laws;
- fluctuations in exchange rates between foreign currencies and the U.S. dollar and exchange controls;
- limited experience with local business and cultural factors that differ from our usual standards and practices;
- challenges in establishing effective controls and procedures to regulate operations in different regions;
- the impact of regional or country-specific business cycles and economic instability;
- the impact of extreme weather or weather-related conditions and other natural disasters that may affect specific locations in which our properties are located, including hurricanes, flash floods, sea-level rise and coastal erosion, that may affect Care REIT properties or other properties we may acquire outside the United States; and
- political instability or civil unrest.

If we are unable to adequately address these risks, they could adversely affect our business, financial position or results of operations.

We assume operational and legal risks with respect to our properties managed in RIDEA structures that could have a material adverse effect on our business, results of operations and financial condition.

We have entered into various joint ventures that were structured under the provisions of RIDEA. Under a RIDEA structure, we rely on independent, third party managers to manage and operate the properties. Although we have some general oversight approval rights and the right to review operational and financial reporting information, our third party managers are ultimately in control of the day-to-day business of the property, including clinical decision-making, and we rely on them to operate and manage the properties including complying with laws and providing resident care. However, as the owner of the property under a RIDEA structure, we are responsible for operational and legal risks and liabilities of the property, other than those arising out of certain actions by our managers, such as gross negligence, fraud or willful misconduct, including, those relating to employment matters of our third party managers, compliance with health care fraud and abuse and other laws, governmental reimbursement matters, compliance with federal, state, local and industry-related licensure, certification and inspection laws, regulations, and standards, and litigation involving our properties or residents/patients, even though we have limited ability to control or influence our third party managers' management of these risks. As such, these operational risks include our dependence on the availability and cost of general and professional liability insurance coverage. If these or other operational or legal risks occur with respect to our properties, our business could suffer and our financial position, results of operations or cash flows may be materially affected.

Our operating assets may expose us to various operational risks, liabilities and claims that could adversely affect our ability to generate revenues or increase our costs and could adversely affect our business, financial condition and results of operations.

Under the REIT tax rules, the senior housing communities in our SHOP platform that are "qualified healthcare properties" generally must be operated and managed for us by third party managers and we have limited rights to direct or influence the business or operations of those communities. However, in each case, we nonetheless participate directly in the financial performance of the communities' operations and are ultimately responsible for all operational risks and other liabilities of such properties, other than those arising out of certain actions by our managers, such as gross negligence, fraud or willful misconduct. These risks include, and our financial performance is impacted by, among other things, fluctuations in occupancy levels, the inability to charge desirable resident fees (including anticipated increases in those fees), increases in the cost of food, supplies, energy, labor (as a result of labor shortages, unionization, inflation or otherwise) or other services, rent control regulations, national and regional economic conditions, the imposition of new or increased taxes, capital expenditure requirements, changes in management or equity, accounting misstatements, professional and general liability claims, litigation and regulatory actions and the availability and cost of insurance. Any one or a combination of these factors could impact the performance of our SHOP platform, which could adversely affect our business, financial condition and results of operations.

We generally hold the applicable healthcare license and enroll in applicable government healthcare programs on behalf of the properties in our SHOP platform, which subjects us to potential liability under various healthcare laws and regulations. See "—Risks Related to Laws and Regulations."

Increased competition has resulted and may further result in lower net revenues for some of our tenants and borrowers and may affect their ability to meet their financial and other contractual obligations to us.

The healthcare industry is highly competitive. The occupancy levels at, and results of operations from, our owned properties and the properties securing loans receivable are dependent on our ability and the ability of our tenants and borrowers to compete with other tenants on a number of different levels, including the quality of care provided, reputation, the physical

appearance of a property, price, the range of services offered, family preference, amenities, alternatives for healthcare delivery, the supply of competing properties, physicians, staff, referral sources, location, and the size and demographics of the population in the surrounding area. Operating expenses such as food, utilities, taxes, insurance, labor costs (including due to minimum wage laws and minimum staffing requirements) and rent or debt service continue to increase. In addition, our tenants and borrowers face an increasingly competitive labor market for skilled management personnel and nurses together with Medicaid reimbursement in some states that does not cover the full cost of caring for residents. Significant turnover, or a shortage of nurses or other trained personnel or general inflationary pressures on wages, may force tenants or borrowers to enhance pay and benefits packages to compete effectively for skilled personnel, or to use more expensive contract personnel, but they may be unable to offset these added costs by increasing the rates charged to residents. Further, the current Trump administration is pursuing policies that include the mass deportation of undocumented immigrants and sharp limits on legal immigration, which is expected to further increase competition and wages for labor. Any increase in labor costs and other property operating expenses or any failure by our tenants or borrowers to attract and retain qualified personnel could reduce the revenues of our tenants and borrowers and their ability to meet their obligations to us.

Our tenants and borrowers also compete with numerous other companies providing similar healthcare services or alternatives such as home health agencies, life care at home, community-based service programs, retirement communities and convalescent centers. We cannot be certain that our tenants and borrowers will be able to achieve occupancy and rate levels, or manage their expenses, in a way that will enable them to meet all of their obligations to us. Further, many competing companies may have resources and attributes that are superior to those of our tenants and borrowers. They may encounter increased competition that could limit their ability to maintain or attract residents or expand their businesses or to manage their expenses, either of which could adversely affect their ability to meet their obligations to us, potentially decreasing our revenues, impairing our assets, and/or increasing our collection and dispute costs.

In addition, if development of senior housing properties outpaces demand for those assets in markets in which we are located, those markets may become saturated and our senior housing tenants and borrowers could experience decreased occupancy, which may affect their ability to meet their financial and other contractual obligations to us.

Required regulatory approvals can delay or prohibit transfers of our healthcare properties, which could result in periods in which we are unable to receive rent for such properties.

Our tenants and borrowers must be licensed under applicable state law and, depending upon the type of property, certified or approved as providers under the Medicare and/or Medicaid programs. Prior to the transfer of the operations of such healthcare properties to successor operators, the new operator generally must become licensed under state law and, in certain states, receive change of ownership approvals under certificate of need laws (which provide for a certification that the state has made a determination that a need exists for the beds located on the property) and, if applicable, file for a Medicare and Medicaid change of ownership. Upon termination or expiration of existing leases, delays or the failure of the new tenant in receiving regulatory approvals from the applicable federal, state or local government agencies, has in the past prolonged, and may in the future prolong, the period during which we are unable to collect rent and the property may experience performance declines. We could also incur substantial additional expenses in connection with any licensing, receivership or change of ownership proceedings.

We may not be able to sell properties when we desire because real estate investments are relatively illiquid, which could materially and adversely affect our business, financial position or results of operations.

Real estate investments are generally illiquid. As a result, we may be unable to vary our portfolio promptly in response to changes in the real estate market. A downturn in the real estate market could materially and adversely affect the value of our properties and our ability to sell such properties for acceptable prices or terms. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property or portfolio of properties. These factors and any others that would impede our ability to respond to adverse changes in the performance of our properties could materially and adversely affect our business, financial position or results of operations and our ability to pay dividends and make distributions.

We, our tenants, or our borrowers may experience uninsured or underinsured losses, which could result in a significant loss of the capital we have invested in a property, decrease anticipated future revenues or cause us to incur unanticipated expenses.

Our lease and lending agreements require that the tenant or borrower, as applicable, maintain general and professional liability insurance and comprehensive liability and hazard insurance. However, there are certain types of losses (including, but not limited to, losses arising from environmental conditions or of a catastrophic nature, such as earthquakes, wildfires, hurricanes and floods) that may be uninsurable or not economically insurable. In addition, insurance coverage may be insufficient to pay the full current market value or replacement cost of any loss. Inflation, changes in tort liability laws, changes in building codes and ordinances, environmental considerations, and other factors also might make it infeasible to use insurance proceeds to protect a tenant in a liability claim or replace a property after such property has been damaged or destroyed. Under

such circumstances, the insurance proceeds received might not be adequate to restore the economic position with respect to such tenant, borrower, or property.

If one of our tenants or borrowers experiences a material general or professional liability loss that is uninsured or exceeds policy coverage limits, it may be unable to satisfy its payment obligations to us. If one of our properties experiences a loss that is uninsured or that exceeds policy coverage limits, we could lose the capital invested in the damaged property as well as the anticipated future cash flows from the property.

With respect to our SHOP platform, we are responsible for the operational and legal risks and liabilities of the property. As such, we are responsible for maintaining general and professional liability insurance for these properties, which may not fully cover an insured loss, depending on the magnitude and nature of the claim. The need to maintain insurance for our SHOP platform properties will increase our costs, and changes in the cost of insurance or the availability of insurance in the future could further increase our costs to ensure we maintain an appropriate level of coverage or could cause us to reduce our insurance coverage.

In addition, even if damage to our owned properties or the properties securing our loans receivable is covered by insurance, business disruptions caused by a casualty event may result in lost revenue for us, our tenants or borrowers for which insurance may not fully compensate them or us for such loss of revenue. If one of our tenants or borrowers experiences such a loss, it may be unable to satisfy its payment obligations to us.

We may be affected by unfavorable resolution of litigation or disputes and rising liability and insurance costs as a result thereof or other market factors.

Our tenants, managers, and borrowers are from time to time parties to litigation, including, for example, disputes regarding the quality of care at healthcare properties or the operations of the properties. The effect of litigation may materially increase the costs incurred by our tenants, managers, and borrowers, including costs to monitor and report quality of care compliance. In addition, the cost of professional liability, medical malpractice, property, business interruption, and general liability, insurance policies can be significant and may increase or not be available at a reasonable cost or at all. Cost increases could cause our tenants and borrowers to be unable to make their lease or other obligations to us or fail to purchase the appropriate liability and malpractice insurance, or cause our borrowers to be unable to meet their obligations to us, potentially decreasing our revenues and increasing our collection and litigation costs.

Furthermore, with respect to our SHOP communities, we generally directly bear the costs of any such increases in litigation, monitoring, reporting, and insurance due to our direct exposure to the cash flows of such properties. We are responsible for these claims, litigation, and liabilities, with limited indemnification rights against the managers, which are typically based on the gross negligence or willful misconduct by the operator. Although our leases provide us with certain information rights with respect to our tenants, one or more of our tenants may be or become party to pending litigation or investigation of which we are unaware or in which we do not have a right to participate or evaluate. In such cases, we would be unable to determine the potential impact of such litigation or investigation on our tenants or our business or results. Moreover, negative publicity of any of our tenants', or managers', litigation or other legal proceedings or investigations may also negatively impact their and our reputation, resulting in lower customer demand and revenues, which could have a material adverse effect on our financial condition, results of operations, and cash flows.

We may also be named as defendants in lawsuits arising out of our alleged actions or the alleged actions of our tenants or managers for which such tenants or managers may have agreed to indemnify us. Unfavorable resolution of any such litigation, including an outsized jury verdict, or negative publicity as a result of such litigation could have a material adverse effect on our business, results of operations, and financial condition. Regardless of the outcome, litigation or other legal proceedings may result in substantial costs, disruption of our normal business operations, and the diversion of management attention. We may be unable to prevail in, or achieve a favorable settlement of, any pending or future legal action against us.

Even when a tenant is obligated to indemnify us for liability incurred as a result of a lawsuit pursuant to the terms of its agreement with us, the tenant may fail to satisfy those obligations and, in such event, we would have to incur the costs that should have been covered by the tenant and determine whether to expend additional resources to seek the contractually owed indemnity from that tenant, including potentially through litigation or arbitration. In some instances, we may decide not to enforce our indemnification rights if we believe that enforcement of such rights would be more detrimental to our business than alternative approaches. Regardless, such an event would divert management attention and may result in a disruption to our normal business operations, any or all of which could have an adverse effect on our business, results of operations, and financial condition.

We are, and may continue to be, exposed to contingent rent escalators, which could hinder our profitability and growth.

We derive revenue primarily by leasing our assets under long-term triple-net leases with rental rates that, subject to certain limitations, are generally fixed with annual rent escalations contingent on changes in the Consumer Price Index or Retail Price Index, subject to maximum fixed percentages. If the Consumer Price Index or Retail Price Index does not increase, our

revenues may not increase. In addition, if economic conditions result in significant increases in the Consumer Price Index or Retail Price Index, but the escalations under our leases are capped, our growth and profitability also may be limited.

Cybersecurity incidents or other damage to the information systems and technology of us, our tenants, managers, or borrowers could harm our business.

We rely on information technology networks, enterprise and other cloud-based applications and other information systems to process, transmit and store electronic information, and to manage and support our business processes, including financial transactions and records, and to maintain personal information and tenant and lease data. We purchase some of our information technology, including software and cloud-based technology, from third party service providers, on whom we and our systems depend. While we have taken steps to protect the security of our information systems, we have, from time to time, experienced cybersecurity incidents of varying degrees, although none of these cyber incidents has had a material adverse impact on our business, financial condition or results of operations. The technology infrastructure and systems of some of our cloud solution and other third party service providers have also in the past experienced, and may in the future experience, cybersecurity incidents of varying degrees. Cybersecurity incidents can be caused by ransomware, computer denial-of-service attacks, worms, and other malicious software programs or other attacks, including the covert introduction of malware to computers and networks, and the use of techniques or processes that change frequently, may be disguised or difficult to detect, or are designed to remain dormant until a triggering event, and may continue undetected for an extended period of time. Cybersecurity incidents also result from social engineering or impersonation of authorized users as well as efforts to discover and exploit any design flaws, bugs, security vulnerabilities or security weaknesses, intentional or unintentional acts by employees or other insiders with access privileges, intentional acts of vandalism or fraud by third parties and sabotage. The risk of cybersecurity incidents has generally increased as the number, intensity and sophistication of attacks and intrusions from around the world have increased, including through the use of evolving technologies such as artificial intelligence.

We have engaged a third party cybersecurity firm who serves as our dedicated information technology and cybersecurity team and helps us oversee, implement and manage our processes and controls to assess, identify and manage risks from cybersecurity threats. It is possible that our processes and controls will not detect or protect against all cybersecurity threats or incidents. In addition, any failure on the part of our outsourced cybersecurity team to effectively monitor and protect our information systems could make us more vulnerable to cybersecurity incidents. Our technology infrastructure and information systems are also vulnerable to damage or interruption from natural disasters, power loss and telecommunications failures. Failure to maintain proper function, security and availability of our information systems or the loss or misuse of the data maintained in those systems could interrupt our operations, damage our reputation, subject us to significant costs to respond and implement remediation measures and liability claims or regulatory penalties and could have a material adverse effect on our business, financial condition and results of operations.

Our tenants, managers, or borrowers may also from time to time experience cybersecurity incidents or other damage or interruption to their information systems that disrupt their operations or result in the loss or misuse of confidential information or other sensitive or personal information, including from their adoption or use of artificial intelligence, if applicable. Any resulting financial impact to our tenants, managers, or borrowers, including liability claims or regulatory penalties, costs to respond and implement remediation measures as well as operational consequences or business impacts resulting from any damage to their reputation or harm to their business relationships, could negatively impact the ability of our tenants, managers, or borrowers to meet their financial and other contractual obligations to us, which could have a material adverse effect on our business, financial condition and results of operations.

Bank failures or other events affecting financial institutions could have a material adverse effect on our, our tenants' or our borrowers' liquidity, results of operations, and financial condition.

The failure of a bank, or events involving limited liquidity, defaults, non-performance, or other adverse conditions in the financial or credit markets impacting financial institutions, or concerns or rumors about such events, may adversely impact us, either directly or through an adverse impact on our tenants and borrowers. A bank failure or other event affecting financial institutions could lead to disruptions in our or our tenants' and borrowers' access to bank deposits or borrowing capacity, including access to letters of credit from certain of our tenants relating to lease obligations. In addition, in the event of a bank failure or liquidity crisis, our or our tenants' and borrowers' deposits in excess of the Federal Deposit Insurance Corporation ("FDIC") limits may not be backstopped by the U.S. government, and banks or financial institutions with which we or our tenants and borrowers do business may be unable to obtain needed liquidity from other banks, government institutions, or by acquisition. Any adverse effects to our tenants' or borrowers' liquidity or financial performance could affect their ability to meet their financial and other contractual obligations to us, which could have a material adverse effect on our business, results of operations, and financial condition.

Risks Related to Laws and Regulations

Healthcare reform legislation impacts cannot accurately be predicted and could adversely affect our results of operations.

We, our borrowers and the healthcare operators leasing our properties depend on the healthcare industry and are susceptible to risks associated with healthcare reform. Legislative proposals are introduced each year that would introduce major changes in the healthcare system, both nationally and at the state level. For example, the prior Biden administration pursued initiatives such as minimum staffing requirements for nursing homes. A final rule from CMS was issued in April 2024, but it was subsequently vacated by a federal court in April 2025 and is now subject to a legislative moratorium until September 30, 2034, under the One Big Beautiful Bill Act of July 2025 (the "OBBBA"). Subsequently, in December 2025 HHS announced that it has formally repealed the minimum staffing requirements. Any future implementation of similar mandates could have a material and adverse impact on the financial condition of our tenants and borrowers. We cannot predict whether any future legislation related to staffing or other reforms will be adopted or what effect they would have on our business or the businesses of our tenants, managers, and borrowers if enacted.

Our tenants, managers, and borrowers 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 properties, addition of properties and equipment, allowable costs, services, prices for services, qualified beneficiaries, quality of care, patient rights and insurance, fraudulent or abusive behavior, labor and employment issues and financial and other arrangements that may be entered into by healthcare providers. See "Government Regulation, Licensing and Enforcement" in Item 1 of this Annual Report on Form 10-K for more information. If our tenants, managers, or borrowers 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. The cost to comply with these laws, regulations and other requirements results in increased costs of doing business for us, our tenants, managers, and borrowers. For example, on October 13, 2023, California Senate Bill No. 525 ("SB 525") was signed into law, requiring a substantial increase in the minimum wage for workers operating in certain health care facilities. As a result of SB 525, certain health care facilities (including licensed skilled nursing facilities) operating in California are required to increase the wages of their covered health care employees to at least \$21 per hour from June 1, 2024 to May 31, 2026, \$22 or \$23 per hour (depending on property type) from June 1, 2026 to May 31, 2028, and \$25 per hour after June 1, 2028. After the initial implementation was delayed by the Governor of California in June 2024, SB 525 went into effect on October 16, 2024. If our tenants and borrowers are unable to offset these increased costs, their operating results and financial condition will be adversely impacted and our tenants and borrowers may be unable to satisfy their obligations to us.

We believe that additional resources may be dedicated to regulatory enforcement, which could further increase our tenants', managers', and borrowers' costs of doing business and negatively impact their ability to pay their 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, managers, and borrowers 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' or borrowers' residents do not have insurance, it could adversely impact the tenants' or borrowers' ability to satisfy their obligation to us.

Tenants, managers, and borrowers that fail to comply with applicable requirements of governmental reimbursement programs, such as Medicare or Medicaid, may cease to operate or be unable to meet their financial and other contractual obligations to us.

Our tenants, managers, and borrowers are subject to the following risks, among others, relating to governmental healthcare reimbursement programs: statutory and regulatory changes; retroactive rate adjustments; recovery of program overpayments or set-offs; administrative rulings; policy interpretations; payment or other delays by fiscal intermediaries or carriers; government funding restrictions (at a program level or with respect to specific properties); and interruption or delays in payments due to any ongoing governmental investigations and audits.

We expect healthcare reimbursement will continue to be a significant focus for federal and state authorities in their cost control efforts. We cannot predict the timing or effects of any future legislative reforms on our business or our tenants', managers', and borrowers' business costs or government and other third party payor reimbursement. More generally, because of the dynamic nature of the legislative and regulatory environment for health care products and services, and in light of existing federal budgetary concerns, we cannot predict the impact that broad-based, far-reaching legislative or regulatory changes could have on the U.S. economy, our business or that of our tenants, managers, and borrowers. The failure of any of our tenants, managers, and borrowers to comply with these laws, requirements and regulations could materially and adversely affect their ability to meet their financial and contractual obligations to us.

Government investigations and enforcement actions brought against the health care industry have increased dramatically over the past several years and are expected to continue, particularly in the area of Medicare/Medicaid false claims, as well as an increase in the intensity of enforcement actions resulting from these investigations. Some of these enforcement actions represent novel legal theories and expansions in the application of the False Claims Act.

Medicare, Medicaid and other governmental health care payors require reporting of extensive financial information in a specific format or content. These requirements are technical and complex and may not be properly implemented by billing or reporting personnel. For certain required information, False Claims Act violations may occur without any intent to defraud by mere negligence or recklessness in information submission to the government. New billing systems, medical procedures and procedures for which there is not clear guidance may all result in liability. In addition, violations of the Anti-Kickback Law or Stark Law and, for provider tenants who received pandemic relief funds, the failure to comply with terms and conditions related to receipt or repayment of those funds, may form the basis for a federal False Claims Act violation. See “Government Regulation, Licensing and Enforcement,” in Item 1 of this Annual Report on Form 10-K for more information.

Many states have adopted laws similar to the False Claims Act, some of which apply to claims submitted to private and commercial payors, not just governmental payors. Violations of such laws by an operator of a health care property could result in loss of accreditation, denial of reimbursement, imposition of fines, suspension or decertification from government healthcare programs, civil liability, and in certain limited instances, criminal penalties, loss of license or closure of the property and/or the incurrence of considerable costs arising from an investigation or regulatory action.

If we, our tenants, managers, and borrowers fail to adhere to applicable privacy and data security laws, this could have a material adverse effect on us or on our tenants' or borrowers' ability to meet their obligations to us.

We, our tenants, managers, and borrowers are subject to HIPAA and various other state and federal laws, as well as contractual obligations, that relate to privacy and data security, including the reporting of data breaches involving personal information as discussed in “Government Regulation, Licensing and Enforcement — Privacy, Security and Data Breach Notification Laws” in Item 1 of this Annual Report on Form 10-K. Failure by us, our tenants, managers, and borrowers to comply with these requirements could have a material adverse effect on us and could result in enforcement actions, investigations, imposition of fines, or civil or criminal penalties. The imposition of significant fines or penalties on our tenants or borrowers could have a material adverse effect on their ability to meet their obligations to us. Furthermore, the adoption of new privacy, security and data breach notification laws at the federal and state level could require us or our tenants, managers, and borrowers to incur significant compliance costs. In addition, the cost and operational consequences of responding to data breaches and implementing remediation measures could be significant.

If we or our tenants, managers, and borrowers fail to comply with federal, state and local licensure, certification and inspection laws and regulations, they may cease to operate or be unable to meet their financial and other contractual obligations to us.

The healthcare operators that lease or manage the properties we own or that operate properties securing our loans receivable are subject to extensive federal, state, local and industry-related licensure, certification and inspection laws, regulations and standards. Our tenants', managers', and borrowers' failure to comply with any of these laws, regulations or standards could result in adverse publicity and reputational harm as well as penalties which may include loss or restriction of license, loss of accreditation, denial of reimbursement, imposition of fines, suspension or decertification from federal and state healthcare programs, or closure of the property. Though the regulatory environment in which SNFs operate is more restrictive than for senior housing communities, senior housing communities face similar penalties for noncompliance with applicable legal requirements. For example, operations at our properties may require a license, registration, certificate of need, provider agreement or certification. Failure of any tenants, managers, or borrower to obtain, or the loss or imposition of restrictions on any required license, registration, certificate of need, provider agreement or certification would prevent a property from operating in the manner intended by such tenant, manager, or borrower. Additionally, failure of our tenants, managers, and borrowers to generally comply with applicable laws and regulations could adversely affect properties owned by us, result in adverse publicity and reputational harm, and therefore could materially and adversely affect us. See “Government Regulation, Licensing and Enforcement — Healthcare Licensure and Certificate of Need” in Item 1 of this Annual Report on Form 10-K for additional information.

Environmental compliance costs and liabilities may materially impair the value of properties owned by us.

Under various federal, state and local laws, ordinances and regulations, as a current or previous owner of real estate, we may be required to investigate and clean up certain hazardous or toxic substances or petroleum released at a property, and may be held liable to a governmental entity or to third parties for property damage and for investigation and cleanup costs incurred by the third parties in connection with the contamination. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and the costs it incurs in connection with the contamination. Neither we nor our tenants carry environmental insurance on our properties. Contamination or the failure to remediate contamination

may materially adversely affect our ability to sell or lease the real estate or to borrow using the real estate as collateral. As the owner of a site, we may also be held liable to third parties for damages and injuries resulting from environmental contamination emanating from the site. Although we generally require our tenants, as operators of our healthcare properties, to indemnify us for environmental liabilities they cause, such liabilities could exceed the financial ability of the tenant to indemnify us or the value of the contaminated property. We may also experience environmental liabilities arising from conditions not known to us.

Risks Related to Our Status as a REIT

If we fail to qualify or remain qualified as a REIT, we will be subject to U.S. federal income tax as a regular corporation and could face substantial tax liability, which could adversely affect our ability to raise capital or service our indebtedness.

We currently operate, and intend to continue to operate, in a manner that will allow us to continue to qualify to be taxed as a REIT for U.S. federal income tax purposes. We elected to be taxed as a REIT for U.S. federal income tax purposes beginning with our taxable year ended December 31, 2014. We received an opinion of our counsel with respect to our qualification as a REIT in connection with becoming a public company. Investors should be aware, however, that opinions of advisors are not binding on the IRS or any court. The opinion of our counsel represents only the view of our counsel based on its review and analysis of existing law and on certain representations as to factual matters and covenants made by us, including representations relating to the values of our assets and the sources of our income. The opinion is expressed as of the date issued. Our counsel has no obligation to advise us or the holders of any of our securities of any subsequent change in the matters stated, represented or assumed or of any subsequent change in applicable law. Furthermore, both the validity of the opinion of our counsel and our qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis, the results of which will not be monitored by our counsel. Our ability to satisfy the asset tests depends upon our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals.

If we fail to qualify to be taxed as a REIT in any year, we would be subject to U.S. federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates, and dividends paid to our stockholders would not be deductible by us in computing our taxable income. Any resulting corporate liability could be substantial and would reduce the amount of cash available for distribution to our stockholders, which could have an adverse impact on the value of our common stock. Unless we were entitled to relief under certain Code provisions, we also would be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year in which we failed to qualify to be taxed as a REIT, which could adversely affect our financial condition and results of operations.

Legislative or other actions affecting REITs could have a negative effect on us.

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Department of the Treasury (the “Treasury”). Changes to the tax laws or interpretations thereof, with or without retroactive application, could materially and adversely affect our investors or us. We cannot predict how changes in the tax laws might affect our investors or us. New legislation, Treasury regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify to be taxed as a REIT or the U.S. federal income tax consequences to our investors and us of such qualification. For instance, the “Tax Cuts and Jobs Act of 2017” (the “TCJA”) significantly changed the U.S. federal income tax laws applicable to businesses and their owners, including REITs and their shareholders. More recently, the OBBBA introduced further significant changes. Technical corrections or other amendments to these laws or administrative guidance interpreting them may be forthcoming at any time. We cannot predict the long-term effect of the TCJA, OBBBA, or any future law changes on REITs or their shareholders. Changes to the U.S. federal tax laws and interpretations thereof could adversely affect an investment in our stock.

No prediction can be made regarding whether new legislation or regulation (including new tax measures) will be enacted by legislative bodies or governmental agencies, nor can we predict what consequences would result from this legislation or regulation. Accordingly, no assurance can be given that the currently anticipated tax treatment of an investment will not be modified by legislative, judicial or administrative changes, possibly with retroactive effect.

We could fail to qualify to be taxed as a REIT if income we receive from our tenants is not treated as qualifying income.

Under applicable provisions of the Code, we will not be treated as a REIT unless we satisfy various requirements, including requirements relating to the sources of our gross income. Rents received or accrued by us from our tenants will not be treated as qualifying rent for purposes of these requirements if the leases are not respected as true leases for U.S. federal income tax purposes and are instead treated as service contracts, joint ventures or other arrangements. If the leases are not respected as true leases for U.S. federal income tax purposes, we will likely fail to qualify to be taxed as a REIT.

In addition, subject to certain exceptions (including with respect to leases of “qualified healthcare properties” to a taxable REIT subsidiaries (“TRS”) as described below), rents received or accrued by us from our tenants will not be treated as qualifying rent for purposes of these requirements if we or a beneficial or constructive owner of 10% or more of our stock

beneficially or constructively owns 10% or more of the total combined voting power of all classes of stock entitled to vote or 10% or more of the total value of all classes of stock. CareTrust REIT's charter provides for restrictions on ownership and transfer of CareTrust REIT's shares of stock, including restrictions on such ownership or transfer that would cause the rents received or accrued by us from our tenants to be treated as non-qualifying rent for purposes of the REIT gross income requirements. Nevertheless, there can be no assurance that such restrictions will be effective in ensuring that rents received or accrued by us from our tenants will not be treated as qualifying rent for purposes of REIT qualification requirements.

The lease of qualified healthcare properties to a TRS is subject to special requirements.

We lease certain healthcare properties to TRSs (including subsidiaries or joint ventures in which our TRSs hold an interest), which in turn contract with third party managers to manage the healthcare operations at these properties. The rents we receive from a TRS (or a subsidiary or joint venture in which the TRS invests) pursuant to this arrangement are treated as qualifying rents from real property if (i) the healthcare property is a "qualified health care property" (as defined in the Code), (ii) the rents are paid pursuant to a lease with a TRS and (iii) the manager of the property qualifies as an "eligible independent contractor" (as defined in the Code). The determination of what is a "qualified healthcare property" is complex and, particularly with respect to unlicensed properties, dependent on the day-to-day operations and other arrangements in place at those properties. We believe that we have appropriately determined which of our properties are properly characterized as "qualified healthcare properties" and that we have structured the applicable leases and related arrangements in a manner intended to meet these requirements, but there can be no assurance that these conditions will be satisfied. If any of these conditions is not satisfied with respect to a particular lease, then the rents we receive with respect to such lease will not be qualifying rents, which could have an adverse effect on our ability to comply with REIT income tests and thus on our ability to qualify as a REIT unless we are able to avail ourselves of certain relief provisions.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum U.S. federal income tax rate applicable to income from "qualified dividends" payable by U.S. corporations to U.S. stockholders that are individuals, trusts and estates is currently 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates. However, under the TCJA, as made permanent by the OBBBA, noncorporate taxpayers may deduct up to 20% of certain qualified business income, including "qualified REIT dividends" (generally, dividends received by a REIT shareholder that are not designated as capital gain dividends or qualified dividend income), subject to certain limitations. This deduction results in an effective maximum U.S. federal income tax rate of 29.6% on such income. Although these rules do not adversely affect the taxation of REITs, the more favorable rates applicable to regular corporate qualified dividends, together with the reduced corporate tax rate (currently, 21%), could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our stock.

REIT distribution requirements could adversely affect our ability to execute our business plan.

We generally must distribute annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains, in order for us to qualify to be taxed as a REIT (assuming that certain other requirements are also satisfied) so that U.S. federal corporate income tax does not apply to earnings that we distribute. To the extent that we satisfy this distribution requirement and qualify for taxation as a REIT but distribute less than 100% of our REIT taxable income, determined without regard to the dividends paid deduction and including any net capital gains, we will be subject to U.S. federal corporate income tax on our undistributed net taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we distribute to our stockholders in a calendar year is less than a minimum amount specified under U.S. federal income tax laws. We intend to make distributions to our stockholders to comply with the REIT requirements of the Code.

Our funds from operations are generated primarily by rents paid under leases with our tenants. From time to time, we may generate taxable income greater than our cash flow as a result of differences in timing between the recognition of taxable income and the actual receipt of cash or the effect of nondeductible capital expenditures, the creation of reserves or required debt or amortization payments. If we do not have other funds available in these situations, we could be required to borrow funds on unfavorable terms, sell assets at disadvantageous prices or distribute amounts that would otherwise be invested in future acquisitions in order to make distributions sufficient to enable us to pay out enough of our taxable income to satisfy the REIT distribution requirement and to avoid being subject to corporate income tax and the 4% excise tax in a particular year. These alternatives could increase our costs or reduce our equity.

Even if we remain qualified as a REIT, we may face other tax liabilities that reduce our cash flow.

Even if we remain qualified for taxation as a REIT, we may be subject to certain U.S. federal, state, and local taxes on our income and assets, including taxes on any undistributed income and state or local income, property and transfer taxes. For example, we may hold some of our assets or conduct certain of our activities through one or more taxable REIT subsidiaries (each, a "TRS") or other subsidiary corporations that will be subject to U.S. federal, state, and local corporate-level income

taxes as regular C corporations. The OBBBA modified the REIT asset test to provide that not more than 25% (previously 20%) of the gross value of a REIT's assets may be represented by securities of one or more TRSs. In addition, we may incur a 100% excise tax on transactions with a TRS if they are not conducted on an arm's-length basis. Any of these taxes would decrease cash available for distribution to our stockholders.

Complying with REIT requirements may cause us to forgo otherwise attractive acquisition opportunities or liquidate otherwise attractive investments.

To qualify as a REIT for U.S. federal income tax purposes, we must on an ongoing basis satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our shares of beneficial interest. We may be required to make distributions to our stockholders at disadvantageous times or when we do not have funds readily available for distribution. Thus, compliance with the REIT requirements may hinder our ability to make certain attractive investments.

Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.

The REIT provisions of the Code substantially limit our ability to hedge our assets and liabilities. Income from certain hedging transactions that we may enter into to manage risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets does not constitute "gross income" for purposes of the 75% or 95% gross income tests that apply to REITs, provided that certain identification requirements are met. For taxable years beginning after December 31, 2015, income from new transactions entered into to hedge the income or loss from prior hedging transactions, where the indebtedness or property which was the subject of the prior hedging transaction was extinguished or disposed of, will not constitute gross income for purposes of the 75% or 95% gross income tests. To the extent that we enter into other types of hedging transactions or fail to properly identify such transaction as a hedge, the income is likely to be treated as non-qualifying income for purposes of both of the gross income tests. As a result of these rules, we may be required to limit our use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of our hedging activities because the TRS may be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in the TRS will generally not provide any tax benefit, except that such losses could theoretically be carried back or forward against past or future taxable income in the TRS.

Certain subsidiaries might fail to qualify or remain qualified as a REIT

We have formed an entity which has elected to be taxed as a REIT. Each subsidiary REIT is also subject to the same various REIT qualification requirements and other limitations described herein that are applicable to us. We believe that our subsidiary REIT has been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code. However, if our subsidiary REIT were to fail to qualify as a REIT, then it would become subject to regular U.S. federal corporate income tax and our ownership of stock in such subsidiary REIT would cease to be a qualifying real estate asset for purposes of the 75% asset test and would become subject to the 5% asset test, the 10% vote test and the 10% value test generally applicable to ownership in corporations other than REITs, qualified REIT subsidiaries and TRSs. If any subsidiary REIT were to fail to qualify as a REIT, it is possible that we would not meet the 10% vote test and the 10% value test with respect to our indirect interest in such entity, in which event we would fail to qualify as a REIT unless we could avail ourselves of certain relief provisions.

Changes in international U.S. or non-U.S. tax laws, including changes to tax rates, may adversely affect our results of operations.

We are headquartered in the United States but we have investments in the United Kingdom, may have investments in other jurisdictions and are subject to the income and other tax laws of such jurisdictions. Similar to the requirements applicable to U.S. REITs, the tax laws of other jurisdictions in which we have operations, such as the requirements applicable to U.K. REITs, are complex. Significant judgment is required in determining our provision for income taxes. Although we believe that we have adequately assessed and accounted for our potential tax liabilities, and that our tax estimates are reasonable, there can be no assurance that additional taxes will not be due upon audit of our tax returns or as a result of changes to applicable U.S. or non-U.S. tax laws. The U.S. and non-U.S. governments are actively discussing changes to corporate taxation. Our future tax expense could be adversely affected by these changes in tax laws or their interpretation, both domestically and internationally. Potential tax reforms being considered by many countries include changes that could impact, among other things, global tax reporting, intercompany transfer pricing arrangements, the definition of taxable permanent establishments, and other legal or financial arrangements. The nature and timing of any changes to each jurisdiction's tax laws and the impact on our future tax exposure both in the U.S. and abroad cannot be predicted with any accuracy but could materially and adversely impact our results of operations and cash flows.

Risks Related to Our Capital Resources and Indebtedness

From time to time, we may have substantial indebtedness and we are able to incur significant additional indebtedness.

As of December 31, 2025, we had approximately \$900.0 million of indebtedness representing \$400.0 million of our 3.875% Senior Notes due 2028 (the “Notes”) and a \$500.0 million term loan under our unsecured term loan credit facility, and no borrowings outstanding under our unsecured revolving credit facility. High levels of indebtedness could have one or more of the following adverse consequences, among others: require us to dedicate a substantial portion of our cash flow from operations to make principal and interest payments on our indebtedness, thereby reducing our cash flow available to fund working capital, dividends, capital expenditures and acquisitions and other general corporate purposes; require us to maintain certain debt coverage and other financial ratios at specified levels, thereby reducing our financial flexibility; make it more difficult for us to satisfy our financial obligations, including the Notes and borrowings under the Third Amended Credit Facility (as defined below); increase our vulnerability to general adverse economic and industry conditions or a downturn in our business; limit, along with the financial and other restrictive covenants in our indebtedness, our ability to borrow additional funds on favorable terms or at all to expand our business or ease liquidity constraints; limit our ability to refinance all or a portion of our indebtedness on or before maturity on the same or more favorable terms or at all; and require us to dispose of one or more of our properties at disadvantageous prices in order to service our indebtedness or to raise funds to pay such indebtedness at maturity.

In addition, failure to satisfy our obligations under the Notes or our other debt or to comply with the financial and other restrictive covenants contained in the indenture governing the Notes or the Third Amended Credit Agreement (as defined below), could result in an event of default, which could result in all of our debt becoming immediately due and payable and permit certain of our lenders to foreclose on our assets securing such debt. Further, our Third Amended Credit Agreement and the indenture governing the Notes permit us to incur substantial additional debt, including secured debt, subject to our compliance with certain financial covenants set forth in the Third Amended Credit Agreement and our ability to satisfy certain covenants in the indenture governing the Notes. See “Risk Factors - Risks Related to Our Capital Resources and Indebtedness — Covenants in our debt agreements restrict our activities and could adversely affect our business” for a summary of these covenants.

We may be unable to service our indebtedness.

Our ability to make scheduled payments on and to refinance our indebtedness depends on and is subject to our future financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors beyond our control, including the availability of financing in the international banking and capital markets. Our business may fail to generate sufficient cash flow from operations or future borrowings may be unavailable to us under the Third Amended Credit Facility or from other sources in an amount sufficient to enable us to service our debt, to refinance our debt or to fund our other liquidity needs. If we are unable to meet our debt obligations or to fund our other liquidity needs, we will need to restructure or refinance all or a portion of our debt. We may be unable to refinance such debt on commercially reasonable terms or at all. If we were unable to make payments or refinance our debt or obtain new financing under these circumstances, we would have to consider other options, such as asset sales, equity issuances and/or negotiations with our lenders to restructure such debt. The Third Amended Credit Agreement and the indenture governing the Notes restrict, and market or business conditions may limit our ability to take, these actions. Any debt restructuring or refinancing could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations.

We rely on our subsidiaries for our operating funds.

We conduct our operations through subsidiaries and depend on our subsidiaries for the funds necessary to operate and repay our debt obligations, including funds transfers to us which are necessary to make the payments due under the Notes. The obligations under the Notes are fully and unconditionally guaranteed, jointly and severally, on an unsecured basis, by us and all of our existing and future subsidiaries (other than CTR Partnership, L.P. and CareTrust Capital Corp.) that guarantee obligations under the Third Amended Credit Facility. However, under certain circumstances, one or more of our subsidiaries may be released from, or may not be required to provide, a guarantee of the Notes, and in such circumstances, will not be responsible for any obligations with respect to the Notes. Each of our subsidiaries is a distinct legal entity and has no obligation, contingent or otherwise, to transfer funds to us. In addition, the ability of our subsidiaries to transfer funds to us could be restricted by the terms of subsequent financings.

Covenants in our debt agreements restrict our activities and could adversely affect our business.

Our debt agreements contain covenants that limit our and our subsidiaries’ ability to engage in various transactions including, as applicable: incurring or guaranteeing additional secured and unsecured debt; creating liens on our and our subsidiaries’ assets; paying dividends or making other distributions on, redeeming or repurchasing capital stock; making investments or other restricted payments; entering into transactions with affiliates; engaging in non-healthcare related business

activities; creating restrictions on the ability of our subsidiaries to pay distributions or other amounts to us; selling assets; effecting a consolidation or merger or selling all or substantially all of our assets; making acquisitions; and amending organizational documents.

These covenants limit our operational flexibility and could prevent us from taking advantage of business opportunities as they arise, growing our business or competing effectively. The Third Amended Credit Agreement requires us to comply with financial maintenance covenants to be tested quarterly and also contains customary events of default, including the failure to make timely payments under the Third Amended Credit Facility or other material indebtedness, failure to satisfy certain covenants (including financial maintenance covenants), the occurrence of a change of control and specified events of bankruptcy and insolvency. Our ability to meet these requirements may be affected by events beyond our control and, if we fail to do so, we may be unable to obtain waivers from the lenders or amend the covenants.

Increases in interest rates could increase our existing and future debt borrowing costs and adversely affect our stock price.

Certain of our existing debt obligations require interest and related payments to vary with the movement of certain indices, such as the Secured Overnight Financing Rate, and we may incur additional indebtedness in connection with new credit facilities or financing of acquisitions or development activities. Interest rates in recent years have increased, and may continue to increase, our interest costs for any new debt and our obligations under our Third Amended Credit Facility, which could make acquisition financings more costly or lower our current period earnings. Rising interest rates could limit our ability to refinance existing debt when it matures or cause us to pay higher interest rates upon refinancing. In addition, interest rate increases could decrease credit access globally, thereby decreasing the amount others are willing to pay for our assets and limiting our ability to reposition our portfolio promptly in response to changes in economic or other conditions. Further, the dividend yield on our common stock, as a percentage of the price of such common stock, will influence the price of such common stock. Thus, an increase in market interest rates may lead prospective purchasers of our common stock to expect a higher dividend yield, which could adversely affect the market price of our common stock.

A credit rating downgrade could impair our ability to obtain additional debt financing on favorable terms, if at all, and significantly reduce the trading price of our common stock.

Our credit rating can affect the amount, type and terms of capital financings we obtain. Factors affecting our credit rating include, among others, our financial performance, success in raising sufficient equity capital, adverse changes in our debt and fixed charge coverage ratios, our capital structure, level of indebtedness and future changes in the regulatory framework applicable to our operators and industry. We may be unable to maintain our current credit ratings, and in the event that our current credit ratings deteriorate, a ratings agency downgrades our credit rating or places our rating under watch or review for possible downgrade, we would likely incur higher borrowing costs, which would make it more difficult or expensive to obtain additional financing or refinance existing obligations and commitments and the trading price of our common stock may decline.

Risks Related To Our Common Stock and Organizational Documents

Our charter restricts the ownership and transfer of our outstanding stock, which may have the effect of delaying, deferring or preventing a transaction or change of control of our company.

In order for us to qualify to be taxed as a REIT, not more than 50% in value of our outstanding shares of stock may be owned, beneficially or constructively, by five or fewer individuals at any time during the last half of each taxable year after our first taxable year as a REIT. Additionally, at least 100 persons must beneficially own our stock during at least 335 days of a taxable year (other than our first taxable year as a REIT). Our charter, with certain exceptions, authorizes our board of directors to take such actions as are necessary and desirable to preserve our qualification as a REIT. Our charter also provides that, unless exempted by the board of directors, no person may own more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of our common stock, or more than 9.8% in value of the outstanding shares of all classes or series of our stock. The constructive ownership rules are complex and may cause shares of stock owned directly or constructively by a group of related individuals or entities to be constructively owned by one individual or entity. These ownership limits could delay or prevent a transaction or a change in control of us that might involve a premium price for shares of our stock or otherwise be in our stockholders' best interests. The acquisition of less than 9.8% of our outstanding stock by an individual or entity could cause that individual or entity to own constructively in excess of 9.8% in value of our outstanding stock, and thus violate our charter's ownership limit. Our charter also prohibits any person from owning shares of our stock that would result in our being "closely held" under Section 856(h) of the Code or otherwise cause us to fail to qualify to be taxed as a REIT. In addition, our charter provides that (i) no person shall beneficially or constructively own shares of stock to the extent such beneficial or constructive ownership of stock would result in us failing to qualify as a "domestically controlled qualified investment entity" within the meaning of Section 897(h) of the Code, and (ii) no person shall beneficially or constructively own shares of stock to the extent such beneficial or constructive ownership would cause us to own, beneficially or constructively, more than a 9.9% interest (as set forth in Section 856(d)(2)(B) of the Code) in a tenant of our real property. Any attempt to own or transfer shares of our stock in violation of these restrictions may result in the transfer being automatically void.

Maryland law and provisions in our charter and bylaws may delay or prevent takeover attempts by third parties and therefore inhibit our stockholders from realizing a premium on their stock.

Our charter, bylaws and Maryland law contain provisions intended to deter coercive takeover practices and inadequate takeover bids and to encourage prospective acquirors to negotiate with our board of directors rather than to attempt a hostile takeover. As currently in effect, our charter and bylaws, among other things, (1) contain transfer and ownership restrictions on the percentage by number and value of outstanding shares of our stock that may be owned or acquired by any stockholder; (2) prohibit stockholders action by non-unanimous written consent; (3) permit the board of directors, without further action of the stockholders, to amend the charter to increase or decrease the aggregate number of authorized shares or the number of shares of any class or series that may be issued; (4) permit the board of directors to classify or reclassify any unissued shares of common or preferred stock and set the preferences, rights and other terms of the classified or reclassified shares; (5) establish certain advance notice procedures for stockholder proposals, and provide procedures for the nomination of candidates for our board of directors; (6) provide that special meetings of stockholders may only be called by the Company or upon written request of 25% of all the votes entitled to be cast at such meeting; (7) provide that a director may only be removed by stockholders for cause and upon the vote of two-thirds of the outstanding shares of common stock; and (8) require supermajority approval to amend or repeal certain provisions in our charter. In addition, specific anti-takeover provisions of the Maryland General Corporation Law (“MGCL”) could make it more difficult for a third party to attempt a hostile takeover, including:

- “business combination” provisions that, subject to limitations, prohibit certain business combinations between us and an “interested stockholder” (defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate thereof) for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter impose special appraisal rights and special stockholder voting requirements on these combinations; and
- “control share” provisions that provide that “control shares” of our company (defined as shares which, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a “control share acquisition” (defined as the direct or indirect acquisition of ownership or control of “control shares”) have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

Our bylaws contain a provision that exempts from the MGCL’s control share acquisition statute any and all acquisitions by any person of shares of our stock. However, there can be no assurance that this provision will not be amended or eliminated, in whole or in part, at any time in the future.

We believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirors to negotiate with our board of directors and by providing our board of directors with more time to assess any acquisition proposal. These provisions are not intended to make us immune from takeovers. However, these provisions may delay, defer or prevent a change of control transaction even if such transaction involves a premium price for our common stock or our stockholders believe that such transaction is otherwise in their best interests. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

Our bylaws provide that the Circuit Court for Baltimore City, Maryland will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland is the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of us, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee, (iii) any action asserting a claim arising pursuant to any provision of the MGCL, or (iv) any action asserting a claim governed by the internal affairs doctrine, and any of our record or beneficial stockholders who commences such an action shall cooperate in a request that the action be assigned to the Court’s Business & Technology Case Management Program. This exclusive forum provision is intended to apply to claims arising under the MGCL and would not apply to claims brought pursuant to the Exchange Act of 1934 or Securities Act of 1933, each as amended, or any other claim for which the federal courts have exclusive jurisdiction. The exclusive forum provision in our bylaws will not relieve us of our duties to comply with the federal securities laws and the rules and regulations thereunder, and our stockholders will not be deemed to have waived our compliance with these laws, rules and regulations.

This exclusive forum provision may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. In addition, stockholders who do bring a claim in the Circuit Court for Baltimore City, Maryland could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near Maryland. The

Circuit Court for Baltimore City, Maryland may also reach different judgments or results than would other courts, including courts where a stockholder would otherwise choose to bring the action, and such judgments or results may be more favorable to us than to our stockholders. However, the enforceability of similar exclusive forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find this type of provision and/or the jurisdictional limitation contained therein to be inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings. If a court were to find the exclusive forum provision contained in our bylaws to be inapplicable or unenforceable in an action, we might incur additional costs associated with resolving such action in other jurisdictions.

We cannot assure you of our ability to pay dividends in the future.

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. Our ability to pay dividends may be adversely affected by a number of factors, including the risk factors described in this annual report. Dividends are authorized by our board of directors and declared by us based upon a number of factors, including but not limited to actual results of operations, restrictions and solvency considerations under Maryland law or applicable debt covenants, our financial condition, our taxable income, the annual distribution requirements under the REIT provisions of the Code and our operating expenses. There is no assurance that our operating results will allow for specified levels of cash dividends or year-to-year increases in the future.

Furthermore, while we are required to pay dividends in order to maintain our REIT status (as described under “Risks Related to Our Status as a REIT — REIT distribution requirements could adversely affect our ability to execute our business plan”), we may elect not to maintain our REIT status and discontinue paying dividends. Even if we do elect to maintain our REIT status, after completing various procedural steps, we may elect to comply with the applicable distribution requirements by distributing, under certain circumstances, a portion of the required amount in the form of shares of our common stock in lieu of cash. Either of these actions could negatively affect our business and financial condition as well as the market price of our common stock.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

We have implemented several cybersecurity processes and controls to aid in our efforts to assess, identify, and manage material risks from cybersecurity threats, as such term is defined in Item 106(a) of Regulation S-K. We have engaged a third party cybersecurity firm who serves as our dedicated information technology (“IT”) and cybersecurity team and helps us oversee, implement and manage these processes and controls.

To identify and assess material risks from cybersecurity threats, we consider cybersecurity threat risks individually and alongside other company risks as part of our overall risk assessment process. Management determines and prioritizes appropriate risk responses for each identified enterprise risk. In doing so, management coordinates with relevant subject matter specialists as appropriate for each relevant risk area, including our third party IT and cybersecurity team with respect to information technology and security risks.

Management is accountable for our day to day risk management activities. With the assistance of our third party IT and cybersecurity team, we employ a range of tools and services, including a governance, risk and compliance platform, to inform our managements’ risk identification and assessment relating to our technology program. With this platform, we map our cybersecurity and risk management program to the Center for Internet Security (“CIS”) framework.

Processes and controls we have implemented with the assistance of our third party IT and cybersecurity team to assess, identify, manage and protect against material risks from cybersecurity threats include the following:

- perform 24/7 security monitoring through an automated detection software managed by our third party cybersecurity firm;
- conduct annual cybersecurity management and incident training for employees involved in our systems and processes that handle sensitive data;
- conduct regular phishing email training for all employees with access to corporate email and other systems to enhance awareness and responsiveness to such possible threats;
- leverage the CIS Controls incident handling framework to help us identify, protect, detect, respond, and recover when there is an actual or potential cybersecurity incident.

At least annually, our third party IT and cybersecurity firm conducts a cybersecurity risk assessment. We periodically review reporting on these risks and our cybersecurity threats, the status of our security infrastructure, our risk management activities and the status of, and our responses to, any cybersecurity incidents.

Through our incident response policy, we have designated an incident response team composed of representatives of management and other employees as well as representatives from our outsourced cybersecurity firm that has responsibility for overseeing cybersecurity incidents. Led by management, our third party IT and cybersecurity team is responsible for the day-to-day investigation of and response to potential information security-related incidents. Pursuant to our incident response policy, incidents meeting specified severity levels are required to be escalated to the incident response team for review and response. The goal of the policy is to prevent, detect and react to information security incidents, determine their scope and risk, respond appropriately to the incident, communicate the results and risk to relevant stakeholders, and reduce the likelihood of the incident from reoccurring.

Pursuant to our incident response policy, if we are notified of a cybersecurity incident impacting a third party service provider that affects our information systems or data, we will respond on the same basis as any other incident. We are implementing a business use case review process and vendor risk assessment for all third party service providers that will access or implicate our materially significant technology or data. If we deem the cybersecurity risk of a particular service provider too great, such service provider will not be approved or access will be terminated.

Based on information known to us, we do not believe any risks from cybersecurity threats, including as a result of previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations or financial condition. We can give no assurance that we have detected or protected against all cybersecurity threats or incidents. Please refer to “Cybersecurity incidents or other damage to the information systems and technology of us, our tenants, or our managers could harm our business” and “If we, our tenants, or our managers fail to adhere to applicable privacy and data security laws, this could have a material adverse effect on us, our tenants’, or our managers’ ability to meet their obligations to us” included “Item 1A, Risk Factors” of this Annual Report on Form 10-K for additional information about material risks related to cybersecurity threats.

Cybersecurity Governance

As described above, we have engaged a third party IT and cybersecurity firm to whom we have outsourced primary responsibility to oversee, implement and manage our processes and controls to assess, identify, and manage material risks from cybersecurity threats. Members of this dedicated third party IT and cybersecurity team include a virtual chief information security officer (vCISO) who is responsible for the overall development and implementation of our cybersecurity strategy and responses as well as individuals having the position of cybersecurity analyst, cybersecurity engineer, and director of information security. Our management, including our Chief Executive Officer, oversees the work of our third party IT and cybersecurity team and regularly communicates with members of the team. Through the policies and controls described above, including our incident response policy, representatives of the third party IT and cybersecurity team as well as members of our management, including our Chief Executive Officer, are informed about cybersecurity threats and incidents affecting our information systems and direct our efforts to prevent, detect, mitigate and remediate cybersecurity threats and incidents. The representatives of our third party IT and cybersecurity team who lead our cybersecurity risk management and risk assessment process have collectively over 30 years of prior work experience in various roles managing information systems, developing cybersecurity strategy, implementing information security and cybersecurity programs, identifying and assessing cybersecurity risks and establishing incident response plans. The members of the cybersecurity team hold degrees in computer engineering and cybersecurity as well as advanced cybersecurity certifications, including a Certified Information Systems Security Professional (CISSP) certification, a Certified Information Systems Auditor (CISA) credential and a Certified Information Security Manager (CISM) certification. Other members of our third party cybersecurity team have also obtained various professional certifications and advanced training in the areas of information security and cybersecurity.

Our audit committee is responsible for overseeing our overall risk assessment and risk management program as well as our policies and practices related to our information technology systems, information security and cybersecurity risks. The audit committee reviews at least annually our enterprise risks and related risk management program. In addition, on a quarterly basis, the audit committee receives a report from management on our cybersecurity threat risk management and strategic processes covering topics such as cybersecurity incidents and any remedial actions, if needed, data security posture, the results of third party risk assessments as well as our cybersecurity risk management processes and strategies. Outside of quarterly presentations, the chair of the audit committee would be notified following any cybersecurity incident meeting specified severity levels, and the audit committee would also be expected to review management’s materiality assessment regarding any cybersecurity incident requiring disclosure to the Securities and Exchange Commission. Through their participation in meetings of the audit committee, other members of the Board are also kept apprised of material risks from cybersecurity threats and our related risk management activities.

ITEM 2. Properties

The following table sets forth certain information regarding the properties that comprise our consolidated net real estate investments, exclusive of real estate loan investments, as of December 31, 2025 (dollars in thousands):

Location	Triple-net			SHOP		
	Number of Properties	Total Investment	Annualized Revenues ⁽¹⁾	Number of Properties	Total Investment	Annualized Revenues ⁽¹⁾
CA	54	\$ 804,264	\$ 86,464	—	\$ —	\$ —
UK	133	865,472	69,061	—	—	—
TX	42	397,479	44,767	3	40,298	14,700
TN	27	442,040	44,224	—	—	—
LA	8	186,116	19,343	—	—	—
ID	19	159,333	17,831	—	—	—
WA	17	154,096	14,973	—	—	—
VA	4	159,453	14,368	—	—	—
AZ	11	60,179	14,052	—	—	—
MS	8	166,064	13,000	—	—	—
NC	7	117,025	10,315	—	—	—
MD	5	95,699	8,732	—	—	—
UT	13	85,071	8,225	—	—	—
IL	11	77,642	6,898	—	—	—
PA	4	57,021	4,632	—	—	—
CO	7	60,483	4,321	—	—	—
OH	6	76,574	4,176	—	—	—
MO	2	31,844	2,821	—	—	—
OR	2	28,597	2,800	—	—	—
MT	3	22,619	2,568	—	—	—
NV	3	13,165	2,359	—	—	—
NM	1	12,813	2,122	—	—	—
SD	1	9,744	2,004	—	—	—
GA	1	15,297	1,498	—	—	—
SC	1	11,683	1,122	—	—	—
AL	1	11,260	1,100	—	—	—
NE	5	14,531	1,078	—	—	—
IA	5	15,812	1,045	—	—	—
WI	2	11,953	949	—	—	—
ND	1	8,184	841	—	—	—
WV	1	7,243	812	—	—	—
KS	1	6,987	622	—	—	—
MI	1	11,071	—	—	—	—
Total:	407	\$ 4,196,814	\$ 409,123	3	\$ 40,298	\$ 14,700

(1) Represents revenue for the month ended December 31, 2025 annualized.

The following table displays the expiration of the annualized contractual cash rental income under our triple-net lease agreements as of December 31, 2025, (dollars in thousands) and, in each case, without giving effect to any renewal or purchase options:

Lease Maturity Year	Rent ⁽¹⁾	Percent of Total Rent
2031	\$ 46,236	11.2 %
2032	35,057	8.6 %
2033	18,182	4.4 %
2034	40,378	9.9 %
2035	20,276	5.0 %
2036	15,185	3.7 %
2037	15,720	3.8 %
2038	33,834	8.3 %
2039	56,073	13.6 %
2040	70,628	17.3 %
2041	644	0.2 %
2043	5,328	1.3 %
2044	15,454	3.8 %
2045	10,123	2.5 %
2046	739	0.2 %
2047	6,429	1.6 %
2049	276	0.1 %
2050	2,871	0.7 %
2051	1,020	0.2 %
2053	4,045	1.0 %
2055	410	0.1 %
2056	258	0.1 %
2057	4,276	1.0 %
2058	5,681	1.4 %
Total	\$ 409,123	100.0 %

(1) Includes properties held in consolidated joint ventures. See Note 4, *Real Estate Investments, Net*, and Note 15, *Variable Interest Entities*, for additional information.

See the “Tenant Purchase Options” section of Note 4, *Real Estate Investments, Net*, in the Notes to consolidated financial statements for additional information on leases subject to purchase options.

The information set forth under “Classification of Properties in our Portfolio” in Item 1 of this Annual Report on Form 10-K is incorporated by reference herein.

ITEM 3. 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 our managers or tenants, which are the responsibility of our managers or tenants and for which we are entitled to be indemnified by our managers or tenants under the insurance and indemnification provisions in the applicable leases.

ITEM 4. Mine Safety Disclosures

None.

PART II

ITEM 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Common Equity

Our common stock is listed on the New York Stock Exchange under the symbol “CTRE.”

At February 11, 2026, we had approximately 54 stockholders of record.

To maintain REIT status, we are required each year to distribute to stockholders at least 90% of our annual REIT taxable income after certain adjustments. All distributions will be made by us at the discretion of our board of directors and will depend on our financial position, results of operations, cash flows, capital requirements, debt covenants (which include limits on distributions by us), applicable law, and other factors as our board of directors deems relevant. For example, while the Notes and our Third Amended Credit Agreement permit us to declare and pay any dividend or make any distribution that is necessary to maintain our REIT status, those distributions are subject to certain financial tests under the indenture governing the Notes, and therefore, the amount of cash distributions we can make to our stockholders may be limited.

Distributions with respect to our common stock can be characterized for federal income tax purposes as taxable ordinary dividends, non-dividend distributions or a combination thereof. Following is the characterization of our annual cash dividends on common stock:

Common Stock	Year Ended December 31,	
	2025	2024
Ordinary dividend	\$ 1.2950	\$ 0.8529
Non-dividend distributions	—	0.2971
Total taxable distribution	1.2950	1.1500
Distributions allocated from prior tax year ⁽¹⁾	(0.2900)	(0.2800)
Distributions allocated to subsequent tax year ⁽²⁾	0.3350	0.2900
Total distributions declared	\$ 1.3400	\$ 1.1600

(1) Because our aggregate cash distributions exceeded our annual earnings and profits, the cash distribution declared in the fourth quarter of 2024 and paid in January 2025, of \$0.290 per share, will be treated as a 2025 distribution for federal income tax purposes.

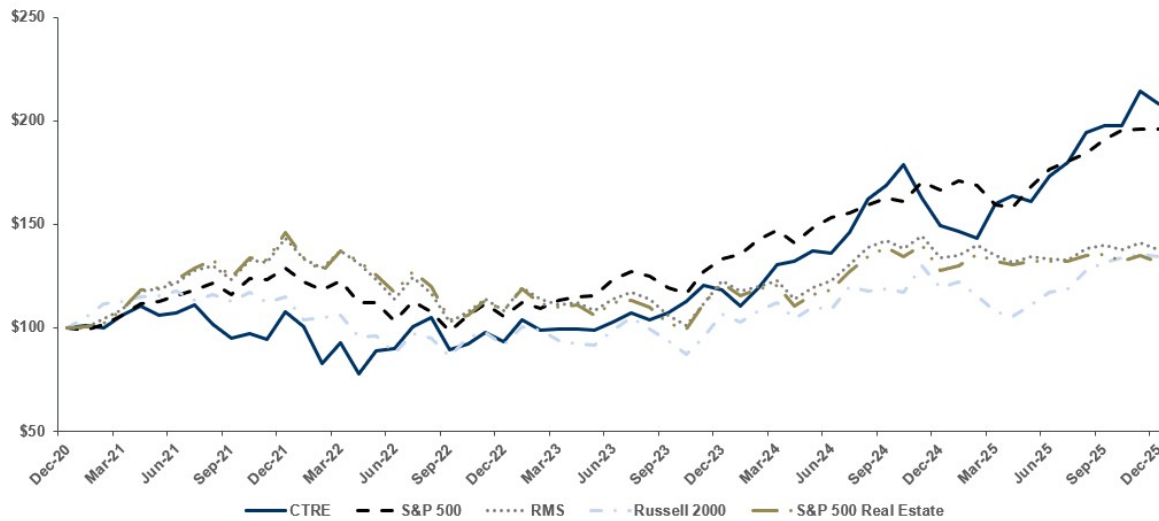
(2) Because our aggregate cash distributions exceeded our annual earnings and profits, the cash distribution declared in the fourth quarter of 2025 and paid in January 2026, of \$0.335 per share, will be treated as a 2026 distribution for federal income tax purposes.

Stock Price Performance Graph

The graph below compares the cumulative total return of our common stock, the S&P 500 REIT Index, the RMS (MSCI U.S. REIT Total Return Index) and the Russell 2000 Index (“Russell 2000”). Total cumulative return is based on a \$100 investment in CareTrust REIT common stock and in each of the indices at the market close on December 31, 2020 and assumes quarterly reinvestment of dividends before consideration of income taxes. Stockholder returns over the indicated periods should not be considered indicative of future stock prices or stockholder returns.

COMPARISON OF CUMULATIVE TOTAL RETURN
AMONG S&P 500 REIT INDEX, RMS, RUSSELL 2000 AND CARETRUST REIT, INC.
RATE OF RETURN TREND COMPARISON
DECEMBER 31, 2020 - DECEMBER 31, 2025
(DECEMBER 31, 2020 = \$100)
Stock Price Performance Graph Total Return

The stock performance graph shall not be deemed soliciting material or to be filed with the SEC or subject to Regulation 14A or 14C under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or to the liabilities of Section 18 of the Exchange Act, nor shall it be incorporated by reference into any past or future filing under the Securities Act of 1933 or the Exchange Act, except to the extent we specifically request that it be treated as soliciting material or specifically incorporate it by reference into a filing under the Securities Act of 1933 or the Exchange Act.



	December 31,					
	2020	2021	2022	2023	2024	2025
CareTrust REIT, Inc.	\$ 100.00	\$ 107.88	\$ 93.10	\$ 118.42	\$ 149.48	\$ 208.26
S&P 500	\$ 100.00	\$ 128.71	\$ 105.40	\$ 133.10	\$ 166.40	\$ 196.16
RMS	\$ 100.00	\$ 143.06	\$ 108.00	\$ 122.84	\$ 133.59	\$ 137.53
Russell 2000	\$ 100.00	\$ 114.82	\$ 91.35	\$ 106.82	\$ 119.14	\$ 134.40
S&P 500 Real Estate Index	\$ 100.00	\$ 146.19	\$ 108.00	\$ 121.34	\$ 127.69	\$ 131.72

ITEM 6. [Reserved]

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The discussion below contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those which are discussed in the section titled "Risk Factors." Also see "Statement Regarding Forward-Looking Statements" preceding Part I.

The following discussion and analysis should be read in conjunction with our accompanying consolidated financial statements and the notes thereto.

Our Management's Discussion and Analysis of Financial Condition and Results of Operations is organized as follows:

- Overview
- Recent Developments
- Results of Operations
- Liquidity and Capital Resources
- Critical Accounting Estimates
- Impact of Inflation

Overview

CareTrust REIT is a self-administered, publicly-traded REIT engaged in the ownership, acquisition, financing, development and leasing of skilled nursing, senior housing and other healthcare-related properties.

As of December 31, 2025, CareTrust REIT owned, directly or indirectly in consolidated joint ventures, and leased to independent operators, 407 skilled nursing facilities, senior housing communities and other properties consisting of 37,628 operational beds and units located in 32 states and the United Kingdom (the "U.K.") with the highest concentration of properties by rental income located in California, the U.K., Texas, and Tennessee. As of December 31, 2025, we also had other real estate related investments consisting of four preferred equity investments, 16 real estate secured loans receivable and five mezzanine loans receivable with a carrying value of \$899.3 million and one financing receivable with a carrying value of \$92.2 million.

During the fourth quarter of 2025, we began utilizing the structure authorized by the REIT Investment Diversification and Empowerment Act of 2007 (commonly referred to as "RIDEA") as permitted by the Housing and Economic Recovery Act of 2008 in connection with the establishment of a senior housing operating platform ("SHOP") and completed our first SHOP acquisition in December 2025. As of December 31, 2025, CareTrust REIT also owned, indirectly in consolidated joint ventures, the properties and operations of three senior housing communities consisting of 270 units in Texas that are operated on our behalf by independent managers pursuant to the terms of separate management agreements under our SHOP platform.

Recent Developments

SHOP Communities

During the fourth quarter of 2025, we began utilizing the RIDEA structure and established a SHOP platform through the acquisition of three senior housing communities.

The Acquisition

On May 8, 2025, we closed our acquisition (the "Care REIT Acquisition") of Care REIT plc ("Care REIT"). In connection with this acquisition, on June 30, 2025, we also acquired substantially all of the assets of Impact Health Partners LLP, the investment manager of Care REIT (together with the Care REIT Acquisition, the "Acquisition"). We treat these acquisitions as a single transaction as they were entered into in contemplation of one another and were intended to achieve an overall economic effect.

The Care REIT Acquisition was implemented by means of a court-sanctioned scheme of arrangement (the "Scheme") under Part 26 of the United Kingdom Companies Act of 2006. Under the terms of the Scheme, Care REIT stockholders received 108 pence in cash per share, totaling approximately \$595.4 million. At closing, we also assumed Care

REIT's liabilities of approximately \$290.9 million. In addition, we paid the partners of Impact Health Partners LLP approximately \$6.8 million for substantially all of Impact Health Partners LLP's assets.

Market Trends and Uncertainties

Recent macroeconomic conditions, particularly market uncertainty, immigration restrictions and changes to immigration enforcement policy, changes to the U.S. healthcare system, shutdown of the federal government, declining consumer sentiment, inflation (including higher supply costs and shortages), effects of global tariffs, elevated interest rates and related changes to consumer spending, has adversely impacted and could continue to adversely impact our tenants' ability to meet some of their financial obligations to us. Higher interest rates and market volatility have also increased our costs of capital to finance acquisitions and increased our borrowing costs. We continue to monitor changes in the interest rate environment and the effect of changing rates on our business. 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.

As a result of impacts experienced by our operators due to recent market trends and uncertainties, the ability of some of our tenants and borrowers to meet their financial obligations to us in full may be negatively impacted. 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 have also restructured tenants' long-term obligations. See "Impairment of Real Estate Investments, Assets Held for Sale and Asset Sales" below. During the three months and year ended December 31, 2025, we collected 100% and 99.7% of contractual rents and interest due from our operators and borrowers exclusive of properties held-for-sale and sold during the period, respectively. In the event our tenants or borrowers 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 and interest income would be adversely impacted and we may incur additional expenses or obligations and be required to recognize additional impairment charges or fair value adjustments.

Regulatory Updates

During the third quarter of 2025, both Idaho and North Carolina announced Medicaid reimbursement rate reductions that could adversely impact the operations of our tenants and borrowers at our SNFs located in those states. In Idaho, the Department of Health and Welfare enacted a 4% across-the-board rate cut in response to an \$80 million budget shortfall. Effective December 10, 2025, North Carolina reversed the Medicaid reimbursement reductions and restored rates to September 30, 2025 levels.

On July 4, 2025, President Trump signed the One Big Beautiful Bill Act of July 2025 ("OBBBA") into law. This comprehensive budget reconciliation package reshapes federal policy across numerous sectors of the American economy, including taxation, healthcare, social safety nets, immigration, and education.

The OBBBA includes the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act of 2017 and other changes to the Internal Revenue Code of 1986, as amended (the "Code") that affect REITs and their investors. For instance, for taxable years beginning on or after January 1, 2026, the OBBBA modifies the REIT asset test requirement with respect to taxable REIT subsidiaries, providing that not more than 25% (previously 20%) of the gross value of a REIT's assets may be represented by securities of one or more taxable REIT subsidiaries. Additionally, the OBBBA permanently extends the Code Section 199A pass-through qualified business income deduction. This allows certain individuals, trusts, and estates to continue deducting 20% of their qualified business income, including qualified REIT dividends.

The OBBBA also introduced sweeping changes to healthcare policy and funding in the U.S. which may affect our industry in ways we cannot yet predict. Notably, however, the bill did not include previously proposed cuts to Medicaid reimbursement rates for SNFs, which is expected to provide continued stability for many of our tenants and borrowers, particularly those operating in states with high Medicaid census.

The Centers for Medicare and Medicaid Services ("CMS") issued a final rule on July 31, 2024, updating Medicare payment policies and rates for SNFs for fiscal year 2025. This update included a 4.2% increase in Medicare Part A payments to SNFs, totaling approximately \$1.4 billion. These increases partially offset some of our tenants' and borrowers' higher operating costs. Further, in this final rule, CMS expanded its ability to impose penalties on SNFs for health and safety deficiencies/non-compliance by allowing for more per instance and per day civil monetary penalties to be imposed for such health and safety deficiencies/non-compliance, as appropriate.

CMS issued a final rule on July 31, 2025, updating Medicare payment policies and rates for SNFs for fiscal year 2026. This update provides for a net increase of 3.2% in Medicare Part A payments to SNFs. This increase is expected to partially offset some of our tenants' and borrowers' higher operating costs.

On April 22, 2024, CMS issued a final rule intended to establish comprehensive minimum staffing requirements for nursing homes. However, the rule was vacated by a federal court in Texas in April 2025. Subsequently, the OBBBA, enacted

on July 4, 2025, imposed a legislative moratorium on the rule, effective until September 30, 2034. Further, in December 2025, HHS announced that it formally repealed these minimum staffing requirements. We continue to monitor regulatory developments closely and remain engaged with our tenants to assess the operational and financial implications of legislative actions.

On October 13, 2023, California Senate Bill No. 525 (“SB 525”) was signed into law, requiring a substantial increase in the minimum wage for workers operating in certain health care facilities. As a result of SB 525, certain health care facilities (including licensed skilled nursing facilities) operating in California are required to increase the wages of their covered health care employees to at least \$21 per hour, which was initially required to be effective from June 1, 2024 to May 31, 2026, \$22 or \$23 per hour (depending on property type) from June 1, 2026 to May 31, 2028, and \$25 per hour after June 1, 2028. After the initial implementation was delayed by the Governor of California in June 2024, SB 525 went into effect on October 16, 2024.

Recent Investments

The following table summarizes our acquisitions from January 1, 2025 through December 31, 2025 (dollars in thousands):

Type of Property	Purchase Price ⁽¹⁾	Initial Annual Cash Rent ⁽²⁾	Number of Properties	Number of Beds/Units ⁽³⁾
Skilled nursing triple-net ⁽⁴⁾	\$ 616,521	\$ 53,988	27	3,214
Senior housing triple-net ⁽⁵⁾	908,507	69,506	135	7,822
Total	\$ 1,525,028	\$ 123,494	162	11,036

(1) Purchase price includes capitalized acquisition costs.

(2) Initial annual cash rent represents initial annual cash rent for the first 12 months.

(3) The number of beds/units includes operating beds/units at acquisition date.

(4) Includes properties held in consolidated joint ventures. See Note 4, *Real Estate Investments, Net*, and Note 15, *Variable Interest Entities*, for additional information.

(5) Includes U.K. Care Homes acquired in connection with the Acquisition. See Note 3, *Acquisitions*, for additional information. On July 31, 2025, we swapped 10 U.K. Care Homes for six U.K. Care Homes and received £2.2 million in cash before selling costs. The amounts shown above are inclusive of this asset swap. See Note 5, *Impairment of Real Estate Investments, Assets Held for Sale and Asset Sales*, for additional information.

On December 1, 2025, the Company purchased three senior housing communities for \$40.3 million via JVs, which includes capitalized acquisition costs. In exchange, the Company holds approximately 98% of the equity interest in the JVs. The JV partner contributed the remaining \$0.9 million of the total investment in exchange for approximately 2% of the equity interest in the JVs. The three senior housing communities are operated by a third party manager under the SHOP platform.

The following table summarizes our other real estate related investments from January 1, 2025 through December 31, 2025 (dollars in thousands):

Investment Type	Investment	Initial Annual Interest Income ⁽¹⁾	Number of Properties	Number of Beds/Units ⁽²⁾
Mortgage secured loans receivable	\$ 121,168	\$ 11,033	30	3,622
Mezzanine loans receivable	9,689	1,260	3	394
Preferred equity	30,000	3,600	N/A	N/A
Total	\$ 160,857	\$ 15,893	33	4,016

(1) Represents annualized acquisition-date interest income, less subservicing fees, if applicable. For floating rate loans, interest income has been calculated using the benchmark rate at loan origination.

(2) The number of beds/units includes operating beds at the investment date.

Financing Activities

In July 2025, we paid off the entire outstanding balance of the secured notes payable and paid off and terminated the secured revolving credit facilities, which were each assumed in connection with the Acquisition. In connection with the payoff of the secured revolving credit facilities, we terminated the outstanding interest rate caps. We funded the payoffs with cash on hand and \$65.0 million in net borrowings under the Third Amended Revolving Facility (as defined below).

On July 10, 2025, we entered into two interest rate swaps, with a notional amount of \$250.0 million each, to hedge the variable cash flows associated with the Term Loan Facility (as defined below). The interest rate swaps convert the Term Loan Facility's Term SOFR rate to an effective fixed interest rate of 3.5%. Our objective in using interest rate derivatives is to change variable interest rates to fixed interest rates by using interest rate swaps. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for us making fixed-rate payments over the term of the agreements without exchange of the underlying notional amount.

On May 30, 2025, the Operating Partnership entered into a first amendment to the Third Amended Credit Agreement (the "First Amendment to the Third Amended Credit Agreement"). The First Amendment to the Third Amended Credit Agreement provides for an unsecured term loan facility (the "Term Loan Facility") with term loan commitments in an aggregate principal amount of \$500.0 million in addition to the Third Amended Revolving Facility.

Public Offering of Common Stock

On August 14, 2025, we completed an underwritten public offering of 23.0 million newly issued shares of our common stock at a price per share of \$32.00, resulting in gross proceeds of \$736.0 million. We used a portion of the proceeds to pay down the outstanding revolving credit facility and intend to use the remaining proceeds to fund acquisitions.

At-The-Market Offering of Common Stock

On January 21, 2025, we entered into a new equity distribution agreement to issue and sell, from time to time, up to \$750.0 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 \$750.0 million "at-the-market" equity offering program (together, with all previous at-the-market equity offering programs, the "Previous ATM Programs" 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.

We 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. During the year ended December 31, 2025, we entered into ATM forward contracts under the ATM Program with a financial institution acting as a forward purchaser to sell 6.5 million shares of common stock at a weighted average initial sales price of \$37.30 per share, respectively, before commissions and offering expenses. For the shares subject to the ATM forward contracts, we will not receive any proceeds from sales of those shares of common stock by the forward sellers until the forward contracts are settled.

The following table summarizes the ATM Program activity for the year ended December 31, 2025 (in thousands, except per share amounts).

	For the Year Ended December 31, 2025
Number of shares	12,608
Average sales price per share	\$ 29.34
Gross proceeds ⁽¹⁾	\$ 369,871

(1) Total gross proceeds is before \$4.6 million of commissions paid to the sales agents during the year ended December 31, 2025, under the ATM Program.

In January 2026, we entered into ATM forward contracts under the ATM Program with a financial institution acting as a forward purchaser to sell 3.5 million shares of common stock at an initial sales price of \$37.00 per share before commissions and offering expenses.

As of February 12, 2026, we had \$8.1 million available for future issuances under the ATM Program.

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

Impairment of Real Estate Assets

During the year ended December 31, 2025, we recognized aggregate impairment charges of \$2.5 million, which related to properties that were sold.

Asset Sales and Held for Sale Reclassifications

We periodically reassess our investments and operator relationships, and from time to time we have selectively disposed of certain properties or investments, or terminated operator relationships, and we expect to continue making such reassessments and, where appropriate, taking such actions. We classify our real estate investments as held for sale when the applicable criteria have been met, which includes a formal plan to sell the properties that is expected to be completed within one year, among other criteria. Upon designation as held for sale, we cease depreciation and record the investment at the lower of carrying value or estimated fair value less costs to sell, which could result in an impairment of the real estate investments held for sale, if necessary.

The following table summarizes our dispositions for the year ended December 31, 2025 (dollars in thousands):

	Year Ended December 31, 2025
Number of properties ⁽¹⁾	24
Net sales proceeds ⁽²⁾	\$ 153,501
Net carrying value	121,953
Net gain on sale	\$ 31,548

(1) One non-operational previously impaired property sold during the year ended December 31, 2025 was not classified as held for sale as of December 31, 2024. In addition, two properties sold during the year ended December 31, 2025 were not classified as held for sale during the year.

(2) Net sales proceeds includes non-cash consideration related to an asset exchange and \$36.0 million of seller financing.

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

	Net Carrying Value	Number of Properties
December 31, 2024	\$ 57,261	10
Additions to assets held for sale	50,066	12
Assets sold	(96,974)	(21)
Impairment of real estate held for sale	(452)	—
Assets reclassified to held for investment	(9,901)	(1)
December 31, 2025	\$ —	—

Results of Operations

Operating Results

Our primary business consists of acquiring, developing, financing and owning real property to be leased to third party tenants or operated by third party managers in the healthcare sector.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

	Year Ended December 31,		Increase (Decrease)	Percentage Difference
	2025	2024		
(dollars in thousands)				
Revenues:				
Rental income	\$ 368,194	\$ 228,261	\$ 139,933	61 %
Resident fees and services	1,225	—	1,225	*
Interest income from financing receivable	11,492	1,009	10,483	*
Interest income from other real estate related investments and other income	95,482	67,016	28,466	42 %
Expenses:				
Depreciation and amortization	92,891	56,831	36,060	63 %
Interest expense	43,707	30,310	13,397	44 %
Property taxes and insurance	8,768	7,838	930	12 %
Senior housing operating expenses	952	—	952	*
Impairment of real estate investments	2,483	42,225	(39,742)	(94)%
Transaction costs	5,329	1,326	4,003	*
Provision for loan losses	—	4,900	(4,900)	(100)%
Property operating (recoveries) expenses	(138)	5,714	(5,852)	(102)%
General and administrative	52,465	28,923	23,542	81 %
Other income (loss):				
Other income, net	4,350	—	4,350	*
Loss on extinguishment of debt	(390)	(657)	267	(41)%
Gain (loss) on sale of real estate, net	31,548	(2,208)	33,756	*
Unrealized gain on other real estate related investments, net	15,831	9,045	6,786	75 %
Gain on foreign currency transactions, net	4,012	—	4,012	*
Income taxes				
Income tax expense	(5,001)	—	(5,001)	*
Net income				
Net loss attributable to noncontrolling interests	(252)	(681)	429	(63)%

* Not meaningful

Rental income. Rental income increased by \$139.9 million as detailed below:

(in thousands)	Year Ended		
	December 31, 2025	December 31, 2024	Increase/(Decrease)
Contractual cash rent	\$ 344,033	\$ 218,750	\$ 125,283
Tenant reimbursements	8,803	6,676	2,127
Total contractual rent	352,836	225,426	127,410
Straight-line rent	8,753	(28)	8,781
Amortization of lease incentives	(193)	(22)	(171)
Amortization of above and below market leases, net	6,798	2,885	3,913
Total amount in rental income	\$ 368,194	\$ 228,261	\$ 139,933

Total contractual rent includes initial contractual cash rent and tenant reimbursements, as adjusted for applicable rental escalators and rent increases due to capital expenditures funded by us. 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 \$127.4 million due to an increase of \$123.6 million in contractual cash rent from real estate investments made after January 1, 2024, including properties acquired in connection with the Acquisition, an increase of \$6.5 million from increases in rental rates for our existing tenants, an increase of \$2.8 million related to transfers of properties between operators, and a \$2.1 million increase in tenant reimbursements, partially offset by a \$3.9 million decrease in rental income related to certain tenants on a cash basis method of accounting and a \$3.7 million decrease related to the disposal of real estate. Straight-line rent increased by \$8.8 million due to the Acquisition. Amortization of above and below market leases increased \$3.9 million primarily due to lease terminations in August 2025, which accelerated the amortization of the applicable below market lease intangibles.

Resident fees and services. During the year ended December 31, 2025, we recorded \$1.2 million of resident fees and services related to the acquisition of three senior housing communities under the SHOP platform in December 2025.

Interest income from financing receivable. Interest income from financing receivable increased \$10.5 million for the year ended December 31, 2025 due to an investment classified as a financing receivable in December 2024.

Interest income from other real estate related investments and other income. The \$28.5 million, or 42%, increase in interest and other income was primarily due to an increase of \$32.2 million from the origination of loans receivable after January 1, 2024, an increase of \$4.6 million of interest income earned on escrow deposits in connection with the Acquisition and an increase of \$1.0 million due to originations of other loans, partially offset by a decrease of \$7.3 million of interest income on money market funds, a decrease of \$1.7 million related to loan payments and a \$0.3 million decrease of interest income due to placing one other loan on non-accrual status during 2024. See above under “Recent Developments” for additional information on the origination of loans receivable.

Depreciation and amortization. Depreciation and amortization expense increased \$36.1 million, or 63%, for the year ended December 31, 2025 to \$92.9 million compared to \$56.8 million for the year ended December 31, 2024. The \$36.1 million increase in depreciation and amortization was primarily due to an increase of \$38.4 million related to acquisitions and capital improvements made after January 1, 2024 and an increase of \$2.4 million due to lease terminations in August 2025, which accelerated the amortization of the applicable in-place lease intangibles, partially offset by a decrease of \$2.4 million due to the disposal of assets, a decrease of \$1.7 million due to assets becoming fully depreciated after January 1, 2024 and a decrease of \$0.6 million due to classifying assets as held for sale after January 1, 2024.

Interest expense. Interest expense increased by \$13.4 million as detailed below:

	Change in interest expense for the year ended December 31, 2025 compared to the year ended December 31, 2024	
	(in thousands)	
Increases to interest expense due to:		
Increase due to new Term Loan Facility	\$	14,232
Increase in outstanding borrowing amount for the Third Amended Revolving Facility		5,975
Increase due to assumption of debt in connection with the Acquisition		2,880
Other changes in interest expense ⁽¹⁾		1,327
Total increases to interest expense		24,414
Decreases to interest expense due to:		
Decrease due to prepayment of a prior term loan		(10,086)
Decrease due to prepayment of secured borrowing		(931)
Total decreases to interest expense		(11,017)
Total change in interest expense	\$	13,397

(1) Other changes in interest expense generally relate to changes to loan fee amortization.

Property taxes and insurance. Property taxes increased \$0.9 million, or 12%, for the year ended December 31, 2025 compared to December 31, 2024. The increase was due to a \$2.5 million increase related to acquisitions made after January 1, 2024, partially offset by a decrease of \$1.2 million due to reassessments and a decrease of \$0.4 million due to properties that were sold after January 1, 2024.

Senior housing operating expenses. During the year ended December 31, 2025, we recorded \$1.0 million of senior housing operating expenses related to the acquisition of three senior housing communities under the SHOP platform in December 2025.

Impairment of real estate investments. During the year ended December 31, 2025, we recognized aggregate impairment charges of \$2.5 million which related to properties that were sold. During the year ended December 31, 2024, we recognized aggregate impairment charges of \$42.2 million, of which \$18.8 million related to properties held for sale, \$9.4 million related to properties held for investment, and \$14.0 million related to properties that were sold.

Transaction costs. During the year ended December 31, 2025, we recognized \$5.3 million of transaction costs primarily related to integrating the operations of Care REIT plc. During the year ended December 31, 2024, we recognized \$1.3 million of transaction costs related to the investment in a financing receivable for which we elected the fair value option.

Provision for loan losses. During the year ended December 31, 2024, we recorded a \$4.9 million expected credit loss related to one other loan receivable with a principal balance of \$4.9 million that has been placed on non-accrual status. There was no such provision for loan losses recorded during the year ended December 31, 2025.

Property operating (recoveries) expenses. During the year ended December 31, 2025, we recognized \$2.4 million in recoveries, partially offset by \$2.3 million of property operating expenses related to assets we plan to sell or repurpose, re-tenant, or have sold. During the year ended December 31, 2024, we recognized \$5.7 million of property operating expenses related to assets we plan to sell or repurpose, re-tenant, or have sold.

General and administrative expense. General and administrative expense increased by \$23.5 million as detailed below:

(in thousands)	Year Ended		Increase/(Decrease)
	December 31, 2025	December 31, 2024	
Incentive compensation	\$ 18,463	\$ 9,699	\$ 8,764
Share-based compensation	11,896	6,130	5,766
Cash compensation	9,656	6,474	3,182
Professional services	5,942	2,785	3,157
Other administrative expense	2,152	1,400	752
Taxes and insurance	1,934	1,019	915
Other expenses	2,422	1,416	1,006
Total change in general and administrative expense	\$ 52,465	\$ 28,923	\$ 23,542

Other income, net. During the year ended December 31, 2025, we recorded other income of \$5.0 million related to a fee received in connection with the release of a property from a purchase agreement, partially offset by \$0.6 million in fees paid in connection with the transaction.

Loss on extinguishment of debt. During the year ended December 31, 2025, we recorded a loss on extinguishment of debt of \$0.4 million associated with the prepayment of the secured revolving credit facilities that were assumed in connection with the Acquisition. During the year ended December 31, 2024, we recorded a loss on extinguishment of debt of \$0.7 million related to the exit fee associated with the call of the secured borrowing and the write-off of deferred financing costs associated with the prepayment of the Term Loan (as defined below).

Gain (loss) on sale of real estate, net. During the year ended December 31, 2025, we recorded a \$31.5 million gain on sale of real estate related to the sale of five SNFs and 19 senior housing communities. During the year ended December 31, 2024, we recorded a \$2.3 million loss on sale of real estate related to the sale of 12 SNFs, partially offset by a \$0.1 million gain on sale of real estate related to the sale of four senior housing communities and one SNF.

Unrealized gain on other real estate related investments, net. During the year ended December 31, 2025, we recorded a net unrealized gain of \$15.8 million, which was primarily comprised of \$17.2 million of unrealized gains on our secured and mezzanine loans receivable, partially offset by unrealized losses of \$1.0 million, to bring the interest rates in line with market rates and an unrealized foreign currency loss of \$0.4 million related to one mortgage loan receivable. During the year ended December 31, 2024, we recorded an unrealized gain of \$17.8 million due to a decrease in interest rates during the second half of 2024, partially offset by an unrealized loss of \$8.8 million due to an increase in interest rates during the first half of 2024.

Gain on foreign currency transactions, net. During the year ended December 31, 2025, we recorded a \$4.4 million foreign currency gain on cash paid to Care REIT shareholders in connection with the Care REIT Acquisition, partially offset by a \$0.3 million foreign currency loss on cash paid in connection with the acquisition of Impact Health Partners LLP and a \$0.1 million loss related to our cash flow hedges.

Income tax expense. During the year ended December 31, 2025, we recorded \$5.0 million of income tax expense, primarily related to foreign withholding taxes related to taxable income in the U.K.

Net loss attributable to noncontrolling interests. Net loss attributable to noncontrolling interests decreased primarily due to other income recognized during the year ended December 31, 2025, partially offset by investments entered into subsequent to January 1, 2024.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

For discussion related to the results of operations and changes in financial condition for fiscal 2024 compared to fiscal 2023, refer to Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our fiscal 2024 Annual Report on Form 10-K, which was filed with the SEC on February 12, 2025.

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;
- property operating expenses;
- 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 senior housing communities 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 Third Amended Revolving 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, resident fees and services and interest payments on our other real estate related investments, together with our cash balance, available borrowing capacity under the Third Amended Revolving Facility, and availability under the ATM Program will be sufficient to meet ongoing debt service requirements, dividend plans, property operating expenses, operating lease obligations, capital expenditures, working capital requirements and 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 may from time to time sell properties as part of our hold / investment strategy on an investment-by-investment basis, we currently do not expect to sell any of our properties to meet liquidity needs. Our quarterly cash dividend and any failure of our tenants 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 January 21, 2025, we entered into the New ATM Program. In addition to the issuance and sale of shares of our common stock, we from time to time 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.

We currently are in compliance with all debt covenants on our outstanding indebtedness.

Cash Flows

The following table presents selected data from our consolidated statements of cash flows for the years presented:

	Year Ended December 31,	
	2025	2024
	(dollars in thousands)	
Net cash provided by operating activities	\$ 394,029	\$ 244,251
Net cash used in investing activities	(1,461,343)	(1,513,683)
Net cash provided by financing activities	1,051,019	1,188,806
Effect of foreign currency translation	515	—
Net (decrease) in cash and cash equivalents	(15,780)	(80,626)
Cash and cash equivalents as of the beginning of period	213,822	294,448
Cash and cash equivalents as of the end of period	\$ 198,042	\$ 213,822

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Net cash provided by operating activities for the year ended December 31, 2025 was \$394.0 million compared to \$244.3 million for the year ended December 31, 2024, an increase of \$149.8 million. Operating cash inflows are derived primarily from the rental payments received under our lease agreements and interest income received on our other real estate related investments, including as a result of new investments. Operating cash outflows consist primarily of interest expense on our borrowings and general and administrative expenses. The net increase of \$149.8 million in cash provided by operating activities for the year ended December 31, 2025 is primarily due to an increase in rental income received and an increase in interest income received on our other real estate related investments, partially offset by an increase in cash paid for general and administrative expense and an increase in cash paid for interest expense.

Cash used in investing activities for the year ended December 31, 2025 was primarily comprised of \$1.6 billion in acquisitions of real estate, investment in real estate related investments and other loans receivable and escrow deposits for potential acquisitions of real estate, \$30.0 million in preferred equity investments and \$14.9 million of purchases of equipment, furniture and fixtures and improvements to real estate, partially offset by \$79.3 million in net proceeds from real estate sales, \$75.1 million of payments received on real estate related investments and other loans receivable and \$4.4 million of principal payments received on our financing receivable. Cash used in investing activities for the year ended December 31, 2024 was primarily comprised of \$1.5 billion in acquisitions of real estate, investments in real estate related investments and other loans receivable, and investments in financing receivable, \$8.0 million of purchases of equipment, furniture and fixtures and improvements to real estate, and \$52.0 million in preferred equity investments, partially offset by \$13.9 million in net proceeds from real estate sales and \$4.5 million of payments received on real estate related investments and other loans receivable.

Our cash flows provided by financing activities for the year ended December 31, 2025 were primarily comprised of \$1.1 billion of net proceeds from the issuance of common stock, \$650.0 million in borrowings under the unsecured revolving credit facility, \$500.0 million in proceeds from the issuance of the senior unsecured term loan and \$3.0 million in contributions from noncontrolling interests net of distributions, partially offset by a \$650.0 million payment on the unsecured revolving credit facility, \$259.3 million in dividends paid, \$153.8 million in payments of the revolving credit facility, \$102.4 million paid to redeem the secured notes payable, \$4.6 million in payments of debt extinguishment and deferred financing costs, and a \$3.3 million net settlement adjustment on restricted stock. Our cash flows provided by financing activities for the year ended December 31, 2024 were primarily comprised of \$1,552.9 million of net proceeds from the issuance of common stock, \$75.0 million in proceeds from a secured borrowing and \$19.8 million in contributions from noncontrolling interests net of distributions, partially offset by a \$200.0 million prepayment of the Term Loan, \$172.2 million in dividends paid, a \$75.0 million payment on the secured borrowing, a \$9.2 million payment on extinguishment of debt and deferred financing costs, and a \$2.5 million net settlement adjustment on restricted stock.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

For discussion related to the cash flows for fiscal 2024 compared to fiscal 2023, refer to Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our fiscal 2024 Annual Report on Form 10-K, which was filed with the SEC on February 12, 2025.

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 operating 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 Third Amended Credit Facility (as defined below). As of December 31, 2025, we were in compliance with all applicable financial covenants under the indenture governing the Notes. See Note 9, *Debt*, to our 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 “Second Amended Credit Agreement”). The Operating Partnership was the borrower under the Second Amended Credit Agreement, and the obligations thereunder were guaranteed, jointly and severally, on an unsecured basis, by us and substantially all of our subsidiaries. The Second Amended Credit Agreement, which amended and restated our amended and restated credit and guaranty agreement, dated as of February 8, 2019 (as amended, the “Prior Credit Agreement”) provided for: (i) an unsecured revolving credit facility (the “Prior 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 Prior Revolving Facility, the “Second Amended Credit Facility”) in an aggregate principal amount of \$200.0 million. Borrowings under the Second Amended Credit Facility were 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 restated 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.

On September 19, 2024 (the “Prepayment Date”), we prepaid all \$200.0 million aggregate principal amount of our outstanding Term Loan. The Term Loan was prepaid at the principal amount of the Term Loan, plus accrued and unpaid interest thereon up to, but not including, the Prepayment Date. During the third quarter of 2024, we recorded a loss on extinguishment of debt of \$0.3 million related to the write-off of deferred financing costs associated with the prepayment of the Term Loan.

On December 18, 2024, we, together with certain of our subsidiaries, entered into a third amended and restated credit and guaranty agreement with KeyBank National Association, as administrative agent, an issuing bank and swingline lender, and the lenders party thereto (as amended from time to time, the “Third Amended Credit Agreement”). The Third Amended Credit Agreement, which amends and restates our Second Amended Credit Agreement provides for an unsecured revolving credit facility (the “Third Amended Revolving Facility”) with revolving commitments in an aggregate principal amount of \$1.2 billion, 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. Future borrowings under the Third Amended Credit Facility will be used for working capital purposes, for capital expenditures, to fund acquisitions and for general corporate purposes.

The Third Amended Credit Agreement also provides that, subject to customary conditions, including obtaining lender commitments and pro forma compliance with financial maintenance covenants under the Third Amended Credit Agreement, the Operating Partnership may seek to increase the aggregate principal amount of the revolving commitments and/or establish one or more new tranches of term loans under the Third Amended Credit Facility in an aggregate amount not to exceed \$800.0 million.

On May 30, 2025, we entered into the First Amendment to the Third Amended Credit Agreement. The First Amendment to the Third Amended Credit Agreement provides for an unsecured term loan facility (the “Term Loan Facility” and together with the Third Amended Revolving Facility, the “Third Amended Credit Facility”) with term loan commitments in an aggregate principal amount of \$500.0 million in addition to the Third Amended Credit Facility.

On January 14, 2026, we entered into the Second Amendment to the Third Amended Credit Agreement. The Second Amendment to the Third Amended Credit Agreement amended the definition of Permitted Encumbrances to include liens on assets located in the United Kingdom or on equity interests of any person owning such assets, in each case, securing intercompany loans.

As of December 31, 2025, we had \$500.0 million of borrowings outstanding under the Term Loan Facility and no borrowings outstanding under the Third Amended Revolving Facility. The Third Amended Revolving Facility has a maturity date of February 9, 2029, and includes, at our sole discretion, two, six-month extension options. The Term Loan Facility has a maturity date of May 30, 2030.

The interest rates applicable to loans under the Third Amended Revolving Facility are, at the Operating Partnership's option, equal to either a base rate plus a margin ranging from 0.05% to 0.55% per annum or Term SOFR or Daily Simple SOFR (each as defined in the Third Amended Credit Agreement) plus a margin ranging from 1.05% 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). In addition, the Operating Partnership will pay a facility fee on the revolving commitments under the Third Amended Credit 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 the Company's senior long-term unsecured debt). The interest rates applicable to loans under the Term Loan Facility are, at the Operating Partnership's option, equal to either a base rate plus a margin ranging from 0.10% to 0.80% per annum or Term SOFR or Daily Simple SOFR (each as defined in the Third Amended Credit Agreement) plus a margin ranging from 1.10% to 1.80% 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 First Amendment to the Third Amended Credit Agreement also removed the SOFR credit spread adjustment applicable to loans under the Third Amended Credit Facility bearing interest at Term SOFR or Daily Simple SOFR.

As of December 31, 2025, we were in compliance with all applicable financial covenants under the Third Amended Credit Agreement. See Note 9, *Debt*, to our consolidated financial statements included in this report for further information about the Third Amended Credit Agreement.

Capital Expenditures

As of December 31, 2025, we had committed to fund expansions, construction, capital improvements and ESG incentives, which provides eligible triple-net tenants with monetary inducements to make sustainable improvements to our properties, at certain triple-net leased properties totaling \$6.2 million, of which \$5.1 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 16, *Commitments and Contingencies*, to our consolidated financial statements included in this report for further information regarding our obligation to finance certain capital expenditures under our triple-net leases.

Earn-out Obligations

As of December 31, 2025, we are party to purchase and sale agreements that provide for earn-out obligations totaling up to \$42.5 million related to the acquisition of skilled nursing facilities. This includes an earn-out obligation of up to \$10.0 million for one SNF in Virginia acquired in 2024, which becomes available upon the operator's achievement of specified performance thresholds from October 2025 through October 2026. In addition, we have an earn-out obligation of up to \$32.5 million under a purchase and sale agreement for five skilled nursing facilities in Virginia, North Carolina, and Maryland acquired in 2025, which becomes available upon the operator's achievement of specified performance thresholds from December 2026 through December 2028.

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 10, *Equity and Redeemable Noncontrolling Interests*, to our 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 2025, 2024 and 2023.

Critical Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities

and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Management believes that the assumptions and estimates used in preparation of the underlying consolidated financial statements are reasonable. Actual results, however, could differ from those estimates and assumptions.

Accounting estimates are deemed critical if they involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition or results of operations. Below is a summary of the critical accounting estimates used in the preparation of our consolidated financial statements. For a discussion of our significant accounting policies, see Note 2, *Summary of Significant Accounting Policies*, to our consolidated financial statements included in this report.

Principles of Consolidation. 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 a 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.

Impairment of Long-Lived Assets. At each reporting period, we evaluate our real estate investments held for use for potential impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The judgment regarding the existence of impairment indicators, used to determine if an impairment assessment is necessary, is based on factors such as, but not limited to, market conditions, operator performance and legal structure. If indicators of impairment are present, we evaluate the carrying value of the related real estate investments in relation to the future undiscounted cash flows of the underlying properties. The most significant inputs to the undiscounted cash flows include, but are not limited to, historical and projected property level financial results, a lease coverage ratio, the intended hold period by us, revenue and expense growth rates, stabilized occupancy, and a terminal capitalization rate. The analysis is also significantly impacted by determining the lowest level of cash flows, which generally would be at the master lease level of cash flows. Provisions for impairment losses related to long-lived assets are recognized when expected future undiscounted cash flows are determined to be less than the carrying values of the assets. The impairment is measured as the excess of carrying value over fair value. The fair value of the real estate investment is based on current market conditions and considers matters such as the forecasted operating cash flows, lease coverage ratios, capitalization rates, and, where applicable, terms of recent lease agreements or the results of negotiations with prospective tenants.

We classify our real estate investments as held for sale when the applicable criteria have been met, which includes a formal plan to sell the properties that is expected to be completed within one year, among other criteria. Upon designation as held for sale, we write down the excess of the carrying value over the estimated fair value less costs to sell, resulting in an impairment of the real estate investments, if necessary, and cease depreciation. The fair value of the assets held for sale is based on estimated sales prices, which are considered to be Level 3 measurements within the fair value hierarchy. Estimated sales prices are 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.

If circumstances arise that previously were considered unlikely and, as a result, we decide not to sell a real estate investment previously classified as held for sale or otherwise no longer meets the held for sale criteria, the respective assets are reclassified as real estate investments held for use. A real estate investment that is reclassified is measured and recorded individually at the lower of (a) its carrying amount before the real estate investment was classified as held for sale, adjusted for any depreciation expense that would have been recognized had the real estate investment been continuously classified as held for use, or (b) the fair value at the date of the decision not to sell or change in circumstances that led to the real estate investment no longer meeting the criteria of held for sale. The fair value of the real estate investment is determined in a similar manner to the fair value determination for real estate investments held for use described above.

Our ability to accurately estimate future cash flows and estimate and allocate fair values impacts the timing and recognition of impairments. While we believe our assumptions are reasonable, changes in these assumptions may have a material impact on financial results. Given the impacts of current macroeconomic events, the projected cash flows that we use to assess fair value for purposes of impairment testing are subject to greater uncertainty than normal. If in the future we reduce our estimate of cash flow projections, we may need to impair our real estate assets. We have not materially changed the assumptions used in the analysis during the year ended December 31, 2025.

Revenue Recognition. We recognize lease revenue in accordance with ASC 842, *Leases*. See Note 2, *Summary of Significant Accounting Policies*, in the Notes to Consolidated Financial Statements for further detail. Our assessment of collectibility of tenant receivables includes a binary assessment of whether or not substantially all of the amounts due under a tenant's lease agreement are probable of collection. This assessment involves significant judgment by management and considers the operator's performance and anticipated trends, payment history, and the existence and creditworthiness of guarantees, among other factors, in making this determination. For such leases that are deemed probable of collection, revenue continues to be recorded on a straight-line basis over the lease term, if applicable. For such leases that are deemed not probable of collection, revenue is recorded as the lesser of (i) the amount which would be recognized on a straight-line basis or (ii) cash that has been received from the tenant, with any tenant and deferred rent receivable balances charged as a direct write-off against rental income in the period of the change in the collectibility determination. Management's judgement can impact the timing of write-offs and recovery adjustments. We did not materially change the assumptions used in the analysis during the year ended December 31, 2025.

Fair Value of Other Real Estate Related Investments. We have elected the fair value option for our mortgage loans receivable, mezzanine loans receivable and financing receivable for which such election is permitted, as provided for under ASC 825, *Financial Instruments* ("ASC 825"). For financial instruments that are traded in an "active market," the best measure of fair value is the quoted market price. In cases where market-observable data is not available, the data used for the measurement must reflect assumptions that market participants would use in pricing the asset or liability (including adjustments that market participants demand for the risk associated with the unobservable data or the model used to determine fair value). We have concluded to use a present value technique, a discounted cash flow model, to determine fair value.

The determination of estimated fair value of our mortgage loans, mezzanine loans and financing receivable requires the use of both macroeconomic and microeconomic assumptions and/or inputs, which are generally based on current market and economic conditions, such as changes in the risk-free or benchmark rate and changes attributable to instrument-specific credit risk (e.g., changes in credit spread associated with the instrument). Changes in market and/or economic conditions could have a significant adverse effect on the estimated fair value of our financial instruments. Changes to assumptions, including assumed benchmark rates and credit spreads, may significantly impact the estimated fair value of our investments.

Because of the inherent uncertainty of valuation, the estimated fair value of our financial instruments may differ significantly from the values that would have been used had a ready market for the financial instruments existed, and the differences could be material to our consolidated financial statements. We did not materially change the assumptions used in the analysis during the year ended December 31, 2025.

Impact of Inflation

Our rental income in future years will be impacted by changes in inflation. Almost all of our triple-net lease agreements, including the Ensign leases, provide for an annual rent escalator based on the percentage change in the Consumer Price Index or Retail Price Index ("RPI") (but not less than zero), some of which are subject to a floor and/or cap, or fixed rent escalators.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to various market risks, primary interest rate risk with respect to our variable rate indebtedness and exchange rate risk for the British Pound Sterling.

Interest rate risk—We borrow debt at a combination of variable and fixed rates. As of December 31, 2025, our indebtedness included \$500.0 million in term loans and \$400.0 million in notes payable. As of December 31, 2025, we had \$500.0 million of outstanding variable rate indebtedness. The unused portion (\$1.2 billion at December 31, 2025) of our Third Amended Credit Facility, should it be drawn upon, is subject to variable rates.

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.

We manage, or hedge, interest rate risks related to our borrowings by means of interest rate swap agreements. However, the REIT provisions of the Code 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.” We also expect to manage our exposure to interest rate risk by maintaining a mix of fixed and variable rates for our indebtedness.

As of December 31, 2025, we had two interest rate swaps, with a notional amount of \$250.0 million each, to hedge the variable cash flows associated with the Term Loan Facility. The interest rate swaps convert the Term Loan Facility’s Term SOFR rate to an effective fixed interest rate of 3.5%. Our objective in using interest rate derivatives is to change variable interest rates to fixed interest rates by using interest rate swaps. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for us making fixed-rate payments over the term of the agreements without exchange of the underlying notional amount.

Exchange rate risk—We are exposed to changes in foreign exchange rates as a result of our real estate investments in the United Kingdom. Our foreign currency exposure is partially mitigated through the use of British Pound denominated intercompany debt totaling £462.4 million as of December 31, 2025 and foreign currency forward contracts. Based solely on our results of operations for the year ended December 31, 2025, if the applicable exchange rate were to increase or decrease by 10%, our net income from our consolidated U.K.-based investments would increase or decrease, as applicable, by \$3.8 million.

To hedge a portion of the interest expense due on our intercompany debt in the U.K., at December 31, 2025, we have two foreign currency forward contracts with notional amounts totaling £15.4 million that mature in 2026.

ITEM 8. Financial Statements and Supplementary Data

See the Index to Consolidated Financial Statements on page F-1 of this report.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

ITEM 9A. 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 December 31, 2025, 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. As previously disclosed, on May 8, 2025, we completed the Care REIT Acquisition. As such, the scope of our assessment of the effectiveness of our disclosure controls and procedures did not include the internal control over financial reporting of Care REIT. These exclusions are consistent with the SEC Staff’s guidance that an assessment of a recently acquired business may be omitted from the scope of our assessment of the effectiveness of disclosure controls and procedures that are also part of internal control over financial reporting in the 12 months following the acquisition. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2025.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and our directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, regarding the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework (2013). Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2025. The Company's assessment of internal control over financial reporting did not include an assessment of the internal control over financial reporting of Care REIT. The amount of total assets and revenue of Care REIT included in our consolidated financial statements as of and for the year ended December 31, 2025 was \$954.5 million and \$54.7 million, respectively.

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 December 31, 2025, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Attestation Report of the Independent Registered Public Accounting Firm

The effectiveness of our internal control over financial reporting as of December 31, 2025 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of CareTrust REIT, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of CareTrust REIT, Inc. and subsidiaries (the “Company”) as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2025, of the Company and our report dated February 12, 2026, expressed an unqualified opinion on those financial statements.

As described in Management’s Annual Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Care REIT plc, which was acquired on May 8, 2025, and whose financial statements constitute 18.5% of total assets and 11.5% of total revenues of the consolidated financial statement amounts as of and for the year ended December 31, 2025. Accordingly, our audit did not include the internal control over financial reporting at Care REIT plc.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Costa Mesa, California
February 12, 2026

ITEM 9B. Other Information

Insider Trading Arrangements

None.

ITEM 9C. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections

Not applicable.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

The information required under Item 10 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2025 in connection with our 2026 Annual Meeting of Stockholders.

Code of Conduct and Ethics

We have adopted a code of business conduct and ethics that applies to all employees, including employees of our subsidiaries, as well as each member of our Board of Directors. The code of business conduct and ethics is available at our website at www.caretrustreit.com under the Investor Relations-Governance section. We intend to satisfy any disclosure requirement under applicable rules of the Securities and Exchange Commission or the New York Stock Exchange regarding an amendment to, or waiver from, a provision of this code of business conduct and ethics by posting such information on our website, at the address specified above.

ITEM 11. Executive Compensation

The information required under Item 11 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2025 in connection with our 2026 Annual Meeting of Stockholders.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required under Item 12 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2025 in connection with our 2026 Annual Meeting of Stockholders.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information required under Item 13 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2025 in connection with our 2026 Annual Meeting of Stockholders.

ITEM 14. Principal Accountant Fees and Services

The information required under Item 14 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2025 in connection with our 2026 Annual Meeting of Stockholders.

PART IV

ITEM 15. Exhibit and Financial Statement Schedules

(a)(1) Financial Statements

See Index to Consolidated Financial Statements on page F-1 of this report.

(a)(2) Financial Statement Schedules

Schedule III: Real Estate Assets and Accumulated Depreciation

Schedule IV: Mortgage Loans on Real Estate

Note: All other schedules have been omitted because the required information is presented in the financial statements and the related notes or because the schedules are not applicable.

(a)(3) Exhibits

- [2.1](#) [Rule 2.7 Announcement, dated March 11, 2025 \(incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed on March 11, 2025\).](#)
- [3.1](#) [Articles of Amendment and Restatement of CareTrust REIT, Inc. \(incorporated by reference to Exhibit 3.1 to CareTrust REIT, Inc.'s Registration Statement on Form 10, filed on May 13, 2014\).](#)
- [3.2](#) [Articles of Amendment, dated May 30, 2018, to the Articles of Amendment and Restatement of CareTrust REIT, Inc. \(incorporated by reference to Exhibit 3.1 to CareTrust REIT, Inc.'s Current Report on Form 8-K filed on May 31, 2018\).](#)
- [3.3](#) [Amended and Restated Bylaws of CareTrust REIT, Inc. \(incorporated by reference to Exhibit 3.1 to CareTrust REIT, Inc.'s Current Report on Form 8-K filed on October 27, 2025\).](#)
- [4.1](#) [Indenture, dated as of June 17, 2021, among CTR Partnership, L.P. and CareTrust Capital Corp., as Issuers, CareTrust REIT, Inc., the other guarantors named therein, and Wells Fargo Bank, National Association, as Trustee \(incorporated by reference to Exhibit 4.1 to the CareTrust REIT, Inc.'s Current Report on Form 8-K, filed on June 17, 2021\).](#)
- [4.2](#) [Form of 3.875% Senior Note due 2028 \(included in Exhibit 4.1\).](#)
- [4.3](#) [Specimen Stock Certificate of CareTrust REIT, Inc. \(incorporated by reference to Exhibit 4.1 to CareTrust REIT, Inc.'s Registration Statement on Form 10, filed on April 15, 2014\).](#)
- [*4.4](#) [Description of CareTrust REIT, Inc.'s Capital Stock](#)
- [10.1](#) [Form of Master Lease by and among certain subsidiaries of The Ensign Group, Inc. and certain subsidiaries of CareTrust REIT, Inc. \(incorporated by reference to Exhibit 10.1 to CareTrust REIT, Inc.'s Current Report on Form 8-K, filed on June 5, 2014\).](#)
- [10.2](#) [Form of Guaranty of Master Lease by The Ensign Group, Inc. in favor of certain subsidiaries of CareTrust REIT, Inc., as landlords under the Ensign Master Leases \(incorporated by reference to Exhibit 10.2 to CareTrust REIT, Inc.'s Current Report on Form 8-K, filed on June 5, 2014\).](#)
- [*10.3](#) [Second Amended and Restated Agreement of Limited Partnership of CTR Partnership, L.P., dated as of December 11, 2025.](#)
- [+10.4](#) [Form of Indemnification Agreement between CareTrust REIT, Inc. and its directors and officers \(incorporated by reference to Exhibit 10.11 to CareTrust REIT, Inc.'s Current Report on Form 8-K, filed on June 5, 2014\).](#)
- [+10.5](#) [Incentive Award Plan \(incorporated by reference to Exhibit 10.9 to CareTrust REIT, Inc.'s Registration Statement on Form 10, filed on May 13, 2014\).](#)
- [+10.6](#) [Form of Restricted Stock Agreement \(incorporated by reference to Exhibit 10.14 to CareTrust REIT, Inc.'s Annual Report on Form 10-K, filed on February 11, 2015\).](#)
- [+10.7](#) [Form of Restricted Stock Unit Agreement \(for awards before December 2025\) \(incorporated by reference to Exhibit 10.15 to CareTrust REIT, Inc.'s Annual Report on Form 10-K, filed on February 11, 2015\).](#)
- [+10.8](#) [Form of TSR Award Agreement \(for awards before December 2025\) \(incorporated by reference to Exhibit 10.10 to CareTrust REIT, Inc.'s Annual Report on Form 10-K, filed on February 9, 2023\).](#)
- [*+10.9](#) [Form of Time-Based Restricted Stock Unit Award Agreement](#)
- [*+10.10](#) [Form of TSR Restricted Stock Unit Award Agreement](#)

*+10.11	Form of Basic LTIP Unit Award Agreement
*+10.12	Form of Performance LTIP Unit Award Agreement (Relative Total Shareholder Return).
*+10.13	Form of Change in Control and Severance Agreement (Executives).
+10.14	Third Amended and Restated Credit and Guaranty Agreement, dated as of December 18, 2024, by and among CTR Partnership, L.P., as borrower, CareTrust REIT, Inc., as guarantor, CareTrust GP, LLC and the other guarantors named therein and KeyBank National Association, as administrative agent, an issuing lender and swingline lender and the other parties thereto (incorporated by reference to Exhibit 10.1 to CareTrust REIT, Inc.'s Current Report on Form 8-K, filed on December 19, 2024).
10.15	First Amendment to Third Amended and Restated Credit and Guaranty Agreement, dated as of May 30, 2025, by and among CTR Partnership, L.P., as borrower, CareTrust REIT, Inc., as guarantor, CareTrust GP, LLC and the other guarantors named therein and KeyBank National Association, as administrative agent, an issuing lender and swingline lender and the other parties thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on June 2, 2025).
*10.16	Second Amendment to Third Amended and Restated Credit and Guaranty Agreement, dated as of January 14, 2026, by and among CTR Partnership, L.P., as borrower, CareTrust REIT, Inc., as guarantor, CareTrust GP, LLC and the other guarantors named therein and KeyBank National Association, as administrative agent, an issuing lender and swingline lender and the other parties thereto.
10.17	Asset Purchase Agreement, dated October 21, 2024 (incorporated by reference to Exhibit 10.14 to CareTrust REIT Inc.'s Annual Report on Form 10-K, filed on February 12, 2025).
10.18	Equity Distribution Agreement, dated January 21, 2025, by and among CareTrust REIT, Inc., CTR Partnership, L.P. and (i) BMO Capital Markets Corp., BofA Securities, Inc., Huntington Securities, Inc., Jefferies LLC, J.P. Morgan Securities LLC, KeyBanc Capital Markets Inc., M&T Securities, Inc., Raymond James & Associates, Inc., RBC Capital Markets, LLC, Robert W. Baird & Co. Incorporated and Wells Fargo Securities, LLC and (ii) Bank of Montreal, Bank of America, N.A., Huntington Securities, Inc., Jefferies LLC, JPMorgan Chase Bank, National Association, KeyBanc Capital Markets Inc., Raymond James & Associates, Inc., Royal Bank of Canada, Robert W. Baird & Co. Incorporated and Wells Fargo Bank, National Association, including the form of master forward sale agreement included as Annex A thereto (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K, filed on January 21, 2025).
19.1	CareTrust REIT, Inc. Policy on Insider Trading (incorporated by reference to Exhibit 19.1 to CareTrust REIT Inc.'s Annual Report on Form 10-K, filed on February 12, 2025).
*21.1	List of Subsidiaries of CareTrust REIT, Inc.
*23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm.
*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.
97.1	Policy Regarding the Recoupment of Certain Compensation Payments (incorporated by reference to Exhibit 97.1 to CareTrust REIT Inc.'s Annual Report on Form 10-K, filed on February 8, 2024).
*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	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	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.

+ Management contract or compensatory plan or arrangement.

ITEM 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: /s/ DAVID M. SEDGWICK
David M. Sedgwick
President and Chief Executive Officer

Dated: February 12, 2026

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ DAVID M. SEDGWICK</u> David M. Sedgwick	President and Chief Executive Officer (Principal Executive Officer)	February 12, 2026
<u>/s/ DEREK BUNKER</u> Derek Bunker	Chief Financial Officer and Treasurer (Principal Financial Officer)	February 12, 2026
<u>/s/ LAUREN BEALE</u> Lauren Beale	Chief Accounting Officer (Principal Accounting Officer)	February 12, 2026
<u>/s/ DIANA LAING</u> Diana Laing	Director	February 12, 2026
<u>/s/ ANNE OLSON</u> Anne Olson	Director	February 12, 2026
<u>/s/ SPENCER PLUMB</u> Spencer Plumb	Director	February 12, 2026
<u>/s/ GREGORY K. STAPLEY</u> Gregory K. Stapley	Director	February 12, 2026
<u>/s/ CAREINA WILLIAMS</u> Careina Williams	Director	February 12, 2026

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm (PCAOB ID No. 34) with respect to CareTrust REIT, Inc.	F-2
Consolidated Balance Sheets as of December 31, 2025 and 2024	F-4
Consolidated Income Statements for the years ended December 31, 2025, 2024 and 2023	F-5
Consolidated Statements of Comprehensive Income for the years ended December 31, 2025, 2024 and 2023	F-6
Consolidated Statements of Equity and Redeemable Noncontrolling Interests for the years ended December 31, 2025, 2024 and 2023	F-7
Consolidated Statements of Cash Flows for the years ended December 31, 2025, 2024 and 2023	F-8
Notes to Consolidated Financial Statements	F-10
 Schedule III: Real Estate Assets and Accumulated Depreciation	 F-55
Schedule IV: Mortgage Loans on Real Estate	F-67

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of CareTrust REIT, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of CareTrust REIT, Inc. and subsidiaries (the "Company") as of December 31, 2025 and 2024, the related consolidated income statements, statements of comprehensive income, equity and redeemable noncontrolling interests, and cash flows, for each of the three years in the period ended December 31, 2025, and the related notes and the schedules listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 12, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Real Estate Investments, Net, Impairment of Real Estate Investments Held for Investment—Refer to Notes 2, 4, and 5 to the financial statements

Critical Audit Matter Description

The Company evaluates its real estate investments held for investment for potential impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If indicators of impairment are present, the Company evaluates the carrying value of the related real estate investments in relation to the future undiscounted cash flows of the underlying properties. Provisions for impairment losses related to real estate investments held for investment are recognized when expected future undiscounted cash flows are determined to be less than the carrying values of the assets. The impairment is measured as the excess of carrying value over fair value. All impairments are taken as a period cost at that time, and depreciation is adjusted going forward to reflect the new value assigned to the asset. During the year ended December 31, 2025, the Company recognized an impairment charge of \$2.0 million on real estate investments held for investment.

Given the Company's evaluation of the recoverability of real estate investments held for investment requires management to make significant estimates and assumptions related to projected property level financial results, lease coverage ratios, intended hold periods, and terminal capitalization rates, performing audit procedures to evaluate the reasonableness of management's

undiscounted future cash flow analysis, including an assessment of expected remaining holding period, required a high degree of auditor judgment and an increased extent of effort.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures to evaluate management's estimated holding period of an asset and to evaluate the assumptions used in undiscounted cash flows included the following, among others:

- We tested the effectiveness of controls over management's evaluation of impairment of real estate investments, including controls over identification of possible events that could indicate that real estate investments are impaired and evaluation of projected property level financial results, lease coverage ratios, intended hold periods, and terminal capitalization rates.
- We evaluated the reasonableness of management's conclusions regarding assumptions used in estimating undiscounted cash flows by testing the source information underlying the determination of the projected property level financial results, lease coverage ratios, and terminal capitalization rates, and developing a range of independent estimates based on external market sources and comparing our estimates to the assumptions utilized by management, and testing the mathematical accuracy of the calculations.
- Discussed with management the assumptions used in the Company's undiscounted cash flow models, including the hold period, and evaluated the consistency of the assumptions used with evidence obtained in other areas of the audit, including Board of Directors meeting minutes.
- We considered the properties disposed in the period and subsequent period to evaluate if the retrospective review provides any indication of error or bias in the estimated hold period.

/s/ Deloitte & Touche LLP

Costa Mesa, California
February 12, 2026

We have served as the Company's auditor since 2019.

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

	December 31,	
	2025	2024
Assets:		
Real estate investments, net	\$ 3,709,576	\$ 2,226,740
Financing receivable, at fair value (including accrued interest of \$913 and \$281 as of December 31, 2025 and 2024, respectively)	92,193	96,004
Other real estate related investments, net (including accrued interest of \$5,759 and \$4,725 as of December 31, 2025 and 2024, respectively)	899,262	795,203
Assets held for sale, net	—	57,261
Cash and cash equivalents	198,042	213,822
Accounts and other receivables	10,368	1,174
Prepaid expenses and other assets, net	230,427	35,608
Deferred financing costs, net	8,568	11,204
Total assets	\$ 5,148,436	\$ 3,437,016
Liabilities and Equity:		
Senior unsecured notes payable, net	\$ 397,816	\$ 396,927
Senior unsecured term loan, net	496,404	—
Accounts payable, accrued liabilities and deferred rent liabilities	120,442	56,318
Dividends payable	74,806	54,388
Total liabilities	1,089,468	507,633
Commitments and contingencies (Note 16)		
Redeemable noncontrolling interests	18,156	18,243
Equity:		
Preferred stock, \$0.01 par value; 100,000,000 shares authorized, no shares issued and outstanding as of December 31, 2025 and 2024	—	—
Common stock, \$0.01 par value; 500,000,000 shares authorized, 222,746,343 and 186,993,010 shares issued and outstanding as of December 31, 2025 and 2024, respectively	2,227	1,870
Additional paid-in capital	4,518,977	3,439,117
Cumulative distributions in excess of earnings	(491,796)	(532,570)
Accumulated other comprehensive income	5,872	—
Total stockholders' equity	4,035,280	2,908,417
Noncontrolling interests	5,532	2,723
Total equity	4,040,812	2,911,140
Total liabilities and equity	\$ 5,148,436	\$ 3,437,016

See accompanying notes to consolidated financial statements.

CARETRUST REIT, INC.
CONSOLIDATED INCOME STATEMENTS
(in thousands, except per share amounts)

	Year Ended December 31,		
	2025	2024	2023
Revenues:			
Rental income	\$ 368,194	\$ 228,261	\$ 198,599
Resident fees and services	1,225	—	—
Interest income from financing receivable	11,492	1,009	—
Interest income from other real estate related investments and other income	95,482	67,016	19,171
Total revenues	476,393	296,286	217,770
Expenses:			
Depreciation and amortization	92,891	56,831	51,199
Interest expense	43,707	30,310	40,883
Property taxes and insurance	8,768	7,838	6,170
Senior housing operating expenses	952	—	—
Impairment of real estate investments	2,483	42,225	36,301
Transaction costs	5,329	1,326	—
Provision for loan losses	—	4,900	—
Property operating (recoveries) expenses	(138)	5,714	3,423
General and administrative	52,465	28,923	21,805
Total expenses	206,457	178,067	159,781
Other income (loss):			
Other income, net	4,350	—	—
Loss on extinguishment of debt	(390)	(657)	—
Gain (loss) on sale of real estate, net	31,548	(2,208)	2,218
Unrealized gain (loss) on other real estate related investments, net	15,831	9,045	(6,485)
Gain on foreign currency transactions, net	4,012	—	—
Total other income (loss)	55,351	6,180	(4,267)
Income before income tax expense	325,287	124,399	53,722
Income tax expense	(5,001)	—	—
Net income	320,286	124,399	53,722
Net loss attributable to noncontrolling interests	(252)	(681)	(13)
Net income attributable to CareTrust REIT, Inc.	\$ 320,538	\$ 125,080	\$ 53,735
Earnings per common share attributable to CareTrust REIT, Inc.:			
Basic	\$ 1.57	\$ 0.81	\$ 0.50
Diluted	\$ 1.57	\$ 0.80	\$ 0.50
Weighted-average number of common shares:			
Basic	203,642	154,795	105,956
Diluted	204,091	155,167	106,152

See accompanying notes to consolidated financial statements.

CARETRUST REIT, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Year Ended December 31,		
	2025	2024	2023
Net income	\$ 320,286	\$ 124,399	\$ 53,722
Other comprehensive income (loss):			
Foreign currency translation	9,092	—	—
Cash flow hedges	(3,220)	—	—
Total other comprehensive income	5,872	—	—
Total comprehensive income	326,158	124,399	53,722
Total comprehensive loss attributable to noncontrolling interests	(252)	(681)	(13)
Comprehensive income attributable to CareTrust REIT, Inc.	\$ 326,410	\$ 125,080	\$ 53,735

See accompanying notes to consolidated financial statements.

CARETRUST REIT, INC.
CONSOLIDATED STATEMENTS OF EQUITY AND REDEEMABLE NONCONTROLLING INTERESTS
(in thousands, except share and per share amounts)

	Common Stock		Additional Paid-in Capital	Cumulative Distributions in Excess of Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity	Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests
	Shares	Amount							
Balance as of December 31, 2022	99,010,112	\$ 990	\$ 1,245,337	\$ (396,954)	\$ —	\$ 849,373	\$ —	\$ 849,373	\$ —
Issuance of common stock, net	30,868,714	309	634,137	—	—	634,446	—	634,446	—
Vesting of stock-based compensation awards, net of shares withheld for employee taxes	113,970	1	(1,480)	—	—	(1,479)	—	(1,479)	—
Amortization of stock-based compensation	—	—	5,153	—	—	5,153	—	5,153	—
Common dividends (\$1.12 per share)	—	—	—	(124,409)	—	(124,409)	—	(124,409)	—
Distributions to noncontrolling interests	—	—	—	—	—	—	(41)	(41)	—
Contributions from noncontrolling interests	—	—	—	—	—	—	1,952	1,952	—
Net income (loss)	—	—	—	53,735	—	53,735	(13)	53,722	—
Balance as of December 31, 2023	129,992,796	1,300	1,883,147	(467,628)	—	1,416,819	1,898	1,418,717	—
Issuance of common stock, net	56,855,925	569	1,552,325	—	—	1,552,894	—	1,552,894	—
Vesting of stock-based compensation awards, net of shares withheld for employee taxes	144,289	1	(2,485)	—	—	(2,484)	—	(2,484)	—
Amortization of stock-based compensation	—	—	6,130	—	—	6,130	—	6,130	—
Common dividends (\$1.16 per share)	—	—	—	(190,022)	—	(190,022)	—	(190,022)	—
Distributions to noncontrolling interests	—	—	—	—	—	—	(69)	(69)	—
Contributions from noncontrolling interests	—	—	—	—	—	—	1,429	1,429	18,389
Net income (loss)	—	—	—	125,080	—	125,080	(535)	124,545	(146)
Balance as of December 31, 2024	186,993,010	1,870	3,439,117	(532,570)	—	2,908,417	2,723	2,911,140	18,243
Issuance of common stock, net	35,607,706	356	1,071,290	—	—	1,071,646	—	1,071,646	—
Vesting of stock-based compensation awards, net of shares withheld for employee taxes	145,627	1	(3,326)	—	—	(3,325)	—	(3,325)	—
Amortization of stock-based compensation	—	—	11,896	—	—	11,896	—	11,896	—
Common dividends (\$1.34 per share)	—	—	—	(279,764)	—	(279,764)	—	(279,764)	—
Distributions to noncontrolling interests	—	—	—	—	—	—	(434)	(434)	(5,298)
Contributions from noncontrolling interests	—	—	—	—	—	—	2,461	2,461	6,245
Net income (loss)	—	—	—	320,538	—	320,538	782	321,320	(1,034)
Other comprehensive income	—	—	—	—	5,872	5,872	—	5,872	—
Balance at December 31, 2025	222,746,343	\$ 2,227	\$ 4,518,977	\$ (491,796)	\$ 5,872	\$ 4,035,280	\$ 5,532	\$ 4,040,812	\$ 18,156

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2025	2024	2023
Cash flows from operating activities:			
Net income	\$ 320,286	\$ 124,399	\$ 53,722
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization (including below-market ground leases)	93,045	56,932	51,257
Amortization of deferred financing costs	4,140	2,816	2,436
Loss on extinguishment of debt	390	282	—
Unrealized (gain) loss on other real estate related investments, net	(15,831)	(9,045)	6,485
Amortization of stock-based compensation	11,896	6,130	5,153
Straight-line rental income	(8,753)	28	29
Amortization of lease incentives	193	22	—
Amortization of above and below market leases	(6,798)	(2,885)	(384)
Noncash interest income	(1,549)	(3,279)	(407)
(Gain) loss on sale of real estate, net	(31,548)	2,208	(2,218)
Impairment of real estate investments	2,483	42,225	36,301
Provision for loan losses	—	4,900	—
Change in operating assets and liabilities:			
Accounts and other receivables	(187)	(808)	(9)
Prepaid expenses and other assets, net	(1,772)	(3,719)	(21)
Accounts payable, accrued liabilities and deferred rent liabilities	28,034	24,045	2,423
Net cash provided by operating activities	394,029	244,251	154,767
Cash flows from investing activities:			
Acquisitions of real estate, net of deposits applied	(1,333,998)	(812,002)	(233,776)
Purchases of equipment, furniture and fixtures and improvements to real estate	(14,992)	(8,054)	(10,976)
Preferred equity investments	(30,000)	(52,000)	(1,782)
Investment in real estate related investments and other loans receivable	(96,962)	(559,188)	(60,319)
Investment in financing receivable	—	(95,723)	—
Principal payments received on real estate related investments and other loans receivable	75,125	4,512	26,525
Principal payments received on financing receivable	4,443	—	—
Escrow deposits for potential acquisitions of real estate	(144,253)	(5,167)	(3,800)
Net proceeds from sales of real estate	79,294	13,939	16,313
Net cash used in investing activities	(1,461,343)	(1,513,683)	(267,815)
Cash flows from financing activities:			
Proceeds from the issuance of common stock, net	1,071,495	1,552,894	634,446
Proceeds from the issuance of senior unsecured term loan	500,000	—	—
Proceeds from the secured borrowing	—	75,000	—
Borrowings under unsecured revolving credit facility	650,000	—	185,000
Payments on senior unsecured term loan	—	(200,000)	—
Payment on secured borrowing	—	(75,000)	—
Payments on unsecured revolving credit facility	(650,000)	—	(310,000)
Payments on secured notes payable	(102,375)	—	—
Payments on secured revolving credit facilities	(153,803)	—	—
Payments on extinguishment of debt and deferred financing costs	(4,600)	(9,188)	(68)
Net-settle adjustment on restricted stock	(3,325)	(2,484)	(1,479)
Dividends paid on common stock	(259,347)	(172,165)	(115,492)
Contributions from noncontrolling interests	8,706	19,818	1,952
Distributions to noncontrolling interests	(5,732)	(69)	(41)
Net cash provided by financing activities	1,051,019	1,188,806	394,318
Effect of foreign currency translation	515	—	—
Net (decrease) increase in cash and cash equivalents	(15,780)	(80,626)	281,270
Cash and cash equivalents as of the beginning of period	213,822	294,448	13,178
Cash and cash equivalents as of the end of period	\$ 198,042	\$ 213,822	\$ 294,448
Supplemental disclosures of cash flow information:			
Interest paid	\$ 39,857	\$ 27,933	\$ 40,028
Supplemental schedule of noncash investing and financing activities:			
Increase in dividends payable	\$ 20,417	\$ 17,857	\$ 8,982
Right-of-use asset obtained in exchange for new operating lease obligation	\$ 1,465	\$ 1,748	\$ 369
Assets held for sale exchanged for real estate investments	\$ 33,821	\$ —	\$ —

Transfer of pre-acquisition costs to acquired assets	\$ —	\$ 58	\$ —
Increase in equipment, furniture and fixtures and improvements to real estate payable	\$ 1,761	\$ —	\$ —
Sale of real estate settled with note receivable	\$ 36,000	\$ 1,000	\$ 2,000
Liabilities assumed by buyer in connection with sale of real estate	\$ —	\$ 2,776	\$ —

See accompanying notes to consolidated financial statements.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

Description of Business—CareTrust REIT, Inc.’s (“CareTrust REIT”, the “Company”, “we” or “our”) primary business consists of acquiring, financing, developing and owning real property to be leased to third party tenants in the healthcare sector located in the United States (“U.S.”) and the United Kingdom (“U.K.”).

As of December 31, 2025, the Company owned, directly or indirectly in consolidated joint ventures, and leased to independent operators, 407 skilled nursing facilities (each, a “SNF”), senior housing communities and other properties consisting of 37,628 operational beds and units located in 32 states and the U.K. with the highest concentration of properties by rental income located in California, the U.K., Texas, and Tennessee. As of December 31, 2025, the Company also had other real estate related investments consisting of four preferred equity investments, 16 real estate secured loans receivable, and five mezzanine loans receivable with a carrying value of \$899.3 million and one financing receivable with a carrying value of \$92.2 million.

Additionally, during the fourth quarter of 2025, the Company began utilizing the structure authorized by the REIT Investment Diversification and Empowerment Act of 2007 (commonly referred to as “RIDEA”) as permitted by the Housing and Economic Recovery Act of 2008 in connection with the establishment of a senior housing operating platform (“SHOP”). As of December 31, 2025, the Company also owned, indirectly in consolidated joint ventures, the properties and operations of three senior housing communities consisting of 270 units located in Texas that are operated on behalf of the Company by independent managers pursuant to the terms of separate management agreements which commenced December 1, 2025.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying consolidated financial statements of the Company reflect, for all periods presented, the historical financial position, results of operations and cash flows of the Company prepared in accordance with accounting principles generally accepted in the United States (“GAAP”).

The U.S. Dollar (“USD”) is the reporting currency of the Company. Unless otherwise indicated, all dollar amounts are expressed in USD. The functional currency for our consolidated subsidiaries operating in the U.K. is the British Pound (“GBP”). For the consolidated subsidiaries whose functional currency is not USD, the Company translates the financial statements into USD at the time of consolidation. Balance sheet accounts are translated at the exchange rate in effect at the balance sheet date. Gains and losses resulting from translation are included in accumulated other comprehensive income (loss), as a separate component of equity. Income statement accounts are translated using the average exchange rate for the period.

The Company and certain of its consolidated subsidiaries have intercompany and third party debt that is not denominated in the Company’s functional currency. When the debt is remeasured to the functional currency of the entity, a gain or loss can result. The resulting adjustment is reflected in results of operations within gain on foreign currency transactions, net, unless it is intercompany debt that is deemed to be long-term in nature in which case the adjustments are included in accumulated other comprehensive income. In the statement of cash flows, cash flows denominated in foreign currencies are translated using the exchange rates in effect at the time of the respective cash flows or at average exchange rates for the period, depending on the nature of the cash flow items.

Consolidation—The accompanying consolidated financial statements 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, 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.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 a 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 15, *Variable Interest Entities*, for additional information.

Noncontrolling Interests—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 income statements.

Redeemable Noncontrolling Interests —Arrangements with noncontrolling interest holders are assessed for appropriate balance sheet classification based on the redemption and other rights held by the noncontrolling interest holder. Two of the Company's noncontrolling interest holders have the ability to put their equity interests to the Company during specified option exercise periods, subject to certain conditions. The put options are payable in cash and subject to changes in redemption value. Accordingly, the Company records the redeemable noncontrolling interests outside of permanent equity. The redeemable noncontrolling interests are adjusted for additional contributions and distributions and the proportionate share of the net earnings or losses. When the redemption of the noncontrolling interests becomes probable, the Company will record the redeemable noncontrolling interests at the greater of their carrying amounts or redemption values at the end of each reporting period by making an election either to accrete changes in the redemption values of the redeemable noncontrolling interests over the period from the date it is probable of exercise to the earliest redemption date or to recognize the entire adjustment on the date redemption becomes probable. In addition to the rights of the redeemable noncontrolling interest holders, the Company has the ability to call the interests of the noncontrolling interest holders during specified option exercise periods.

Lessor Accounting, Triple-Net—The Company recognizes lease revenue in accordance with Accounting Standards Codification ("ASC") 842, *Leases*. The Company's lease agreements typically contain annual escalators based on the percentage change in the Consumer Price Index or Retail Price Index, which are accounted for as variable lease payments in the period in which the change occurs. For lease agreements that contain fixed or minimum rent escalators, the Company generally recognizes lease revenue on a straight-line basis of accounting. Certain of the Company's leases provide for contingent rents equal to a percentage of the property's revenue in excess of specified base amounts or other thresholds. Such revenue is recognized when actual results reported by the tenant, or estimates of tenants' results, exceed the applicable base amount or other threshold. The Company generates 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. Tenant reimbursements related to property taxes and insurance paid by the lessee directly to a third party on behalf of a lessor are required to be excluded from variable payments and from recognition in the lessor's income statements. Otherwise, tenant recoveries for taxes and insurance are classified as additional rental revenues recognized by the lessor on a gross basis in its income statements.

As part of the Company's acquisitions and/or amendments, the Company may commit to provide incentive payments to its lessees. During the year ended December 31, 2024, the Company funded \$2.9 million in lease incentives. Lease incentives are amortized over the initial term of the respective lease as an adjustment to rental revenue. Lease incentives are included in prepaid expenses and other assets, net on the Company's consolidated balance sheets.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company's assessment of collectibility of its tenant receivables includes a binary assessment of whether or not substantially all of the amounts due under a tenant's lease agreement are probable of collection. The Company considers the operator's performance and anticipated trends, payment history, and the existence and creditworthiness of guarantees, among other factors, in making this determination. For such leases that are deemed probable of collection, revenue continues to be recorded on a straight-line basis over the lease term, if applicable. For such leases that are deemed not probable of collection, revenue is recorded as the lesser of (i) the amount which would be recognized on a straight-line basis or (ii) cash that has been received from the tenant, with any tenant and deferred rent receivable balances charged as a direct write-off against rental income in the period of the change in the collectibility determination. Such write-offs and recoveries are recorded as decreases or increases through rental income on the Company's consolidated income statements. For the years ended December 31, 2025, 2024, and 2023, the Company did not record any recovery adjustments or write-off adjustments to rental income. See Note 4, *Real Estate Investments, Net* for further detail.

Lessee Accounting—For operating leases with an initial term greater than 12 months for which the Company is the lessee, such as ground leases, the Company recognizes a right-of-use ("ROU") asset on its consolidated balance sheets at inception of the lease. ROU assets represent the Company's right to use underlying assets for the lease term and are based on the estimated present value of the Company's minimum lease payments under the agreements. The discount rate used to determine the lease liabilities is based on the Company's incremental borrowing rate. In connection with the Acquisition (as defined in Note 3, *Acquisitions*), the Company recorded \$30.0 million in ROU assets related to below market ground leases included in prepaid expenses and other assets, net on the consolidated balance sheets.

Revenue recognition, SHOP—For the SHOP platform, revenue from resident fees and services is predominantly service-based, and generally is recognized monthly as services are provided. Agreements with residents generally have varying terms and are cancellable by the resident with 30 days' notice. The Company has elected the lessor practical expedient within ASC 842 and recognizes and discloses the revenues for SHOP resident agreements based on the predominant component, generally the non-lease service component, under ASC 606, *Revenue from Contracts with Customers*. Within SHOP, the Company also recognizes revenue from residential seniors apartment leases in accordance with ASC 842.

Interest Income—Interest income is recognized as earned over the term of the related other real estate related investment under the effective interest method, or on a straight-line basis if not materially different from the effective interest method. Interest income is recorded on an accrual basis to the extent that such amounts are expected to be collected. When concerns exist as to the ultimate collection of principal or interest due under a loan, the loan is placed on non-accrual status, and the Company will not recognize interest income until the cash is received, or the loan returns to accrual status. If the Company determines that the collection of interest according to the contractual terms of the loan is probable, the Company will resume the accrual of interest.

Estimates and Assumptions—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Management believes that the assumptions and estimates used in preparation of the underlying consolidated financial statements are reasonable. Actual results, however, could differ from those estimates and assumptions.

Real Estate Acquisition Valuation—In accordance with ASC 805, *Business Combinations*, the Company's acquisitions of real estate investments generally do not meet the definition of a business, and are treated as asset acquisitions. The assets acquired and liabilities assumed are measured at their acquisition date relative fair values. Acquisition costs are capitalized as incurred. The Company allocates the acquisition costs to the tangible assets, identifiable intangible assets/liabilities and assumed liabilities on a relative fair value basis. The Company assesses fair value based on available market information, such as capitalization and discount rates, comparable sale transactions and relevant per square foot or unit cost information. A real estate asset's fair value may be determined utilizing cash flow projections that incorporate such market information. Estimates of future cash flows are based on a number of factors including historical operating results, known and anticipated trends, as well as market and economic conditions. The fair value of tangible assets of an acquired property is based on the value of the property as if it is vacant.

The Company recognizes acquired "above or below market" leases at their fair value (for asset acquisitions) using discount rates which reflect the risks associated with the leases acquired. The fair value is based on the present value of the difference between (i) the contractual amounts due pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each in-place lease, generally measured over a period equal to the remaining term of the lease for above market leases and the initial term plus the extended term for any leases with renewal options that are reasonably certain to be exercised for below market leases. Other intangible assets acquired include amounts for in-place lease values that are based on an evaluation of the specific characteristics of each property and the acquired tenant lease(s). Factors considered include

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

estimates of carrying costs during hypothetical expected lease-up periods, market conditions, and costs to execute similar leases. In estimating carrying costs, the Company includes estimates of lost rents at market rates during the hypothetical expected lease-up periods, which are dependent on local market conditions and expected trends. In estimating costs to execute similar leases, the Company considers leasing commissions, legal, and other related costs. The following table summarizes the Company's intangible lease liabilities (dollars in thousands):

	As of December 31, 2025		As of December 31, 2024	
	Balance	Weighted Average Remaining Amortization Period in Years	Balance	Weighted Average Remaining Amortization Period in Years
Intangible assets:				
In-place lease ⁽¹⁾	\$ 35,733		\$ 4,840	
Above-market lease intangibles ⁽²⁾	14,457		—	
Total lease intangibles	50,190		4,840	
Accumulated amortization	(1,440)		(1,291)	
Net intangible assets	\$ 48,750	19.8	\$ 3,549	4.6
Intangible liabilities:				
Below-market lease intangibles ⁽²⁾	\$ 22,534		\$ 9,858	
Accumulated amortization	(597)		(3,269)	
Net intangible liabilities	\$ 21,937	23.2	\$ 6,589	1.8

⁽¹⁾ Amortization of intangibles is recorded in Depreciation and amortization in our consolidated income statements.

⁽²⁾ Amortization of above- and below-market lease intangibles is recorded as a decrease and an increase to revenues, respectively, in our consolidated income statements.

Impairment of Long-Lived Assets—At each reporting period, the Company evaluates its real estate investments held for use for potential impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The judgment regarding the existence of impairment indicators, used to determine if an impairment assessment is necessary, is based on factors such as, but not limited to, market conditions, operator performance and legal structure. If indicators of impairment are present, the Company evaluates the carrying value of the related real estate investments in relation to the future undiscounted cash flows of the underlying properties. The most significant inputs to the undiscounted cash flows include, but are not limited to, historical and projected property level financial results, a lease coverage ratio, the intended hold period by the Company, and a terminal capitalization rate. The analysis is also significantly impacted by determining the lowest level of cash flows, which generally would be at the master lease level of cash flows. Provisions for impairment losses related to long-lived assets are recognized when expected future undiscounted cash flows are determined to be less than the carrying values of the assets. The impairment is measured as the excess of carrying value over fair value. All impairments are taken as a period cost at that time, and depreciation is adjusted going forward to reflect the new value assigned to the asset.

The Company classifies its real estate investments as held for sale when the applicable criteria have been met, which includes a formal plan to sell the properties that is expected to be completed within one year, among other criteria. Upon designation as held for sale, the Company writes down the excess of the carrying value over the estimated fair value less costs to sell, resulting in an impairment of the real estate investments, if necessary, and ceases depreciation.

In the event of impairment, the fair value of the real estate investment is based on current market conditions and considers matters such as the forecasted operating cash flows, lease coverage ratios, capitalization rates, comparable sales data, and, where applicable, contracts or the results of negotiations with purchasers or prospective purchasers.

If circumstances arise that previously were considered unlikely and, as a result, the Company decides not to sell a real estate investment previously classified as held for sale or otherwise no longer meets the held for sale criteria, the respective assets are reclassified as real estate investments held for use. A real estate investment that is reclassified is measured and recorded individually at the lower of (a) its carrying amount before the real estate investment was classified as held for sale, adjusted for any depreciation expense that would have been recognized had the real estate investment been continuously classified as held for use, or (b) the fair value at the date of the decision not to sell or change in circumstances that led to the real estate investment no longer meeting the criteria of held for sale.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company's ability to accurately estimate future cash flows and estimate and allocate fair values impacts the timing and recognition of impairments. While the Company believes its assumptions are reasonable, changes in these assumptions may have a material impact on financial results.

For the years ended December 31, 2025, 2024 and 2023, the Company recorded impairment charges of \$2.5 million, \$42.2 million and \$36.3 million, respectively. See Note 5, *Impairment of Real Estate Investments, Assets Held For Sale, Net and Asset Sales*, for additional information.

Financing Receivable—The Company may from time to time enter into a contract to acquire an asset and lease it back to the seller in a sale and leaseback transaction. In accordance with ASC 842, *Leases*, the Company is required to determine whether the transaction qualifies as a sale with control of the asset being transferred to the Company. A failed sale and leaseback transaction is accounted for as a financing receivable in accordance with ASC 310, *Receivables*. If control of the asset subsequently is deemed to have transferred to the Company, the financing receivable would be reclassified as real estate investments. No gain or loss would be recognized, and the related assets and liabilities would be recorded at their relative fair values on the date control is transferred. One of the Company's investments is accounted for as a financing receivable within the Company's consolidated balance sheets, since control of the underlying assets did not transfer to the Company due to the existence of options for the seller-lessee to repurchase the real estate assets, which generally preclude accounting for the transfer of real estate assets as a sale. The Company elected the fair value option for the financing receivable, and thereby, acquisition costs incurred in connection with entering into the financing receivable were expensed and recorded in transaction costs in the consolidated income statements. Instruments for which the fair value option has been elected are measured at fair value on a recurring basis with changes in fair value recognized in other income (loss) on the consolidated income statements. Fair value was estimated using an internal valuation model that considered expected future cash flows of the investment, market interest rates, and the underlying collateral value. Interest income from financing receivable on the Company's consolidated income statements is recognized under the effective interest method.

Other Real Estate Related Investments—Included in other real estate related investments on the Company's consolidated balance sheets at December 31, 2025, are four preferred equity investments, 16 real estate secured loans receivable and five mezzanine loans receivable. The Company elected the fair value option for all but one of its secured and mezzanine loans receivable. The Company reflects one mortgage loan receivable at amortized cost, net of an allowance for credit loss, on the accompanying consolidated balance sheets. The amortized cost of a loan receivable is the outstanding unpaid principal balance, net of unamortized discounts, costs and fees directly associated with the origination of the loan. Direct loan origination costs are amortized over the term of the loan as an adjustment to interest income. Instruments for which the fair value option has been elected are measured at fair value on a recurring basis with changes in fair value recognized in other income (loss) on the consolidated income statements. Fair value was 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. The Company elected the practical expedient not to record the preferred equity investments at fair value as the fair value is not readily determinable. The preferred equity investments are accounted for at unpaid principal balance, plus accrued return, net of reserves. The Company recognizes return income on a monthly basis based on the outstanding investment including any accrued and unpaid return, to the extent there is outside contributed equity or cumulative earnings from operations. As the preferred member of the joint venture, the Company is not entitled to share in the joint venture's earnings or losses. Rather, the Company is entitled to receive a preferred return, which is deferred if the cash flow of the joint venture is insufficient to pay all of the accrued preferred return. The unpaid accrued preferred return is added to the balance of the preferred equity investment up to the estimated economic outcome assuming a hypothetical liquidation of the book value of the joint venture. Any unpaid accrued preferred return, whether recorded or unrecorded by the Company, will be repaid upon redemption or as available cash flow is distributed from the joint venture.

Prepaid expenses and other assets—Prepaid expenses and other assets consist of prepaid expenses, deposits, pre-acquisition costs, and other loans receivable. During the year ended December 31, 2025, the Company did not record an expected credit loss or recovery. During the year ended December 31, 2024, the Company determined that the remaining contractual obligations under one other loan receivable were not collectible and recorded a \$4.9 million expected credit loss. The Company did not record an expected credit loss or recovery during the year ended December 31, 2023. Expected credit losses and recoveries are recorded in provision for loan losses, net in the consolidated income statements.

The Company's other loans receivable are reflected at amortized cost, net of an allowance for credit loss, on the accompanying consolidated balance sheets. The amortized cost of a loan receivable is the outstanding unpaid principal balance, net of unamortized discounts, costs and fees directly associated with the origination of the loan.

Income Taxes—The Company has elected to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code"). The Company believes it has been organized and has operated, and the

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Company intends to continue to operate, in a manner to qualify for taxation as a REIT under the Code. In addition, the Company has formed a consolidated subsidiary that has elected REIT status. To qualify as a REIT, the Company must meet certain organizational and operational requirements, including a requirement to distribute to its stockholders at least 90% of the Company's annual REIT taxable income (computed without regard to the dividends paid deduction or net capital gain and which does not necessarily equal net income as calculated in accordance with GAAP). As a REIT, the Company generally will not be subject to federal income tax to the extent it distributes as qualifying dividends all of its REIT taxable income to its stockholders. If the Company or its REIT subsidiary fail to qualify as a REIT in any taxable year, it will be subject to federal income tax on its taxable income at regular corporate income tax rates and generally will not be permitted to qualify for treatment as a REIT for federal income tax purposes for the four taxable years following the year during which qualification is lost unless the Internal Revenue Service grants the Company relief under certain statutory provisions.

Prior to 2025, the Company made no provision for income taxes. Beginning in 2025, as a result of acquisitions, the taxable REIT subsidiary ("TRS") is subject to federal and state income taxes on its taxable income. Under the RIDEA provisions, the TRS owns an interest in joint ventures that operate the Company's SHOP communities through eligible independent contractors as defined under the Internal Revenue Code. Because these activities constitute operating business income rather than qualifying REIT rental income, they are conducted through the TRS which are subject to tax similar to regular corporations. Deferred tax assets and liabilities are recognized for temporary differences arising from the TRS's operations. As a result of certain investments, certain of the Company's subsidiaries have elected to be treated as TRSs. The Company records income tax expense or benefit as those entities are subject to federal income tax similar to regular corporations.

In connection with the Acquisition (as defined in Note 3, *Acquisitions*), the Company's acquired foreign subsidiaries are subject to certain foreign income taxes and withholding tax. The Company's foreign subsidiaries in the U.K. operate as a REIT and generally are subject only to a withholding tax on earnings upon distribution out of the U.K. All earnings of the Company's foreign subsidiaries in excess of the amounts required to be distributed are considered to be indefinitely reinvested and accordingly, no provision for applicable income taxes has been provided thereon. Upon distribution of those earnings, the Company would be subject to withholding taxes payable to the U.K. See Note 3, *Acquisitions*, and Note 12, *Income Taxes*, for additional information. The expense associated with these taxes is included in income tax expense on the Company's consolidated income statements.

The Company accounts for deferred income taxes using the asset and liability method and recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the Company's financial statements or tax returns. Under this method, the Company determines deferred tax assets and liabilities based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Any increase or decrease in the deferred tax liability that results from a change in circumstances, and that causes the Company to change its judgment about expected future tax consequences of events, is included in the tax provision when such changes occur. Deferred income taxes also reflect the impact of operating loss and tax credit carryforwards. A valuation allowance is provided if the Company believes it is more likely than not that all or some portion of the deferred tax asset will not be realized. Any increase or decrease in the valuation allowance that results from a change in circumstances, and that causes the Company to change its judgment about the realizability of the related deferred tax asset, is included in the tax provision when such changes occur.

The Company recognizes and evaluates its tax positions using a two-step process. First, the Company determines whether a tax position is more likely than not (greater than 50 percent probability) to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Second, the Company will determine the amount of benefit to recognize and record the amount that is more likely than not to be realized upon ultimate settlement.

When applicable, the Company recognizes interest and/or penalties related to uncertain tax positions in income tax expense in the consolidated income statements.

Real Estate Depreciation and Amortization—Real estate costs related to the acquisition and improvement of properties are capitalized and amortized over the expected useful life of the asset on a straight-line basis. Repair and maintenance costs are charged to expense as incurred and significant replacements and betterments are capitalized. Repair and maintenance costs include all costs that do not extend the useful life of the real estate asset. The Company considers the period of future benefit of an asset to determine its appropriate useful life. Expenditures for tenant improvements are capitalized and amortized over the shorter of the tenant's lease term or expected useful life. The Company anticipates the estimated useful lives

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

of its assets by class to be generally as follows:

Building	25-40 years
Building improvements	10-25 years
Tenant improvements	Shorter of lease term or expected useful life
Integral equipment, furniture and fixtures	3-7 years
Identified intangible assets	Shorter of lease term or expected useful life

Cash and Cash Equivalents—Cash and cash equivalents consist of bank term deposits and money market funds with original maturities of three months or less at time of purchase and therefore approximate fair value. The fair value of these investments is determined based on “Level 1” inputs, which consist of unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets. The Company places its cash and cash equivalents with high credit quality financial institutions.

The Company’s cash and cash equivalents balance periodically exceeds federally insurable limits. The Company monitors the cash balances in its operating accounts and adjusts the cash balances as appropriate; however, these cash balances could be impacted if the underlying financial institutions fail or are subject to other adverse conditions in the financial markets. To date, the Company has experienced no loss or lack of access to cash in its operating accounts.

Deferred Financing Costs—External costs incurred from placement of the Company’s debt are capitalized and amortized on a straight-line basis over the terms of the related borrowings, which approximates the effective interest method. For senior unsecured notes payable and the senior unsecured term loan, deferred financing costs are netted against the outstanding debt amounts on the consolidated balance sheets. For the unsecured revolving credit facility, deferred financing costs are included in assets on the Company’s consolidated balance sheets. Amortization of deferred financing costs is classified as interest expense in the consolidated income statements. Accumulated amortization of deferred financing costs was \$7.4 million and \$3.3 million at December 31, 2025 and 2024, respectively.

When financings are terminated, unamortized deferred financing costs, as well as charges incurred for the termination, are expensed at the time the termination is made. Gains and losses from the extinguishment of debt are presented within other income (loss) in the Company’s consolidated income statements. During the year ended December 31, 2025, the Company recorded a loss on extinguishment of debt of \$0.4 million. During the year ended December 31, 2024, the Company recorded a loss on extinguishment of debt of \$0.7 million. See Note 9, *Debt*, for further detail.

Derivative and Hedging Activities—The Company is exposed to, among other risks, the impact of changes in foreign currency exchange rates as a result of the Company’s investments in the U.K. and interest rate risk related to its capital structure. As a matter of policy, the Company does not use derivatives for trading or speculative purposes. The Company’s risk management program is designed to manage the exposure and volatility arising from these risks, and may utilize foreign currency forward contracts, interest rate swaps, interest rate caps and debt issued in foreign currencies to offset a portion of these risks.

Derivatives are financial arrangements among two or more parties with returns linked to or “derived” from an underlying equity, debt, commodity, other asset, liability, interest rate, foreign exchange rate or another index, or the occurrence or nonoccurrence of a specified event. The settlement of a derivative is determined by its underlying notional amount specified in the contract. Derivative contracts may be entered into outright or embedded within a non-derivative host contract, and may be listed, traded on exchanges or privately negotiated directly between two parties.

To qualify for hedge accounting, derivative instruments used for risk management purposes must effectively reduce the risk exposure that they are designed to hedge. The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objectives and strategy for undertaking various hedge transactions. This process includes designating all derivatives that are part of a hedging relationship to specific forecasted transactions as well as recognized liabilities or assets on the consolidated balance sheets. In addition, at the inception of a qualifying cash flow hedging relationship, the underlying transaction or transactions, must be, and are expected to remain, probable of occurring in accordance with the Company’s related assertions. The Company recognizes all derivative instruments, including embedded derivatives required to be bifurcated, as assets or liabilities on the consolidated balance sheets at fair value which is determined using a market approach and Level 2 inputs. For derivatives designated in qualifying cash flow hedging relationships, the gain or loss on the derivative is recognized in accumulated other comprehensive income as a separate component of equity.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

If it is determined that a derivative instrument ceases to be highly effective as a hedge, or that it is probable the underlying forecasted transaction will not occur, the Company discontinues its cash flow hedge accounting prospectively and records the appropriate adjustment to earnings based on the current fair value of the derivative instrument.

Derivative Instruments Not Designated As Hedging Instruments—Certain derivative financial instruments, consisting of interest rate cap agreements, were used to manage the Company’s exposure to interest rate movements, but did not meet the accounting requirements to be classified as hedging instruments. These derivatives were carried at their fair value in prepaid expenses and other assets, net on the Company’s consolidated balance sheets. The changes in fair value of interest rate derivatives are recognized within interest expense on the Company’s consolidated income statements.

Stock-Based Compensation—The Company accounts for share-based payment awards in accordance with ASC 718, *Compensation – Stock Compensation* (“ASC 718”). ASC 718 requires all entities to apply a fair value-based measurement method in accounting for share-based payment transactions with directors, officers and employees. The Company measures and recognizes compensation expense for all share-based payment awards made to directors, officers and employees based on the grant date fair value, amortized over the requisite service period of the award. Compensation expense for awards with performance-based vesting conditions is recognized based upon the probability that the performance target will be met. Compensation expense for awards with market-based vesting conditions is recognized based upon the estimated number of awards to be earned and is recognized provided that the requisite service is rendered, regardless of when, if ever, the market condition is satisfied. Forfeitures of stock-based awards are recognized as they occur. Net income reflects stock-based compensation expense of \$11.9 million, \$6.1 million and \$5.2 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Concentration of Credit Risk—The Company is subject to concentrations of credit risk consisting primarily of contractual obligations of operators and borrowers under its lease and lending agreements. See Note 17, *Concentration of Risk*, for a discussion of major operator concentration.

Segment Disclosures—The Company is subject to disclosures about segments of an enterprise and related information in accordance with ASC 280, *Segment Reporting*. The Company has one reportable segment consisting of investments in healthcare-related real estate assets. See Note 14, *Segment Reporting*, for additional information.

Earnings Per Share—The Company calculates earnings per share (“EPS”) in accordance with ASC 260, *Earnings Per Share*. Basic EPS is computed by dividing net income applicable to common stock by the weighted-average number of common shares outstanding during the period. Diluted EPS reflects the additional dilution for all potentially-dilutive securities. See Note 13, *Earnings Per Common Share*, for additional information.

Beds, Units, Occupancy and Other Measures—Beds, units, occupancy and other non-financial measures used to describe investments in healthcare-related real estate assets included in these Notes to the consolidated financial statements are presented on an unaudited basis and are not subject to audit by the independent registered public accounting firm in accordance with the standards of the Public Company Accounting Oversight Board.

Recent Accounting Pronouncements

Adopted—On December 14, 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-09, *Income Taxes* (Topic 740): Improvements to Income Tax Disclosures (“ASU 2023-09”), to enhance the transparency and decision-usefulness of income tax disclosures. The amendments primarily require expanded disaggregation within the effective tax rate reconciliation and enhanced disclosures regarding income taxes paid, including additional jurisdictional detail. The guidance is effective for fiscal years beginning after December 15, 2024 for public business entities, with early adoption permitted. The Company adopted ASU 2023-09 during the year ended December 31, 2025. See Note 12, *Income Taxes*, for further detail.

Not Yet Adopted—On November 4, 2024, the FASB issued ASU 2024-03, which requires disaggregated disclosures of income statement expenses for public business entities. The ASU requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. The ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is still evaluating its adoption timeline and the impact on its disclosures.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. ACQUISITIONS

Care REIT plc Asset Acquisition

On May 8, 2025, the Company closed its acquisition (the “Care REIT Acquisition”) of Care REIT plc (“Care REIT” or “Target”). In connection with this acquisition, on June 30, 2025, the Company also acquired substantially all of the assets of Impact Health Partners LLP, the investment manager of Care REIT (together with the Care REIT Acquisition, the “Acquisition”). The Company treats these acquisitions as a single transaction as they were entered into in contemplation of one another and were intended to achieve an overall economic effect by acquiring the assets of Care REIT and its associated operations.

The Care REIT Acquisition was implemented by means of a court-sanctioned scheme of arrangement (the “Scheme”) under Part 26 of the United Kingdom Companies Act of 2006. Under the terms of the Scheme, Care REIT stockholders received 108 pence in cash per share, totaling approximately \$595.4 million. At closing, the Company also assumed Care REIT’s liabilities of approximately \$290.9 million. In addition, the Company paid the partners of Impact Health Partners LLP approximately \$6.8 million for substantially all of Impact Health Partners LLP’s assets.

Consideration and Purchase Price Allocation

The Acquisition was accounted for as an asset acquisition in accordance with ASC 805, *Business Combinations*, which requires that the cost of an acquisition is allocated on a relative fair value basis to the assets acquired and the liabilities assumed. The following table summarizes the fair value of total consideration transferred in the Acquisition (dollars in thousands):

Cash paid to Target shareholders	\$	595,420
Cash paid to Investment Manager		6,786
Transaction costs capitalized		20,706
Total Consideration	\$	<u>622,912</u>

The following table summarizes the estimated fair values assigned to the assets acquired and liabilities assumed (dollars in thousands):

Real estate investments	\$	851,328
Cash and cash equivalents		8,856
Prepaid expenses and other assets		53,578
Accounts and other receivables		20
Accounts payable, accrued liabilities and deferred rent liabilities		(37,063)
Secured notes payable		(99,788)
Secured revolving credit facilities		(154,019)
Fair value of net assets acquired	\$	<u>622,912</u>

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fair Value Measurement

The estimated fair values of assets acquired and liabilities assumed were primarily based on information that was available as of the closing date of the Acquisition. The methodology used to estimate the fair values to apply purchase accounting are summarized below.

- U.K. Care Homes: The Company engaged third party valuation specialists to calculate the fair value of the real estate assets acquired by the Company using standard valuation methodologies, including the cost and market approaches. The average remaining useful lives for real estate assets, excluding land, were reset to the following:

	Average Useful Life (years)
Buildings	40
Site improvements	15
Above-market leases	22
Below-market leases	23
In-place leases	20

- All of the properties acquired are owned freehold, except for 14 which are held long leasehold for nominal rent. On the closing date of the Care REIT Acquisition, the Company recorded operating right-of-use assets of \$30.0 million within prepaid expenses and other assets, net. The weighted average remaining useful lives of the acquired operating right-of-use assets are 1371 years.
- Other assets and liabilities: the carrying values of cash, interest rate derivatives, trade and other receivables, trade and other payables, other liabilities, and debt assumed approximate their fair values.

4. REAL ESTATE INVESTMENTS, NET

The following table summarizes the Company's investment in owned properties, and properties held in consolidated joint ventures, held for use at December 31, 2025 and 2024 (dollars in thousands):

	December 31, 2025	December 31, 2024
Land	\$ 632,466	\$ 367,044
Buildings and improvements	3,457,879	2,220,287
Integral equipment, furniture and fixtures	134,544	113,803
Identified intangible assets	48,332	4,388
Real estate investments	4,273,221	2,705,522
Accumulated depreciation and amortization ⁽¹⁾	(563,645)	(478,782)
Real estate investments, net	\$ 3,709,576	\$ 2,226,740

- (1) As of December 31, 2025 and 2024, accumulated depreciation and amortization included \$1.5 million and \$1.2 million, respectively, of accumulated amortization related to lease intangibles. The lease intangibles are amortized over the term of each related lease.

Significant Master Leases

Ensign — As of December 31, 2025, the Company leased 113 properties to subsidiaries of The Ensign Group, Inc. ("Ensign"), including 12,218 operational beds. A significant number of properties are leased to Ensign on a triple-net basis under eight long-term leases, each with its own pool of properties, that have varying maturities (each an "Ensign Master Lease" and collectively, the "Ensign Master Leases"). The Ensign Master Leases escalate annually, in June, by an amount equal to the product of (1) the lesser of the percentage change in the Consumer Price Index ("CPI") (but not less than zero) or 2.5%, and (2) the prior year's rent. In addition to rent, the subsidiaries of Ensign that are tenants under the Ensign Master Leases are solely responsible for the costs related to the leased properties (including property taxes, insurance, and maintenance and repair costs). See below under "Lease Amendments and Terminations" for further detail on Ensign lease amendments. The obligations under the Ensign Master Leases are guaranteed by Ensign. A default by any subsidiary of Ensign with regard to any property leased pursuant to an Ensign Master Lease will result in a default under all of the Ensign Master Leases. As of December 31, 2025, annualized contractual rental income from the Ensign Master Leases was \$79.6 million.

As of December 31, 2025, 9 of the 113 properties are leased to Ensign under three separate triple-net master lease agreements (the "Other Ensign Master Leases"), which have a total of 1,024 operational beds. The obligations under these separate master leases are guaranteed by Ensign. A default under the Other Ensign Master Lease agreements constitutes a

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

default under the Ensign Master Leases, but a default under the Ensign Master Leases does not constitute a default under the Other Ensign Master Leases. As of December 31, 2025, annualized contractual rental income from the Other Ensign Master Leases was \$12.5 million.

Ensign provides a guaranty for eight properties leased to The Pennant Group, Inc. (“Pennant”) under the Pennant Master Lease (defined below), which represents \$7.6 million of total annualized contractual rental income as of December 31, 2025.

PMG — As of December 31, 2025, 15 of the Company’s properties were leased to subsidiaries of Priority Management Group (“PMG”) on a triple-net basis under one long-term lease (the “PMG Master Lease”), and have a total of 2,144 operational beds. The PMG Master Lease commenced on December 1, 2016, and provides an initial term of 15 years, with two five-year renewal options. As of December 31, 2025, annualized contractual rental income from the PMG Master Lease was \$32.8 million. Rent is escalated annually by an amount equal to the product of (1) the lesser of the percentage change in the CPI (but not less than zero) or 3.0%, and (2) the prior year’s rent. In addition to rent, the subsidiaries of PMG that are tenants under the PMG Master Lease are solely responsible for the costs related to the leased properties (including property taxes, insurance, and maintenance and repair costs).

Portfolio

As of December 31, 2025, the Company’s remaining properties held for investment were leased to various operators under triple-net leases. All of the triple-net leases contain annual escalators based on the percentage change in the CPI or Retail Price Index (“RPI”) (but not less than zero), some of which are subject to a floor and/or cap, or fixed rent escalators. In addition, three properties are managed on behalf of the Company by a third party operator pursuant to a management agreement. As of December 31, 2025, the Company did not have any properties held for sale.

As of December 31, 2025, the Company’s total future contractual minimum rental income for all of its operating leases, excluding operating expense reimbursements, was as follows (dollars in thousands):

Year	Amount
2026	\$ 413,055
2027	420,393
2028	426,099
2029	428,941
2030	431,161
Thereafter	3,486,005
	<u>\$ 5,605,654</u>

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Tenant Purchase Options

Certain of the Company's tenants 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	Properties	Lease Expiration	Option Period Open Date	Option Type ⁽¹⁾	Current Cash Rent ⁽²⁾
SNF	2	October 2032	03/05/2027 ⁽⁴⁾	B	3,468 ⁽⁸⁾
SNF	2	May 2034	06/01/2026 ⁽⁵⁾	B	3,064 ⁽⁹⁾
SNF	1	November 2034	12/01/2027 ⁽³⁾	A	1,125
SNF	6	November 2039	12/01/2027 ⁽⁶⁾	B	10,503
SNF	1	August 2040	09/01/2028 ⁽⁷⁾	B	741

(1) Option type includes:

A - Fixed base price.

B - Fixed capitalization rate on lease revenue.

(2) Based on annualized cash revenue for contracts in place as of December 31, 2025.

(3) Option window is open until the expiration of the lease term.

(4) Option window is open for six months from the option period open date.

(5) Option window is open for nine months from the option period open date.

(6) Lease agreement provides for the purchase of one to two properties in each window over four option windows, for a total of six properties. Each option window opens at the beginning of each of lease years four, five, six, and seven beginning December 1, 2027 and is open for one year.

(7) Option window is open for 24 months from the option period open date.

(8) Option provides for purchase of any two of three properties. The current cash rent shown is an average of the range of \$3.3 million to \$3.6 million.

(9) Option provides for purchase of any one of five properties in the first option window and another one of five properties in the second option window beginning June 1, 2027. The current cash rent shown is an average of the range of \$2.7 million to \$3.5 million. Provided the operator exercises its option to extend the term of the master lease, beginning on June 1, 2035 and ending nine months thereafter, the operator will have an option for all properties then remaining in the master lease.

Rental Income

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

Rental Income	For the Year Ended December 31,		
	2025	2024	2023
Contractual rent due ⁽¹⁾	\$ 352,836	\$ 225,426	\$ 198,244
Straight-line rent	8,753	(28)	(29)
Amortization of lease incentives	(193)	(22)	—
Amortization of above and below-market lease intangibles ⁽²⁾	6,798	2,885	384
Total	\$ 368,194	\$ 228,261	\$ 198,599

(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 years ended December 31, 2025, 2024 and 2023 were \$8.8 million, \$6.7 million, and \$5.5 million, respectively.

(2) In connection with lease terminations in August 2025, the Company accelerated the amortization of the remaining below-market lease intangibles of \$4.4 million during the year ended December 31, 2025.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Recent Real Estate Acquisitions

The following table summarizes the Company's acquisitions for the years ended December 31, 2025, 2024 and 2023 (dollars in thousands):

Type of Property ⁽¹⁾⁽²⁾	Purchase Price ⁽³⁾	Number of Properties	Number of Beds/Units ⁽⁴⁾
December 31, 2025			
Skilled nursing triple-net	\$ 616,521	27	3,214
Senior housing triple-net ⁽⁵⁾	908,507	135	7,822
SHOP	40,298	3	270
Total	<u>\$ 1,565,326</u>	<u>165</u>	<u>11,306</u>
December 31, 2024			
Skilled nursing ⁽⁶⁾	\$ 712,471	42	4,508
Multi-service campuses	90,639	5	683
ALF / ILF	12,749	2	102
Total	<u>\$ 815,859</u>	<u>49</u>	<u>5,293</u>
December 31, 2023			
Skilled nursing ⁽⁷⁾	\$ 169,181	10	1,256
Multi-service campuses ⁽⁷⁾	25,276	1	168
ALF / ILF	39,318	4	241
Total	<u>\$ 233,775</u>	<u>15</u>	<u>1,665</u>

- (1) During the year ended December 31, 2025, the Company began including ALFs and ILFs within the senior housing triple-net portfolio and evaluating the underlying financials and primary purpose of each multi-service campus to determine whether it should be classified as skilled nursing or senior housing.
- (2) Includes properties held in consolidated joint ventures as of December 31, 2025, 2024 and 2023, respectively. See Note 15, *Variable Interest Entities*, for additional information.
- (3) Purchase price includes capitalized acquisition costs.
- (4) The number of beds/units includes operating beds at acquisition date.
- (5) Includes U.K. Care Homes acquired in connection with the Acquisition. See Note 3, *Acquisitions*, for additional information. On July 31, 2025, the Company swapped 10 U.K. Care Homes for six U.K. Care Homes and received £2.2 million in cash before selling costs. The amounts shown above are inclusive of this asset swap. See Note 5, *Impairment of Real Estate Investments, Assets Held for Sale and Asset Sales*, for additional information.
- (6) Initial annual cash rent for 11 properties does not consider rent abatement of \$0.3 million.
- (7) One acquisition including three SNFs and one multi-service campus provides for annual fixed increases from \$6.8 million in year one to \$7.6 million in year two and \$8.9 million in year three.

Lease Amendments and Terminations

Lease Extension. Effective December 1, 2025, subsidiaries of Ensign exercised the option to extend the lease term of one Ensign Master Lease by five years from May 31, 2027 to May 31, 2032. The lease provides for three additional five-year renewal options. This amendment triggers a base rent adjustment at the commencement of the extension term in 2027, reducing the rent by approximately \$0.6 million.

Amended Operator Lease. On October 30, 2025, the Company acquired five skilled nursing facilities in the mid-Atlantic and southeast. In connection with the acquisition of the facilities, the Company amended an existing master lease with a skilled nursing operator. The amended master lease has a remaining term 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 \$18.0 million.

New SNF lease and Lease Termination. Effective August 31, 2025, the Company terminated its master lease with a skilled nursing operator and entered into a new triple-net master lease with a new skilled nursing operator with respect to four skilled nursing facilities. The new master lease has an initial term of approximately 15 years with two five-year renewal options and fixed rent escalators. Initial annual cash rent under the new master lease was approximately \$3.9 million. Annual cash rent under the terminated master lease was \$4.0 million.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Covenant Care Lease Transitions. On August 1, 2025, the Company funded approximately \$12.3 million (inclusive of transaction costs) in connection with the assignment and termination of multiple lease agreements between the Company and affiliates of Covenant Care California, LLC and pertaining to 10 skilled nursing facilities and one senior housing community located in California. In connection with the transaction, the Company entered into new long-term leases (or in some instances, amended existing leases with current tenants of the Company) with replacement tenants to continue operating the properties, as described below. As a result of the subject transaction, annual rent increased approximately \$3.9 million. Annual cash rent under the terminated master leases was \$13.0 million and, during the year ended December 31, 2025, the Company accelerated the amortization of the remaining below market lease intangibles of \$4.4 million and in-place lease intangibles of \$2.4 million.

In connection with the transaction, the Company amended one existing triple-net master lease with subsidiaries of Ensign to add six skilled nursing facilities and one senior housing community, and to extend the lease term. The lease, as amended, has a remaining term of 15 years. Three of the seven facilities will transition upon regulatory approval which is expected to occur in the next 12 months. The applicable Ensign master lease, as amended, includes two five-year renewal options and CPI-based rent escalators. Annual cash rent under the applicable master lease, as amended, increased by approximately \$10.0 million.

Also in connection with the transaction, the Company, via two consolidated joint ventures, entered into a new triple-net master lease with a skilled nursing operator to include three skilled nursing facilities. The new master lease commenced August 1, 2025 with an initial term of approximately 10 years, including four five-year renewal options and fixed annual escalators. Initial annual cash rent under the new master lease was \$6.4 million. In addition, the Company amended one existing triple-net master lease to add one multi-service campus. Annual cash rent under the applicable master lease, as amended, increased by approximately \$0.6 million.

Amended Kalesta Lease. On February 28, 2025, the Company acquired one senior housing community. In connection with the acquisition, the Company amended its existing triple-net master lease with affiliates of Kalesta Healthcare, LLC (“Kalesta”) to include the one senior housing community and extended the initial lease term. The Kalesta master lease, as amended, had a remaining term at the date of amendment of approximately 15 years. Annual cash rent under the amended Kalesta master lease increased by approximately \$1.9 million.

Effective December 5, 2025, the Company sold one senior housing community. In connection with the disposition, the Company amended its Kalesta master lease to remove the property. The Kalesta master lease, as amended, had a remaining term at the date of amendment of approximately 14 years. Annual cash rent under the amended Kalesta master lease decreased by approximately \$1.6 million.

Ridgeline Lease Termination and NC Jaybird Lease. Effective December 31, 2024, the Company terminated its master lease with affiliates of Ridgeline Properties, LLC (“Ridgeline”). The Company entered into a new master lease (the “NC Jaybird Lease”) with affiliates of Jaybird Senior Living, Inc. (“Jaybird”) with respect to two senior housing communities in North Carolina previously leased to Ridgeline. The NC Jaybird Lease commenced on January 1, 2025 with an initial term of approximately 12 years, featuring two five-year renewal options and CPI-based rent escalators. Under the NC Jaybird Lease, Jaybird will receive three months of abated rent, followed by 15 months of rent calculated as a percentage of the tenants’ gross revenue. Subsequently, the next 12 months will have a fixed annual cash rent amount of \$0.8 million increasing annually based on CPI. Annual rent under the terminated master lease for the two senior housing communities in North Carolina was \$0.8 million.

Effective May 1, 2025, two additional senior housing communities in Michigan and Ohio previously operating under the Ridgeline master lease transferred operations to Jaybird under a separate master lease (“New Jaybird Lease”). The New Jaybird Lease has an initial term of 12 years, featuring two five-year renewal options and CPI-based rent escalators. Under the New Jaybird Lease, Jaybird will receive six months of abated rent, followed by 12 months of rent calculated as a percentage of tenants’ gross revenue, and the following 12 months will have a fixed annual cash rent amount of \$1.9 million increasing annually based on CPI. Annual rent under the terminated master lease for the two senior housing communities was \$1.8 million.

Four senior housing communities which were under the Ridgeline master lease were sold during the year ended December 31, 2025. See Note 5, *Impairment of Real Estate Investments, Assets Held For Sale, Net And Asset Sales*, for additional information.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amended PACS Master Lease. On November 1, 2024, the Company acquired four skilled nursing facilities. The facilities were leased to affiliates of PACS. In conjunction with the acquisition of the four facilities, the Company amended the existing PACS Master Lease to include the four skilled nursing facilities. The PACS Master Lease had a remaining term at the date of amendment of approximately 8 years. Annual cash rent under the amended lease increased by approximately \$5.0 million, with \$1.1 million in deferred rent over the first twenty-four months to be repaid over twenty-four months, beginning in the third lease year.

Lease Termination and Amended Ensign Lease. Effective September 1, 2024, one SNF in Kansas was removed from a master lease with a skilled nursing operator and the Company terminated the master lease. Annual cash rent under the terminated master lease prior to lease termination was approximately \$0.8 million. In connection with the lease termination, the Company amended and extended one existing triple-net master lease with subsidiaries of Ensign to include the one SNF. The amended lease has a remaining term of approximately 15 years with two five-year renewal options and CPI-based rent escalators. Annual cash rent under the applicable Ensign master lease, as amended, increased by approximately \$0.6 million.

Lease Termination and New Jaybird Lease. Effective August 1, 2024, two ALFs in Illinois were removed from a master lease with a senior housing operator and the Company terminated the master lease. In connection with the lease termination, the Company entered into a new master lease (the “Jaybird Lease”) with Jaybird with respect to the two ALFs. The new Jaybird Lease commenced on August 1, 2024 with an initial term of approximately 12 years, featuring two five-year renewal options and CPI-based rent escalators. Under the Jaybird Lease, Jaybird will receive three months of abated rent, followed by 15 months of rent calculated as a percentage of the tenants’ gross revenue. Subsequently, the next 12 months will have a fixed annual cash rent amount of \$1.8 million with annual CPI-based rent escalators. Annual rent under the terminated master lease was \$1.8 million.

New Bayshire Lease. On April 1, 2024, a new master lease with affiliates of Bayshire, LLC (“Bayshire”) commenced to lease one SNF that was previously under a short-term master lease until Bayshire received regulatory approval. The short-term master lease was terminated. The Bayshire master lease had a term of approximately 15 years at the date of the lease, with two five-year renewal options and 3% fixed rent escalators. Initial annual cash rent under the new Bayshire master lease was \$2.6 million. The Bayshire lease provides for a rent deferral of \$0.4 million in the first year to be repaid in 15 installments beginning in year two.

Amended Eduro Lease and Amended Ensign Lease. On March 1, 2024, operations of two SNFs in Colorado operated by affiliates of Eduro Healthcare, LLC (“Eduro”) were transferred to subsidiaries of Ensign. In connection with the transfer, the Company partially terminated the Eduro master lease and amended one existing triple-net master lease with Ensign to include the two SNFs and extended the initial lease term by 15 years. The applicable Ensign master lease, as amended, had a remaining term at the date of amendment of approximately 20 years with two five-year renewal options and CPI-based rent escalators. Annual cash rent under the applicable Ensign master lease, as amended, increased by approximately \$2.1 million and annual cash rent under the Eduro master lease, as amended, decreased by the same amount.

New Embassy Lease and Hillstone Lease Amendment and Termination. Effective January 1, 2024, the Company entered into a new triple-net master lease with Embassy Healthcare Holdings, Inc. (“Embassy”) with respect to one multi-service campus, formerly leased to an affiliate of Hillstone Healthcare, Inc. (“Hillstone”). The Embassy lease had an initial term at the date of the lease of approximately 10 years with two five-year renewal options and CPI-based rent escalators. Annual cash rent under the lease is approximately \$0.6 million and the master lease provides Embassy with a partial rent abatement until required authorizations with respect to the ALF portion of the facility are obtained and occupancy levels reach a certain percentage.

On March 24, 2023, the Company amended its master lease with affiliates of 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. On December 31, 2023, the Company terminated its master lease with Hillstone. Annual cash rent under the Hillstone master lease prior to lease termination was approximately \$1.3 million. Hillstone paid a lease termination fee of approximately \$0.8 million to cover unpaid contractual rent.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Noble NJ Lease Termination and New Ridgeline NJ Lease. On October 24, 2023, the Company entered into a new master lease (the “Ridgeline NJ Lease”) with affiliates of Ridgeline to lease two ALFs in New Jersey which were non-operational and under a short-term lease (the “Noble NJ Lease”) which was terminated in connection with the Ridgeline NJ Lease. The Ridgeline NJ Lease had an initial term at the date of the lease of approximately 10 years from the facility opening date, which was 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 escalators. Annual cash rent under the Ridgeline NJ Lease was approximately \$1.0 million beginning on the first day of the second lease year.

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 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 provided for \$0.2 million in rent abatement and a \$0.2 million rent deferral that was required to be repaid beginning in December 2024.

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.

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.

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 Pennant with respect to the two ALFs. The New Pennant 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.

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

During the year ended December 31, 2025, the Company recognized aggregate impairment charges of \$2.5 million related to properties that were sold. During the year ended December 31, 2024, the Company recognized aggregate impairment charges of \$42.2 million, of which \$18.8 million related to properties held for sale, \$9.4 million related to properties held for investment, and \$14.0 million related to properties that were sold. During the year ended December 31, 2023, the Company recognized aggregate impairment charges of \$36.3 million, of which \$26.8 million related to properties held for sale, \$8.0 million related to properties held for investment, and \$1.5 million related to properties that were sold. These charges are reported in impairment of real estate investments in the consolidated income statements.

Impairment of Real Estate Investments Held for Sale

As of December 31, 2025, there were no properties classified as held for sale. As of December 31, 2024, there were 10 facilities classified as held for sale, all of which have been recorded at the lesser of their carrying value or fair value less estimated costs to sell.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The fair values of the assets held for sale 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 on assets held for sale during the year ended December 31, 2025, the Company's fair value estimates primarily relied on a market approach and utilized a price per unit of \$181,000. For the Company's impairment calculations on assets held for sale during the year ended December 31, 2024, the Company's fair value estimates primarily relied on a market approach and utilized prices per unit ranging from \$7,000 to \$116,000, with a weighted average price per unit of \$60,000. For the Company's impairment calculations on assets held for sale during the year ended December 31, 2023, the Company's fair value estimates primarily relied on a market approach and utilized prices per unit ranging from \$8,000 to \$85,000, with a weighted average price per unit of \$20,000.

Impairment of Real Estate Investments Held for Investment

During the year ended December 31, 2025, the Company recognized an impairment charge of \$2.0 million related to one SNF. The Company wrote down the carrying value of \$13.6 million to the estimated fair value of \$11.6 million. The SNF was subsequently sold in December 2025. The fair value of the asset was based on binding agreements for sale and considered Level 3 measurements within the fair value hierarchy. For the Company's impairment calculation, the Company utilized a price per unit of \$93,000.

During the year ended December 31, 2024, the Company recognized an impairment charge of \$5.0 million related to one ALF with a carrying value of \$5.0 million which was non-operational. In January 2025, the Company deeded the improvements back to the ground lessor for no consideration.

During the year ended December 31, 2024, the Company determined that two ALFs, with a carrying value of \$5.0 million, that were classified as held for sale at June 30, 2024 no longer met the held for sale criteria. During the second quarter of 2024, the Company recognized \$4.4 million of impairment charges in connection with the write down of the assets' carrying values to their estimated fair value less costs to sell. The Company reclassified these ALFs out of assets held for sale at their fair value at the date of the decision not to sell of approximately \$5.0 million, or a weighted average price per unit of \$45,000. During the year ended December 31, 2024, the Company recognized approximately \$4.4 million in impairment charges related to these two ALFs.

During the year ended December 31, 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 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.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Asset Sales and Held for Sale Reclassifications

Asset Exchange

On July 31, 2025, the Company completed an asset swap pursuant to which it transferred ownership of 10 U.K. Care Homes to an existing tenant in exchange for six U.K. Care Homes and £2.2 million in cash before selling costs. The 10 U.K. Care Homes had been classified as held for sale as of June 30, 2025. The annual rent did not significantly change as a result of the asset swap.

The following table summarizes the Company's dispositions for the years ended December 31, 2025, 2024 and 2023 (dollars in thousands):

	For the Year Ended December 31,		
	2025	2024	2023
Number of properties ⁽¹⁾	24	17	5
Net sales proceeds ⁽²⁾	\$ 153,501	\$ 17,715	\$ 18,313
Net carrying value	121,953	19,923	16,095
Net gain (loss) on sale	\$ 31,548	\$ (2,208)	\$ 2,218

- (1) One non-operational previously impaired property sold during the year ended December 31, 2025 was not classified as held for sale as of December 31, 2024. In addition, two properties sold during the year ended December 31, 2025 were not classified as held for sale during the year.
- (2) Net sales proceeds for the year ended December 31, 2025 includes non-cash consideration related to an asset exchange and \$36.0 million of seller financing. Net sales proceeds for the year ended December 31, 2024 includes \$1.0 million of seller financing in connection with the sale of one ALF in January 2024. Net sales proceeds for the year ended December 31, 2023 includes \$2.0 million of seller financing in connection with the sale of one ALF in June 2023.

The following table summarizes the Company's assets held for sale activity for the years ended December 31, 2025 and 2024 (dollars in thousands):

	Net Carrying Value	Number of Properties
December 31, 2023	\$ 15,011	14
Additions to assets held for sale	104,447	15
Assets sold	(19,923)	(17)
Impairment of real estate held for sale	(37,266)	—
Assets reclassified to held for investment	(5,008)	(2)
December 31, 2024	57,261	10
Additions to assets held for sale	50,066	12
Assets sold	(96,974)	(21)
Impairment of real estate held for sale	(452)	—
Assets reclassified to held for investment	(9,901)	(1)
December 31, 2025	\$ —	—

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. OTHER REAL ESTATE RELATED AND OTHER INVESTMENTS

As of December 31, 2025 and 2024, the Company's other real estate related investments, inclusive of accrued interest, consisted of the following (dollars in thousands):

Other Real Estate Related Investments:

	Property Count and Type						As of December 31, 2025	As of December 31, 2024	
Loans Receivable, at Fair Value:	Skilled nursing	Senior housing	Principal Balance as of December 31, 2025	Fair Value as of December 31, 2025 ⁽¹⁾	Principal Balance as of December 31, 2024	Fair Value as of December 31, 2024 ⁽¹⁾	Weighted Average Contractual Interest Rate ^{(2), (3)}	Weighted Average Contractual Interest Rate ^{(2), (3)}	Maturity Date
Mortgage secured loans receivable ⁽⁴⁾	60	21	\$ 719,314	\$ 736,474	\$ 658,400	\$ 660,392	8.8 %	8.8 %	6/1/2026 - 9/30/2039
Mezzanine loans receivable ⁽⁴⁾	31	2	56,976	56,476	82,287	80,612	12.1 %	12.8 %	7/25/2027 - 12/31/2034
Total			\$ 776,290	\$ 792,950	\$ 740,687	\$ 741,004			
	Property Count and Type						As of December 31, 2025	As of December 31, 2024	
Loan Receivable, at Amortized Cost:	U.K. Care Homes		Principal Balance as of December 31, 2025	Book Value as of December 31, 2025 ⁽⁵⁾	Principal Balance as of December 31, 2024	Book Value as of December 31, 2024	Weighted Average Effective Interest Rate	Weighted Average Effective Interest Rate	Maturity Date
Mortgage secured loan receivable	1		\$ 20,888	\$ 21,728	\$ —	\$ —	6.1%	N/A	9/21/2026
Total			\$ 20,888	\$ 21,728	\$ —	\$ —			
							As of December 31, 2025	As of December 31, 2024	
Preferred Equity Investments:			Principal Balance as of December 31, 2025	Book Value as of December 31, 2025	Principal Balance as of December 31, 2024	Book Value as of December 31, 2024	Weighted Average Effective Interest Rate	Weighted Average Effective Interest Rate	Maturity Date
Preferred Equity			\$ 83,782	\$ 84,585	\$ 53,782	\$ 54,199	11.5 %	11.1 %	N/A
Total			\$ 83,782	\$ 84,585	\$ 53,782	\$ 54,199			
	Property Count and Type						As of December 31, 2025	As of December 31, 2024	
Financing Receivable, at Fair Value:	Skilled nursing	Senior housing	Principal Balance as of December 31, 2025	Fair Value as of December 31, 2025 ⁽⁶⁾	Principal Balance as of December 31, 2024	Fair Value as of December 31, 2024 ⁽⁶⁾	Weighted Average Effective Interest Rate ⁽⁷⁾	Weighted Average Effective Interest Rate ⁽⁷⁾	Maturity Date
Financing Receivable	35	6	\$ 91,280	\$ 92,193	\$ 95,723	\$ 96,004	12.0 %	12.0 %	11/30/2039
Total			\$ 91,280	\$ 92,193	\$ 95,723	\$ 96,004			

(1) Fair value of mortgage secured loans receivable includes \$3.9 million and \$3.4 million of accrued interest as of December 31, 2025 and 2024, respectively. Fair value of mezzanine loans receivable includes \$0.6 million and \$0.9 million of accrued interest as of December 31, 2025 and 2024, respectively.

(2) Rates are net of subservicing fee, if applicable.

(3) One mortgage secured loan receivable and one mezzanine loan receivable use term secured overnight financing rate ("SOFR"), which are subject to a floor for certain of the loans. Term SOFR used as of December 31, 2025 was 3.70%.

(4) If the Company also has extended mezzanine financing to an affiliate of the borrower under a mortgage loan receivable, the applicable property counts are included in both respective totals.

(5) Book value of loan receivable, at amortized cost, includes \$0.4 million of loan costs as of December 31, 2025.

(6) Fair value of financing receivable includes \$0.9 million and \$0.3 million of accrued interest as of December 31, 2025 and 2024, respectively.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (7) The Company leased these properties back to the seller under a 15-year contract, with two five-year renewal options. The agreement provides for an initial contractual cash yield of 11.0% for the first three years, with annual CPI-based escalators beginning in year four, subject to a 3% cap. The agreement provides for deferred payments equal to 2.0% of the contractual cash yield in the first year and 0.5% of the contractual cash yield in the second year. At the time the seller-lessee exercises its purchase options, option proceeds will be used to repay any outstanding deferred payments as well as additional payments such that the Company receives a contractual cash yield of 12.5% on its gross investment in the applicable properties through the option exercise date. If any deferred amounts remain unpaid, beginning in year eight, the deferred amounts are to be repaid in 24 equal monthly payments. One purchase option was exercised and closed during the period; all other purchase option periods remain closed. See the Financing Receivable discussion below for additional information.

The following table summarizes the Company's other real estate related investments activity for the years ended December 31, 2025, 2024, and 2023 (dollars in thousands):

	For the Year Ended December 31,		
	2025	2024	2023
Origination of other real estate related investments	\$ 161,213	\$ 607,203	\$ 53,834
Accrued interest, net	1,034	2,998	388
Unrealized gain (loss) on other real estate related investments, net	15,831	9,045	(6,485)
Amortization of fees	(117)	—	—
Payments of other real estate related investments	(73,901)	(4,412)	(25,537)
Net increase in other real estate related investments	\$ 104,060	\$ 614,834	\$ 22,200

The fair value option is elected on an instrument by instrument basis and must be applied to an entire instrument and is irrevocable once elected. The Company's primary purpose in electing the fair value option for these instruments was to align with management's view of the underlying economics of the loans and the manner in which they are managed.

2025 Other Real Estate Related Investment Transactions

On January 10, 2025, the Company advanced the second installment of a mezzanine loan for one SNF secured by a pledge of membership interests in an up-tier holding company of the borrower group for \$6.4 million. The loan bears interest at a rate of 13%, with annual CPI-based escalators. The mezzanine loan is set to mature on December 31, 2034. The mezzanine loan may not be prepaid in whole or in part prior to maturity. The Company elected the fair value option for the mezzanine loan.

In February 2025, the Company received a partial prepayment on one mortgage loan in the amount of \$4.4 million in connection with the borrower's election to release one skilled nursing facility from the loan. In April 2025, the remaining outstanding balance of \$2.9 million was paid off.

In April 2025, one mortgage loan with a principal balance of \$2.0 million was paid off and the Company funded a \$9.0 million earnout on an existing \$165.0 million mortgage loan.

On June 1, 2025, July 1, 2025 and November 14, 2025, the Company extended a mortgage loan through installments of \$6.1 million, \$5.0 million, and \$14.0 million, respectively, to a skilled nursing real estate owner. The mortgage loan is secured by two SNFs and bears interest at a rate of 8.5%, payable monthly. The mortgage loan is set to mature on May 31, 2035 and includes a one year extension option. The mortgage loan may be prepaid in whole, after the 12th month following the loan closing, for an exit fee ranging from 0% to 2% of the loan plus unpaid interest payments. The Company elected the fair value option for the mortgage loan.

On September 22, 2025, the Company extended a mortgage loan of £15.5 million, to an existing operator. The mortgage loan is secured by one U.K. Care Homes and bears interest at a rate of 8.5%. The mortgage loan is set to mature on September 21, 2026, and includes a put and call option, subject to certain conditions, to purchase the real estate. Upon receipt by the existing operator of certain regulatory approvals, the Company intends to exercise its option to accelerate the mortgage loan, acquire the underlying real estate securing the mortgage loan, and enter into a new long-term lease with the existing operator. This mortgage loan is reflected at amortized cost on the consolidated balance sheets. The amortized cost of a loan receivable is the outstanding unpaid principal balance, net of unamortized costs and fees directly associated with the origination of the loan. Direct loan origination costs are amortized over the term of the loan as an adjustment to interest income.

On October 31, 2025, one mezzanine loan with a principal balance of \$35.0 million was fully prepaid, including all unpaid accrued interest.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On November 14, 2025, one mortgage loan with a principal balance of \$29.6 million was fully prepaid, including all unpaid accrued interest.

On November 25, 2025, the Company extended a \$29.0 million mortgage loan as part of a refinance of a larger, multi-tranche real estate secured loan facility to a skilled nursing real estate owner. The secured loan was structured with an "A" tranche, a "B" tranche and a "C" tranche (with the "C" tranche being the most subordinate). The Company's \$29.0 million loan constituted the entirety of the "B" tranche. The Company is the lender on the existing \$75.0 million "C" tranche and \$25.0 million mezzanine loan. The loan facility is secured by a portfolio of 18 skilled nursing facilities in the Mid-Atlantic region, operated by a large, regional skilled nursing operator. The "B" tranche of the loan bears interest at 9.69%, less a servicing fee of 10 bps (0.10%) per annum of the serviced loan. The "C" and "B" tranches are scheduled to mature on March 31, 2028, include two one-year extensions options, and may (subject to certain restrictions) be prepaid, in whole or in part, for an exit fee ranging from 0% to 2% of the loan plus unpaid interest payments.

On December 4, 2025, the Company extended a mezzanine loan of \$3.3 million for one SNF located in CA secured by a pledge of membership interests in an up-tier holding company of the borrower group. The mezzanine loan bears interest at a rate of 12.50%. The mezzanine loan is set to mature on November 30, 2030, and has a 12-month lockout period on prepayment subject to certain exceptions. The mezzanine loan may otherwise be prepaid in whole after the 12-month lockout period.

On December 5, 2025, the Company closed on the sale of one senior housing community. In connection with the sale, the Company provided affiliates of the purchaser of the property with a \$36.8 million mortgage loan which bears interest at a rate of 9.25%. The mortgage loan is secured by one senior housing community, is set to mature on December 5, 2028 and includes a one-year extension option. The loan has a 12-month lockout period on prepayment subject to certain exceptions. The mortgage loan may otherwise be prepaid in whole after the 12-month lockout period, subject to certain circumstances, for an exit fee ranging from 0% to 3% of the loan, as applicable.

2024 Other Real Estate Related Investment Transactions

On January 1, 2024, the Company closed on the sale of one ALF. In connection with the sale, the Company provided affiliates of the purchaser of the property with a \$1.0 million mortgage loan which bears interest at a rate of 9.0%. The mortgage loan is secured by the ALF and is set to mature on January 1, 2027. The mortgage loan may be prepaid in whole before the maturity date. The Company elected the fair value option for the mortgage loan.

On January 25, 2024, the Company extended a \$9.8 million mezzanine loan for a portfolio of 10 SNFs located in Missouri secured by a pledge of membership interests in an up-tier holding company of the borrower group. The Company participated in the loan alongside a co-lender pursuant to a participation agreement entered into between the Company and the co-lender. Pursuant to such agreement, the Company provided \$9.8 million in mezzanine loan proceeds and the co-lender provided the remaining \$10.2 million of loan proceeds. As a participant in the loan, and subject to limited exceptions, the Company is entitled to receive its proportionate share of loan payments made by the borrower with each co-lender's proportionate share being given equal weight. The loan bears interest at term SOFR plus 8.75%, with a term SOFR floor of 6%, payable monthly and net of a 0.75% subservicing fee. Commencing on February 1, 2026, monthly principal payments shall be due. The mezzanine loan is set to mature on July 25, 2027, 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 1% to 2% of the loan plus unpaid interest payments equal to 24 months (less the amount of monthly interest payments made by the borrower through the date of prepayment). The Company elected the fair value option for the mezzanine loan.

On February 1, 2024, the Company extended a \$7.4 million mezzanine loan for one SNF located in California secured by a pledge of membership interests in an up-tier holding company of the borrower group. The loan bears interest at 11.5%, payable monthly. The mezzanine loan is set to mature on January 31, 2029, and may not (subject to certain limited exceptions) be prepaid prior to the date that is 18 months following the loan closing. The Company elected the fair value option for the mezzanine loan.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On February 2, 2024, the Company extended a \$35.0 million mezzanine loan for a portfolio of 15 SNFs located in Virginia secured by a pledge of membership interests in an up-tier holding company of the borrower group. The Company participated in the loan alongside a co-lender pursuant to a participation agreement entered into between the Company and the co-lender. Pursuant to such agreement, the Company provided \$35.0 million in mezzanine loan proceeds and the co-lender provided the remaining \$50.0 million of loan proceeds. As a participant in the loan, and subject to limited exceptions, the Company is entitled to receive its proportionate share of loan payments made by the borrower with each co-lender's proportionate share being given equal weight. The loan bears interest at term SOFR plus 8.75%, with a term SOFR floor of 6%, payable monthly and net of a 0.75% subservicing fee. Commencing on February 2, 2026, monthly principal payments shall be due. The mezzanine loan is set to mature on August 1, 2027, 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 1% to 2% of the loan plus unpaid interest payments equal to 18 months (less the amount of monthly interest payments made by the borrower through the date of prepayment). The mezzanine loan was fully prepaid in 2025, as noted above under "2025 Other Real Estate Related Investment Transactions." The Company elected the fair value option for the mezzanine loan.

On May 1, 2024, the Company extended a \$26.7 million mortgage loan to a skilled nursing real estate owner. The mortgage loan is secured by two SNFs and bears interest at a rate of 9.1%, payable monthly. The mortgage loan is set to mature on May 1, 2031 and includes a one year extension option. The mortgage loan may not be prepaid prior to July 31, 2029, subject to certain limited exceptions. The mortgage loan includes a purchase option with an exercise window that opens during the initial 90-day period of each of the 4th, 5th and 6th loan years, with the purchase option price for the facilities being calculated by dividing the amount of the then annual base rent by an agreed upon lease yield. The Company elected the fair value option for the mortgage loan.

On June 3, 2024, the Company extended a \$165.0 million mortgage loan to a regional health care real estate owner. The mortgage loan is secured by eight SNFs located in North Carolina and bears interest at a rate of SOFR plus 4.25%, with a term SOFR floor of 5.15%, payable monthly and net of a 0.25% subservicing fee. Commencing on June 1, 2027, monthly principal payments will be due. The mortgage loan is set to mature on June 1, 2029, and includes two six-month extension options. The mortgage loan may not be prepaid prior to June 1, 2026, subject to certain limited exceptions. The Company elected the fair value option for the mortgage loan. Concurrently with closing, KeyBank National Association purchased a \$75.0 million participation in the mortgage loan from the Company. On July 30, 2024, the Company exercised the call option on the \$75.0 million secured borrowing at a call purchase price equal to the principal amount plus accrued and unpaid interest and an exit fee of \$0.4 million. See Note 9, *Debt*, for additional information.

On August 1, 2024, the Company extended a \$260.0 million mortgage loan to a skilled nursing real estate owner. The loan is secured by a first priority mortgage lien on a real estate portfolio of 37 SNFs, ALFs and multi-service campuses located in various states and bears interest at a fixed rate of 8.4%, payable monthly. The mortgage loan is set to mature on August 1, 2029 and has a 24-month lockout period on prepayment subject to certain exceptions. The mortgage loan may otherwise be prepaid in part or in whole after the 24-month lockout period with agreed upon exit fees, as applicable. The Company elected the fair value option for the mortgage loan.

On October 1, 2024, and in connection with a \$55.5 million skilled nursing acquisition, the Company extended a \$19.2 million mortgage loan to a skilled nursing operator. The loan is secured by a first priority ground leasehold mortgage lien on a SNF located in Maryland and bears interest at an initial annual rate of 9.35% with annual CPI-based escalators, payable monthly. The mortgage loan has a term of 15 years and is set to mature on September 30, 2039, with two five-year extension options. The mortgage loan provides for a put option, giving the borrower the right to require the lender to purchase the underlying ground leasehold and property associated with the mortgage loan. The exercise window for the put option is between 90 to 30 days prior to the maturity date. The mortgage loan also provides for a purchase option in favor of the Company (subject to certain requirements) with two exercise windows. The first exercise window is on or before October 1, 2026. The second purchase option window opens January 1, 2039, and remains open for 6 months. The Company elected the fair value option for the mortgage loan.

On October 1, 2024, the Company extended a \$9.8 million mortgage loan to a skilled nursing real estate owner. The loan is secured by a first priority mortgage lien on a SNF located in Colorado and bears interest at a fixed rate of 8.5%, payable monthly. The mortgage loan is set to mature on September 30, 2034. The mortgage provides a one-year extension option and may (subject to certain restrictions) be prepaid in whole, after the 18th month following the loan closing, for an exit fee ranging from 0% to 2% of the loan plus unpaid interest payments. The Company elected the fair value option for the mortgage loan.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On December 20, 2024, the Company extended a \$5.1 million mezzanine loan for one multi service campus located in Maryland secured by a pledge of membership interests in an up-tier holding company of the borrower group. The loan bears interest at a rate of 13%, with annual CPI-based escalators. The mezzanine loan is set to mature on December 31, 2034. The mezzanine loan may not be prepaid in whole or in part prior to maturity. The Company elected the fair value option for the mezzanine loan.

On December 27, 2024, the Company extended an \$11.3 million mortgage loan to a skilled nursing real estate owner. The loan is secured by a first priority mortgage lien on one SNF located in Washington and bears interest at a fixed rate of 8.5%. The mortgage loan is set to mature on December 27, 2034. The mortgage provides a one-year extension option and may (subject to certain restrictions) be prepaid in whole, after 18 months, for an exit fee ranging from 0% to 2% of the loan plus unpaid interest payments. The Company elected the fair value option for the mortgage loan.

2023 Other Real Estate Related Investment Transactions

On June 1, 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 which bears interest at a rate of 9.0%. The mortgage loan is secured by the ALF and was set to mature on May 31, 2024. The maturity date was subsequently extended to May 31, 2025. The mortgage loan was fully paid off in 2025 as noted above under “2025 Other Real estate Related Investment Transactions” for more detail. The Company elected the fair value option for the mortgage loan.

On June 29, 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 and bears interest at a rate of 9.0%. 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. The Company elected the fair value option for the mortgage loan.

On July 17, 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 and bears interest at a rate of 9.0%. 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. The Company elected the fair value option for the mortgage loan.

On September 29, 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 and bears interest at a rate of 12.0%. 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 (“HUD”). The Company elected the fair value option for the mortgage loan.

On November 29, 2023, the Company extended a \$6.3 million mortgage loan to an assisted living real estate owner. The mortgage loan is secured by one ALF and bears interest at a rate of 9.9%. The mortgage loan is set to mature on June 1, 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 of 2% 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. The Company elected the fair value option for the mortgage loan.

On December 15, 2023, a partial payment of \$10.5 million was made on one \$22.3 million mortgage loan receivable. See below under “2022 Other Real Estate Related Investment Transactions” for further detail. On March 30, 2023, one \$15.0 million mezzanine loan was prepaid in full. The \$15.0 million mezzanine loan was originated in 2020 for nine skilled nursing facilities secured by membership interests in the borrower, with an annual interest rate of 12%.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Preferred Equity Investments

On June 5, 2025, the Company funded a \$30.0 million preferred equity investment in a skilled nursing real estate owner. The Company's initial contractual yield on its preferred equity investment is 12%. Prepayment of the preferred equity investment is restricted, subject to certain conditions.

On August 1, 2024, the Company funded a \$43.0 million preferred equity investment in an uptier holding company of the borrowers under the \$260.0 million mortgage loan described above under "2024 Other Real Estate Related Investment Transactions." The Company's initial contractual yield on its preferred equity investment is 11%.

On June 3, 2024, the Company funded a \$9.0 million preferred equity investment in an uptier parent entity of the borrower under the \$165.0 million mortgage loan described above under "2024 Other Real Estate Related Investment Transactions." The Company's initial contractual yield on its preferred equity investment is 11%. Prepayment of the preferred equity investment is restricted, subject to certain carveouts, prior to the senior mortgage loan being paid off in full.

In December 2023, the Company completed a \$1.8 million preferred equity investment in E3 Acquisition, LLC, which owns the borrowers under the \$3.6 million mortgage loan noted above under "2023 Other Real Estate Related Investment Transactions." The preferred equity investment yields a return of 15% calculated on the outstanding carrying value of the investment. The preferred equity investment is expected to be repaid with proceeds from the refinancing of the Company's \$3.6 million mortgage loan with HUD, provided, however, that if the repayment occurs sooner than 15 months from the investment date, the Company will receive the amount had the preferred equity investment remained outstanding for the full 15 months.

Financing Receivable

On December 5, 2024, the Company invested \$95.7 million, exclusive of transaction costs, to acquire a portfolio of 46 properties in Illinois in a sale and leaseback transaction with affiliates of Cascade Capital Partners, LLC ("Cascade"). In connection with the transaction, the Company entered into a new triple-net master lease with Cascade and provided Cascade with options to repurchase the properties, structured over multiple tranches, with various option window start dates, beginning December 1, 2024, and open through the remainder of the 15-year term. As such, the Company determined that the sale and leaseback transaction met the accounting criteria to be presented as a financing receivable on its consolidated balance sheets and recorded interest income from financing receivable on its consolidated income statements. Interest income is based on an imputed interest rate over the term of the applicable financing arrangement and as a result the interest recognized in any particular period will not equal the cash payments from the agreement in that period. In the year ended December 31, 2025, Cascade exercised one of its purchase options with respect to three facilities, reducing the outstanding principal of the financing receivable by approximately \$4.4 million. Cash interest received from the financing receivable was \$10.9 million and \$0.7 million during the years ended December 31, 2025 and 2024. The Company elected the fair value option for the financing receivable.

Other Loans Receivables

As of December 31, 2025 and 2024, the Company's other loans receivable, included in prepaid expenses and other assets, net on the Company's consolidated balance sheets, consisted of the following (dollars in thousands):

Investment					As of December 31, 2025	As of December 31, 2024	Maturity Date
					Weighted Average Contractual Interest Rate	Weighted Average Contractual Interest Rate	
	Principal Balance as of December 31, 2025	Book Value as of December 31, 2025	Principal Balance as of December 31, 2024	Book Value as of December 31, 2024			
Other loans receivable	\$ 29,509	\$ 30,217	\$ 21,979	\$ 22,010	8.4 %	9.0 %	6/1/2026 - 12/31/2030
Expected credit loss	—	(6,994)	—	(6,994)			
Total	<u>\$ 29,509</u>	<u>\$ 23,223</u>	<u>\$ 21,979</u>	<u>\$ 15,016</u>			

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes the Company's other loans receivable activity for the years ended December 31, 2025, 2024 and 2023 (dollars in thousands):

	For the Year Ended December 31,		
	2025	2024	2023
Origination of loans receivable	\$ 1,762	\$ 4,985	\$ 8,486
Assumption of other loans receivable in connection with the Acquisition ⁽¹⁾	6,990	—	—
Principal payments	(1,222)	(100)	(988)
Accrued interest, net	677	(31)	58
Provision for loan losses	—	(4,900)	—
Net increase (decrease) in other loans receivable	\$ 8,207	\$ (46)	\$ 7,556

(1) In connection with the Acquisition, the Company assumed other loans receivable, including one for \$6.7 million related to the development of a U.K. Care Home. Upon certain conditions being met, a put option by the operator or a call option by the Company may each be exercised providing for the Company's acquisition of the development for an additional \$3.6 million. If these options are not exercised the loan becomes repayable in June 2026.

Expected credit losses and recoveries are recorded in provision for loan losses in the consolidated income statements. During the year ended December 31, 2025, the Company had no additional expected credit loss and did not consider any loans receivable investment to be impaired. During the year ended December 31, 2024, the Company recorded a \$4.9 million expected credit loss related to one other loan receivable with a principal balance of \$4.9 million that has been placed on non-accrual status. During the year ended December 31, 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 other real estate related investments, other loans receivable, and other investments during the years ended December 31, 2025, 2024 and 2023 (dollars in thousands):

Investment	For the Year Ended December 31,		
	2025	2024	2023
Mortgage secured loans receivable	\$ 59,680	\$ 35,972	\$ 13,329
Mezzanine loans receivable	10,705	9,456	3,683
Preferred equity investments	8,217	2,826	18
Other loans receivable	2,049	1,227	847
Financing receivable	11,492	1,009	—
Other ⁽¹⁾	14,831	17,535	1,294
Total	\$ 106,974	\$ 68,025	\$ 19,171

(1) Other income is comprised of interest income on money market funds and escrow deposits.

7. DERIVATIVES AND HEDGING

The Company estimates the fair value of derivative instruments, including its interest rate caps, swaps and foreign currency forwards, using the assistance of a third party using inputs that are observable in the market, which include forward yield curves and other relevant information.

In connection with the Acquisition, the Company assumed Care REIT's two outstanding interest rate caps with an aggregate £100.0 million in notional value to mitigate the interest rate risk of the variable rate secured revolving credit facilities. The interest rate derivatives were not designated as a hedge in qualifying hedging relationships. In July 2025, the Company paid off its variable rate secured revolving credit facilities and terminated the interest rate cap instruments associated with them. See Note 9, *Debt*, for additional information. The Company recorded a \$0.2 million net gain in interest expense related to the interest rate caps during the year ended December 31, 2025.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In June 2025, the Company entered into four foreign currency forward contracts with £31.0 million in notional value issued at a weighted average GBP-USD exchange rate of 1.34 that are designated as cash flow hedges. The Company entered into cash flow hedges to hedge the foreign currency risk of intercompany loans denominated in GBP.

On July 10, 2025, the Company entered into two interest rate swaps, with a notional amount of \$250.0 million each, to hedge the variable cash flows associated with the Term Loan Facility (as defined below). The interest rate swaps convert the Term Loan Facility's Term SOFR rate to an effective fixed interest rate of 3.5%. The Company's objective in using interest rate derivatives is to change variable interest rates to fixed interest rates by using interest rate swaps. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the term of the agreements without exchange of the underlying notional amount.

The following table summarizes the terms and fair values of the Company's derivative financial instruments as of December 31, 2025:

Derivative	Notional Amount (in thousands)	Maturity or Settlement Date	Index	Strike Rate	Fair Value as of December 31, 2025 (in thousands)
Cash flow hedge	£ 7,656	March 2026	GBP-USD exchange rate	\$ 1.34	(67)
Cash flow hedge	£ 7,741	June 2026	GBP-USD exchange rate	\$ 1.34	(67)
Interest rate swap	\$ 250,000	June 2028	USD-SOFR	3.5 %	(1,543)
Interest rate swap	\$ 250,000	June 2028	USD-SOFR	3.5 %	(1,543)

The table below presents the effect of cash flow hedge accounting on accumulated other comprehensive income (loss) for the year ended December 31, 2025 (dollars in thousands):

	Gain (loss) recognized in Other Comprehensive Income (Loss)	Gain (loss) reclassified from Accumulated Other Comprehensive Income (Loss) into Income	Income Statement Location
	For the year ended December 31, 2025	For the year ended December 31, 2025	
Cash flow hedge	\$ 276	\$ (142)	Gain/loss on foreign currency transaction
Interest rate swap	1,438	1,648	Interest expense
	<u>\$ 1,714</u>	<u>\$ 1,506</u>	

The Company estimates that an additional \$0.7 million will be reclassified from accumulated other comprehensive income as a net increase to interest expense and \$0.1 million will be reclassified from accumulated other comprehensive income to loss on foreign currency transactions over the next 12 months.

8. 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.

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

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 December 31, 2025 and 2024, 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 December 31, 2025
Assets:				
Mortgage secured loans receivable	\$ —	\$ —	\$ 736,474	\$ 736,474
Mezzanine loan receivable	—	—	56,476	56,476
Financing receivable	—	—	92,193	92,193
Total assets	\$ —	\$ —	\$ 885,143	\$ 885,143
Liabilities:				
Cash flow hedges	\$ —	\$ 3,220	\$ —	\$ 3,220
Total liabilities	\$ —	\$ 3,220	\$ —	\$ 3,220
	Level 1	Level 2	Level 3	Balance as of December 31, 2024
Assets:				
Mortgage secured loans receivable	\$ —	\$ —	\$ 660,392	\$ 660,392
Mezzanine loans receivable	—	—	80,612	80,612
Financing receivable	—	—	96,004	96,004
Total	\$ —	\$ —	\$ 837,008	\$ 837,008

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	Investment in Financing Receivable
Balance as of December 31, 2024	\$ 660,392	\$ 80,612	\$ 96,004
Originations	99,815	9,690	—
Accrued interest, net	447	(285)	632
Unrealized gain, net	14,721	1,459	—
Payments	(38,901)	(35,000)	(4,443)
Balance as of December 31, 2025	\$ 736,474	\$ 56,476	\$ 92,193

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 year ended December 31, 2025, the Company recorded a net unrealized gain of \$16.2 million on its secured and mezzanine loans receivable, to bring the interest rates in line with market rates. Future changes in market interest rates or collateral value could materially impact the estimated discounted cash flows that are used to determine the fair value of the secured and mezzanine loans receivable. During the year ended December 31, 2024, the Company recorded a net unrealized gain of \$9.0 million on its secured and mezzanine loans receivable, to bring the interest rates in line with market rates. Future changes in market interest rates or collateral value could materially impact the estimated discounted cash flows that are used to determine the fair value of the secured and mezzanine loans receivable. As of December 31, 2025 and 2024, the Company did not have any loans that were 90 days or more past due.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 December 31, 2025:

Type	Book Value as of December 31, 2025	Valuation Technique	Unobservable Inputs	Range
Mortgage secured loans receivable	\$ 736,474	Discounted cash flow	Discount Rate	7% - 13%
Mezzanine loan receivable	56,476	Discounted cash flow	Discount Rate	10% - 13%

Derivative instruments: The Company estimates the fair value of derivative instruments, including its interest rate caps, swaps and foreign currency forwards, using the assistance of a third party using inputs that are observable in the market, which include forward yield curves and other relevant information.

Financing receivable: The fair value is determined using a widely accepted valuation technique, discounted cash flow analysis on the expected cash flows. The discount rate used to value the future cash inflows of the financing receivable at both December 31, 2025 and 2024 was 12.0%.

For the years ended December 31, 2025 and 2024, there were no classification changes in assets and liabilities with Level 3 inputs in the fair value hierarchy.

Items Measured at Fair Value on a Non-Recurring Basis

Real Estate Investments: The Company performs quarterly impairment review procedures, primarily through continuous monitoring of events and changes in circumstances that could indicate the carrying value of its real estate assets may not be recoverable. The Company estimates fair values using Level 3 inputs and uses a combined income and market approach. Specifically, the fair value of the real estate investment is based on current market conditions and considers matters such as the forecasted operating cash flows, lease coverage ratios, capitalization rates, comparable sales data, and, where applicable, contracts or the results of negotiations with purchasers or prospective purchasers. For the years ended December 31, 2025, 2024 and 2023, the Company recorded impairment charges of \$2.5 million, \$42.2 million and \$36.3 million, respectively. See Note 5, *Impairment of Real Estate Investments, Assets Held for Sale, Net and Asset Sales*, for additional information.

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 Company's preferred equity investments and the Notes (as defined in Note 9, *Debt*, below) as of December 31, 2025 and 2024 is as follows (dollars in thousands):

		December 31, 2025			December 31, 2024		
	Level	Face Value	Carrying Amount	Fair Value	Face Value	Carrying Amount	Fair Value
Financial assets:							
Preferred equity investments	3	\$ 83,782	\$ 84,585	\$ 84,585	\$ 53,782	\$ 54,199	\$ 54,199
Financial liabilities:							
Senior unsecured notes payable	2	\$ 400,000	\$ 397,816	\$ 394,216	\$ 400,000	\$ 396,927	\$ 381,812

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.

Preferred equity investments: The fair values of the preferred equity investments were estimated using an internal valuation model that considered the expected future cash flows of the investments, the underlying collateral value, market interest rates and other credit enhancements. The Company utilized discount rates ranging from 11% to 15% in its fair value calculations. As such, the Company classifies these instruments as Level 3.

Loan receivable, at amortized cost: The carrying value of the loan receivable at amortized cost approximates fair value due to the short-term nature of this instrument.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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 and spreads for similar debt arrangements.

9. DEBT

The following table summarizes the balance of the Company's indebtedness as of December 31, 2025 and 2024 (dollars in thousands):

	December 31, 2025			December 31, 2024		
	Principal Amount	Deferred Loan Fees	Carrying Amount	Principal Amount	Deferred Loan Fees	Carrying Amount
Senior unsecured notes payable	\$ 400,000	\$ (2,184)	\$ 397,816	\$ 400,000	\$ (3,073)	\$ 396,927
Senior unsecured term loan	500,000	(3,596)	496,404	—	—	—
Total	\$ 900,000	\$ (5,780)	\$ 894,220	\$ 400,000	\$ (3,073)	\$ 396,927

Senior Unsecured Notes Payable

2028 Senior Notes. On June 17, 2021, the Company's operating 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 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. 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 December 31, 2025, the Company was in compliance with all applicable financial covenants under the indenture governing the Notes.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unsecured Revolving Credit Facility and Term Loan

On December 18, 2024, 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 third amended and restated credit and guaranty agreement with KeyBank National Association, as administrative agent, an issuing bank and swingline lender (as amended from time to time, the "Third Amended Credit Agreement"). The Third Amended Credit Agreement, which amended and restated the Second Amended Credit Agreement (as defined below) provides for an upsized unsecured revolving credit facility (the "Third Amended Revolving Facility") with revolving commitments in an aggregate principal amount of \$1.2 billion, 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. Future borrowings under the Third Amended Revolving Facility will be used for working capital purposes, for capital expenditures, to fund acquisitions and for general corporate purposes.

On May 30, 2025, the Operating Partnership entered into a first amendment to the Third Amended Credit Agreement (the "First Amendment to the Third Amended Credit Agreement"). The First Amendment to the Third Amended Credit Agreement provides for an unsecured term loan facility (the "Term Loan Facility") with term loan commitments in an aggregate principal amount of \$500.0 million in addition to the Third Amended Revolving Facility.

On January 14, 2026, the Operating Partnership entered into a second amendment to the Third Amended Credit Agreement (the "Second Amendment to the Third Amended Credit Agreement"). The Second Amendment to the Third Amended Credit Agreement amended the definition of Permitted Encumbrances to include liens on assets located in the United Kingdom or on equity interests of any person owning such assets, in each case, securing intercompany loans.

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 (as amended from time to time, the "Second Amended Credit Agreement"). The Second Amended Credit Agreement, which amended and restated the Company's amended and restated credit and guaranty agreement, dated as of February 8, 2019 (as amended, the "Prior Credit Agreement") provided for: (i) an unsecured revolving credit facility (the "Prior 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 Prior Revolving Facility, the "Second Amended Credit Facility") in an aggregate principal amount of \$200.0 million.

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 restated 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 Third Amended Revolving Facility are, at the Operating Partnership's option, equal to either a base rate plus a margin ranging from 0.05% to 0.55% per annum or Term SOFR or Daily Simple SOFR (each as defined in the Third Amended Credit Agreement) plus a margin ranging from 1.05% 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 Facility are, at the Operating Partnership's option, equal to either a base rate plus a margin ranging from 0.10% to 0.80% per annum or Term SOFR or Daily Simple SOFR (each as defined in the Third Amended Credit Agreement) plus a margin ranging from 1.10% to 1.80% 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 we obtain 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 Third Amended 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

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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).

On September 19, 2024 (the "Prepayment Date"), the Company elected to prepay all \$200.0 million aggregate principal amount of the outstanding Term Loan. The Term Loan was prepaid at the principal amount of the Term Loan, plus accrued and unpaid interest thereon up to, but not including, the Prepayment Date. During the year ended December 31, 2024, the Company recorded a loss on extinguishment of debt of \$0.3 million related to the write-off of deferred financing costs associated with the prepayment of the Term Loan.

As of December 31, 2025, the Operating Partnership had \$500.0 million of borrowings outstanding under the Term Loan Facility and no borrowings outstanding under the Third Amended Revolving Facility.

The Third Amended Revolving Facility has a maturity date of February 9, 2029, and includes, at the sole discretion of the Operating Partnership, two six-month extension options. The Term Loan Facility has a maturity date of May 30, 2030.

The Third Amended Credit Facility is guaranteed, jointly and severally, by the Company and its wholly owned subsidiaries that are party to the Third Amended Credit Agreement (other than the Operating Partnership). The Third 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 Third 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 secured debt to asset value ratio, a maximum unsecured debt to unencumbered properties asset value ratio and a minimum unsecured interest coverage ratio. The Third Amended Credit Agreement also contains certain customary events of default, including the failure to make timely payments under the Third 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.

As of December 31, 2025, the Company was in compliance with all applicable financial covenants under the Third Amended Credit Agreement.

Secured Borrowing

On June 3, 2024, KeyBank National Association purchased a \$75.0 million undivided participation interest in a \$165.0 million mortgage loan from the Company (see Note 6, *Other Real Estate Related and Other Investments*, for additional information), which bore interest at a rate of SOFR, with a term SOFR floor of 3.00%, plus 2.5% or 2.25%, depending on the debt yield of the loan, and payable monthly. As the transaction did not qualify as a sale in accordance with GAAP, the Company recorded the participation interest as a secured borrowing in the amount of \$75.0 million in the consolidated balance sheet. The participating interest could be prepaid in whole before the maturity date for an exit fee of up to 0.50% of the loan plus unpaid interest. The participation interest provided for a put option, subject to certain restrictions, and a call option for the then-outstanding loan amount plus accrued and unpaid interest. On July 30, 2024, the Company exercised the call option on the \$75.0 million secured borrowing and recorded a loss on extinguishment of debt of \$0.4 million related to the exit fee. The exit fee is included in loss on extinguishment of debt in the consolidated income statements.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Debt Assumed in Connection with the Acquisition and Subsequently Paid Off

On May 8, 2025, upon consummation of the Acquisition, the Company assumed secured revolving credit facilities and secured notes payable with an outstanding balance of \$154.0 million and \$99.8 million, respectively. The terms of the debt were as follows:

	Clydesdale Bank PLC ("Virgin")	HSBC UK Bank Plc ("HSBC")	National Westminster Bank Plc ("NatWest")	Secured notes payable (tranche A)	Secured notes payable (tranche B)
Facility Type	Revolving credit facility	Revolving credit facility	Revolving credit facility	Private placement	Private placement
Maturity date	December 2029	April 2026	June 2029	December 2035	June 2035
Base rate	SONIA	SONIA	SONIA	N/A	N/A
Margin ⁽¹⁾	2.00 %	2.00 %	2.00 %	N/A	N/A
Fixed interest rate	N/A	N/A	N/A	2.93 %	3.00 %

(1) SONIA used at time of prepayment was 4.22%.

On July 8, 2025, the Company repaid in full the secured notes payable. The aggregate payoff amount of £75.5 million consisted of outstanding principal of £75.0 million and accrued and unpaid interest of approximately £0.5 million.

On July 31, 2025, the Company repaid in full and terminated the secured revolving credit facilities. The aggregate payoff amount of £116.5 million consisted of outstanding principal of £115.8 million, accrued and unpaid interest of approximately £0.4 million and a prepayment penalty of £0.3 million. In connection with the payoff of the secured revolving credit facilities, the Company terminated the interest rate caps associated with this variable rate debt. See Note 7, *Derivatives And Hedging*, for additional information.

Schedule of Debt Maturities

The following is a schedule of maturities for the Company's outstanding debt as of December 31, 2025 (dollars in thousands):

Year	Term Loan	Senior Unsecured Notes	Total
2026	\$ —	\$ —	\$ —
2027	—	—	—
2028	—	400,000	400,000
2029	—	—	—
2030	500,000	—	500,000
Thereafter	—	—	—
Total Debt	\$ 500,000	\$ 400,000	\$ 900,000

As of December 31, 2025, the weighted average interest rate of the Company's debt was 4.29%, inclusive of the effects of interest rate swap agreements.

10. EQUITY AND REDEEMABLE NONCONTROLLING INTERESTS

Common Stock

Public Offering of Common Stock—On August 14, 2025, the Company completed an underwritten public offering of 23.0 million newly issued shares of its common stock at a price per share of \$32.00, resulting in gross proceeds of \$736.0 million. The Company used a portion of the proceeds to pay down the outstanding revolving credit facility and intends to use the remaining proceeds to fund acquisitions.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At-The-Market Offering—On January 21, 2025, the Company entered into a new equity distribution agreement to issue and sell, from time to time, up to \$750.0 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 \$750.0 million “at-the-market” equity offering program (together, with all previous at-the-market equity offering programs, the “Previous ATM Programs” and together with the New ATM Program, the “ATM Program”). In addition to the issuance and sale of shares of its common stock, the ATM Program also provides for the ability to 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.

In the event the Company enters into an ATM forward contract to sell shares of common stock pursuant to the ATM Program, the Company would 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 the Company’s discretion, prior to the final settlement date, at which time the Company would 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 the Company would expect to receive upon physical settlement would 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 year ended December 31, 2025, the Company entered into ATM forward contracts under the ATM Program with a financial institution acting as a forward purchaser to sell 6.5 million shares of common stock at a weighted average initial sales price of \$37.30 per share, before commissions and offering expenses. For the shares subject to the ATM forward contracts, the Company will not receive any proceeds from sales of those shares of common stock by the forward sellers until the forward contracts are settled.

The following tables summarize ATM Program activity (or activity under any predecessor at-the-market equity offering programs) for the years ended December 31, 2025, 2024 and 2023 (in thousands, except per share amounts):

	For the Year Ended December 31,		
	2025	2024	2023
Number of shares	12,608	40,986	30,869
Average sales price per share	\$ 29.34	\$ 26.35	\$ 20.86
Gross proceeds ⁽¹⁾	\$ 369,871	\$ 1,079,852	\$ 643,802

(1) Total gross proceeds is before \$4.6 million, \$13.4 million, and \$8.3 million of commissions paid to the sales agents and forward adjustments during the years ended December 31, 2025, 2024 and 2023, respectively, under the ATM Program. In addition, total gross proceeds is before other costs related to the ATM Program.

As of December 31, 2025, the Company had \$137.6 million available for future issuances under the ATM Program. See Note 18, *Subsequent Events*, for additional information on the Company’s ATM Program subsequent to December 31, 2025.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 2025, 2024 and 2023 (dollars in thousands, except per share amounts):

	For the Three Months Ended			
	March 31,	June 30,	September 30,	December 31,
2025				
Dividends declared per share	\$ 0.335	\$ 0.335	\$ 0.335	\$ 0.335
Dividends payment date	April 15, 2025	July 15, 2025	October 15, 2025	January 15, 2026
Dividends payable as of record date	\$ 63,053	\$ 67,100	\$ 74,806	\$ 74,806
Dividends record date	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025
2024				
Dividends declared per share	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29
Dividends payment date	April 15, 2024	July 15, 2024	October 15, 2024	January 15, 2025
Dividends payable as of record date	\$ 41,192	\$ 44,721	\$ 49,721	\$ 54,388
Dividends record date	March 28, 2024	June 28, 2024	September 30, 2024	December 31, 2024
2023				
Dividends declared per share	\$ 0.28	\$ 0.28	\$ 0.28	\$ 0.28
Dividends payment date	April 14, 2023	July 14, 2023	October 13, 2023	January 12, 2024
Dividends payable as of record date ⁽¹⁾	\$ 27,846	\$ 27,853	\$ 32,403	\$ 36,531
Dividends record date	March 31, 2023	June 30, 2023	September 29, 2023	December 29, 2023

(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.

Redeemable Noncontrolling Interests

Arrangements with noncontrolling interest holders are assessed for appropriate balance sheet classification based on the redemption and other rights held by the noncontrolling interest holder. Two of the Company's noncontrolling interest holders have the ability to put their equity interests to the Company during specified option exercise periods, subject to certain conditions. The put options are payable in cash and subject to changes in redemption value. Accordingly, the Company records the redeemable noncontrolling interests outside of permanent equity. The redeemable noncontrolling interests are adjusted for additional contributions and distributions and the proportionate share of the net earnings or losses. When the redemption of the noncontrolling interests becomes probable, the Company will record the redeemable noncontrolling interests at the greater of their carrying amounts or redemption values at the end of each reporting period by making an election either to accrete changes in the redemption values of the redeemable noncontrolling interests over the period from the date it is probable of exercise to the earliest redemption date or to recognize the entire adjustment on the date redemption becomes probable. In addition to the rights of the redeemable noncontrolling interest holders, the Company has the ability to call the interests of the noncontrolling interest holders during specified option exercise periods.

As of December 31, 2025, the redeemable noncontrolling interests did not meet the conditions for redemption.

11. 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.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Under the Plan and for the periods presented, restricted stock awards (“RSAs”) typically vest in equal annual installments over a three year period. The board of directors granted certain RSAs in 2025 (“2025 RSAs”) which vest in one installment over one year. 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 (“PSAs”) granted were subject to both time and performance based conditions and vest over a one-to three year period for PSAs granted in 2021. The amount of such PSAs that ultimately vested was 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 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 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 activity for the year ended December 31, 2025:

	Shares	Weighted Average Share Price
Unvested balance at December 31, 2024	552,999	\$ 23.86
Granted:		
RSAs	148,495	27.29
Board Awards	20,148	28.79
Vested	(167,663)	21.52
Unvested balance at December 31, 2025	553,979	\$ 25.67

As of December 31, 2025, the weighted-average remaining vesting period of such awards was 1.0 year.

The following table summarizes the Company’s RSA and Board Award grants during the year ended December 31, 2025 (dollars in thousands, except per share amounts):

	Grants			Vested	
	Shares	Weighted Average Share Price	Grant Date Fair Value	Shares	Vest Date Fair Value
During year ended December 31, 2025 ⁽¹⁾					
RSAs	148,495	\$ 27.29	\$ 4,052	145,951	\$ 3,868
Board Awards	20,148	28.79	580	21,712	610

(1) The Compensation Committee granted annual awards for 2026 in January 2026.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes the Company's RSA and Board Award grants during the years ended December 31, 2024 and 2023 (dollars in thousands, except per share amounts):

	Grants		
	Shares	Weighted Average Share Price	Grant Date Fair Value
During year ended December 31, 2024 ⁽¹⁾			
RSAs	225,815	\$ 27.38	\$ 6,183
Board Awards	21,712	23.95	520
During year ended December 31, 2023 ⁽²⁾			
RSAs	166,122	\$ 22.41	\$ 3,722
Board Awards	24,768	19.38	480

(1) The Compensation Committee granted annual awards for 2025 in December 2024.

(2) The Compensation Committee granted annual awards for 2024 in December 2023.

The fair value of the TSR Units is estimated on the date of the grant using a Monte Carlo valuation model. The risk-free rate is based on the U.S. Treasury yield curve in effect at the grant date for the expected performance period. Expected volatility is based on historical volatility for the most recent weighted average period ending on the grant date for the Company and the selected TSR peer group, and is calculated on a daily basis. The following table reflects the weighted-average key assumptions used in this valuation for awards granted during the years ended December 31, 2024 and 2023:

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Risk-free interest rate	4.30 %	4.08 %
Expected stock price volatility	24.45 %	26.44 %
Expected service period	3.03 years	3.04 years
Expected dividend yield (assuming full reinvestment)	— %	— %
Weighted average fair value per share at date of grant	\$ 34.10	\$ 27.41

The total fair value of the TSR Units granted during the years ended December 31, 2024 and 2023 was \$4.9 million and \$2.9 million, respectively.

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

	For the Year Ended December 31,		
	2025	2024	2023
Stock-based compensation expense	\$ 11,896	\$ 6,130	\$ 5,153

As of December 31, 2025, there was \$8.7 million of unamortized stock-based compensation expense related to the unvested RSAs, Board Awards, and TSR Units.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. INCOME TAXES

The Company elected to be taxed as a REIT for U.S. federal income tax purposes beginning with the taxable year ended December 31, 2014. To maintain REIT status, the Company must meet a number of organizational and operational requirements, including a requirement to distribute at least 90% of its REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains. In addition, the Company is required to meet certain asset and income tests. As a REIT, the Company generally will not be subject to corporate level federal income tax on taxable income that it distributes to its stockholders. The Company also elected to treat certain of its consolidated subsidiaries as taxable REIT subsidiaries, which are subject to federal, state and foreign income taxes. In addition, as a result of our investments in the U.K., the Company is subject to income taxes under the laws of the U.K.

Cash distributions paid to common stockholders for federal income tax purposes are as follows for the periods presented:

Common Stock	Year Ended December 31,		
	2025	2024	2023
Ordinary dividend	\$ 1.2950	\$ 0.8529	\$ 0.8218
Non-dividend distributions	—	0.2971	0.2932
Total taxable distribution	1.2950	1.1500	1.1150
Distributions allocated from prior tax year ⁽¹⁾	(0.2900)	(0.2800)	(0.2750)
Distributions allocated to subsequent tax year ⁽¹⁾	0.3350	0.2900	0.2800
Total distributions declared	\$ 1.3400	\$ 1.1600	\$ 1.1200

(1) The dividend distributions made to holders of record as of the end of each year and paid in January of the following year were considered a dividend distribution in the following year for federal income tax purposes.

REITs generally are not subject to U.S. federal income taxes on that portion of REIT taxable income or capital gain that is distributed to stockholders. For the tax year ended December 31, 2025, as a result of ownership of investments in a TRS and the U.K., the Company was subject to federal, state and foreign income taxes under the respective tax laws of these jurisdictions.

The following table summarizes pretax income and income tax expense by geography for continuing operations for the period presented (dollars in thousands):

	For the Year Ended December 31, 2025	
	Pretax income	Income tax expense
Domestic	\$ 316,553	\$ 19
Foreign	8,734	4,982
Total	\$ 325,287	\$ 5,001

The following table summarizes the Company's income tax expense (benefit) from continuing operations for the period presented (dollars in thousands):

	For the Year Ended December 31, 2025
	Income tax expense
Current - Federal	\$ 66
Current - State	6
Deferred - Federal	(53)
Deferred - Foreign	4,982
Total income tax expense (benefit)	\$ 5,001

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A reconciliation of income taxes, which is computed by applying the federal corporate tax rate for the year ended December 31, 2025, to the income tax expense (benefit) is as follows for the period presented (in thousands):

	For Year Ended December 31,	
	2025	
Tax at statutory rate on earnings from continuing operations before, noncontrolling interests and income taxes	\$ 68,310	21.0 %
Tax at statutory rate on earnings not subject to federal income taxes	(83,602)	(25.7)%
Other differences	20,293	6.2 %
Totals	<u>\$ 5,001</u>	<u>1.5 %</u>

Each TRS and foreign entity subject to income taxes is a tax paying component for purposes of classifying deferred tax assets and liabilities. The tax effects of taxable and deductible temporary differences, as well as tax asset and liability attributes, are summarized as follows for the period presented (in thousands):

	As of December 31,	
	2025	
Deferred tax assets (liabilities):		
Foreign net operating loss carryforward	\$ 1,395	
Investment in partnerships		53
Valuation allowance on deferred tax asset		(1,395)
Net deferred tax assets		<u>53</u>
Deferred tax related to investment in foreign subsidiary		(5,558)
Net deferred tax liability		(5,558)
Net deferred tax assets (liabilities)	<u>\$</u>	<u>(5,505)</u>

The Company intends to only distribute from its subsidiary UK REIT the minimum amount required to maintain its REIT status in the U.K. The Company intends to indefinitely reinvest the UK REIT's remaining undistributed earnings and, accordingly, has not recorded a U.S. deferred tax liability related to the withholding tax on those earnings.

The Company has recorded valuation allowances totaling \$1.4 million. The Company evaluates its deferred tax assets each period to determine if a valuation allowance is required based on whether it is 'more likely than not' that some portion of the deferred tax assets would not be realized. This evaluation requires significant judgment and changes to our assumptions could result in a material change in the valuation allowance. The ultimate realization of these deferred tax assets is dependent upon the generation of sufficient taxable income during future periods. The Company conducts its evaluation by considering, among other things, all available positive and negative evidence, historical operating results and cumulative earnings analysis, forecasts of future profitability, and the duration of statutory carryforward periods.

There were no income tax payments made for the year ended December 31, 2025.

The Company evaluates its tax position using a two-step process. First, the Company determines whether a tax position is more likely than not (greater than 50 percent probability) to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Company will then determine the amount of benefit to recognize and record the amount of the benefit that is more likely than not to be realized upon ultimate settlement. The Company has no unrecognized tax benefits as of December 31, 2025.

With certain exceptions, the tax years 2022 and thereafter remain open to examination by the major taxing jurisdictions with which the Company files tax returns.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. EARNINGS PER COMMON SHARE

The following table presents the calculation of basic and diluted earnings per common share attributable to CareTrust REIT, Inc. (“EPS”) for the Company’s common stock for the years ended December 31, 2025, 2024 and 2023, 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 for the years ended December 31, 2025, 2024 and 2023 (amounts in thousands, except per share amounts):

	Year Ended December 31,		
	2025	2024	2023
Numerator:			
Net income attributable to CareTrust REIT, Inc.	\$ 320,538	\$ 125,080	\$ 53,735
Less: Net income allocated to participating securities	(739)	(445)	(400)
Numerator for basic and diluted earnings available to common stockholders	<u>\$ 319,799</u>	<u>\$ 124,635</u>	<u>\$ 53,335</u>
Denominator:			
Weighted-average basic common shares outstanding	203,642	154,795	105,956
Dilutive potential common shares - TSR Units	442	372	164
Dilutive potential common shares - forward equity agreements	7	—	32
Weighted-average diluted common shares outstanding	<u>204,091</u>	<u>155,167</u>	<u>106,152</u>
Earnings per common share attributable to CareTrust REIT, Inc., basic	<u>\$ 1.57</u>	<u>\$ 0.81</u>	<u>\$ 0.50</u>
Earnings per common share attributable to CareTrust REIT, Inc., diluted	<u>\$ 1.57</u>	<u>\$ 0.80</u>	<u>\$ 0.50</u>
Antidilutive unvested restricted stock awards, total shareholder units, performance awards, and forward equity shares excluded from the computation	<u>554</u>	<u>553</u>	<u>475</u>

14. SEGMENT REPORTING

The chief operating decision maker (“CODM”) is the President and Chief Executive Officer. The Company represents a single reportable segment, based on how its CODM evaluates the business and allocates resources. The CODM assesses performance for the Company and decides how to allocate resources based on consolidated net income that is also reported on the consolidated income statements. The CODM does not review segment assets at a different asset level or category than the amounts disclosed in the consolidated balance sheets. The CODM uses net income to evaluate the performance of the Company in deciding whether to reinvest profits into the Company.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The CODM evaluates performance based on net income, as follows (dollars in thousands):

	Year Ended December 31,		
	2025	2024	2023
Revenues:			
Rental income	\$ 368,194	\$ 228,261	\$ 198,599
Resident fees and services	1,225	—	—
Interest income from financing receivables	11,492	1,009	—
Interest income from other real estate related investments and other income	95,482	67,016	19,171
Total revenues	476,393	296,286	217,770
Expenses:			
Depreciation and amortization	92,891	56,831	51,199
Interest expense	43,707	30,310	40,883
Property taxes	8,768	7,838	6,170
Senior housing operating expenses	952	—	—
Impairment of real estate investments	2,483	42,225	36,301
Transaction costs	5,329	1,326	—
Provision for loan losses	—	4,900	—
Property operating expenses	(138)	5,714	3,423
Cash Compensation	9,656	6,474	5,636
Incentive compensation	18,463	9,699	5,350
Share-based compensation	11,896	6,130	5,153
Professional services	5,942	2,785	2,399
Taxes and Insurance	1,934	1,019	908
Other expenses ⁽¹⁾	4,574	2,816	2,359
General and administrative	52,465	28,923	21,805
Total expenses	206,457	178,067	159,781
Other income (loss):			
Other income, net	4,350	—	—
Loss on extinguishment of debt	(390)	(657)	—
Gain (loss) on sale of real estate, net	31,548	(2,208)	2,218
Unrealized gain (loss) on other real estate related investments, net	15,831	9,045	(6,485)
Gain on foreign currency transactions, net	4,012	—	—
Total other income (loss)	55,351	6,180	(4,267)
Income before income tax expense	325,287	124,399	53,722
Income tax expense	(5,001)	—	—
Net income	320,286	124,399	53,722
Net loss attributable to noncontrolling interests	(252)	(681)	(13)
Net income attributable to CareTrust REIT, Inc.	<u>\$ 320,538</u>	<u>\$ 125,080</u>	<u>\$ 53,735</u>

(1) Other expenses include certain overhead expenses.

15. VARIABLE INTEREST ENTITIES

VIEs for Which the Company is the Primary Beneficiary

Noncontrolling Interests—The Company has entered into ventures with unrelated third parties to own and operate 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.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes the Company's investments in variable interest entities as of December 31, 2025 (dollars in thousands):

Investment Year	State	Property Type	Number of Properties	Gross Investment		
				CTRE	Noncontrolling Interests	Total
2023	CA	Skilled nursing	1	\$ 25,459	\$ 653	\$ 26,112
2023	CA	Skilled nursing	2	34,269	879	35,148
2024	CA	Senior housing	1	10,760	276	11,036
2024	CA	Senior housing	2	28,076	720	28,796
2024	CA	Skilled nursing	1	24,503	628	25,131
2024 / 2025	(1) TN, AL	Skilled nursing	28	442,327	19,156	461,483
2024 / 2025	CA	Skilled nursing	1	33,810	867	34,677
2025	(1) WA, OR, ID	Skilled nursing	10	140,610	5478	146,088
2025	CA	Skilled nursing	1	8,893	228	9,121
2025	CA	Skilled nursing	1	28,496	731	29,227
2025	(2) TX	Senior housing	3	40,998	860	41,858
Total			51	\$ 818,201	\$ 30,476	\$ 848,677

(1) The noncontrolling interest is classified as a redeemable noncontrolling interest on the consolidated balance sheets.

(2) This investment transaction includes multiple joint venture agreements.

Pursuant to the Company's JVs, the Company typically contributes at least 90% of the joint venture's total investment amount and receives 100% of the preferred equity interest, when applicable, in the joint venture and a 50% common equity interest in the joint venture. The Company's joint venture partner contributes the remaining total investment amount in exchange for a 50% common ownership interest in the joint venture. Not all joint venture transactions include a preferred equity component.

Total assets and total liabilities on the Company's consolidated balance sheets include VIE assets and liabilities as follows (in thousands):

	December 31, 2025	December 31, 2024
Assets:		
Real estate investments, net	\$ 822,457	\$ 565,959
Cash and cash equivalents	12,806	6,506
Accounts and other receivables, net	78	—
Prepaid and other assets	5,961	8,317
Total assets	841,302	580,782
Liabilities:		
Accounts payable, accrued liabilities and deferred rent liabilities	4,856	10,332
Total liabilities	\$ 4,856	\$ 10,332

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

VIE for Which the Company is not the Primary Beneficiary

The Company is not required to consolidate VIEs in which it has concluded it does not have a controlling financial interest, and thus is not the primary beneficiary. In such cases, the Company does not exercise power over and/or does not have potentially significant economic exposure from the VIE. The Company's investment in the unconsolidated VIE is carried in other real estate related investments on the consolidated balance sheets and includes one mortgage secured loan issued by the VIE.

The fair value of the Company's investment in the unconsolidated VIE at December 31, 2025 was £15.5 million. The Company's maximum exposure to loss from the unconsolidated VIE was £15.5 million at December 31, 2025.

16. 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.

In the normal course of business, the Company enters into various commitments, typically consisting of funding of capital expenditures and short-term working capital loans to existing tenants while they await licensure and certification or are conducting turnaround work in one or more of the Company's properties.

Capital expenditures for each property leased under the Company's triple-net leases are generally the responsibility of the tenant, except for the properties leased under certain master lease agreements, with certain subsidiaries of Ensign and Pennant, under 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 property upkeep and modernization. The Company's Tenant Code of Conduct and Corporate Responsibility policy (the "Tenant ESG Program") provides eligible triple-net tenants of the Company with monetary inducements to make sustainable improvements to the Company's properties. Incentive options include a wide variety of opportunities for tenants to upgrade everything from energy and environmental systems to water-saving landscaping and more. The Company's board of directors has authorized annual allocations of up to \$500,000 to fund the Tenant ESG Program.

The table below summarizes the Company's existing, known commitments and contingencies as of December 31, 2025 (dollars in thousands):

	Remaining Commitment
Capital expenditures ⁽¹⁾	\$ 6,240
Mortgage loans	3,766
Other loans receivable ⁽²⁾	11,751
Earn-out obligation ⁽³⁾	45,195
	<u>\$ 66,952</u>

(1) As of December 31, 2025, the Company had committed to fund expansions, construction, capital improvements and ESG incentives at certain triple-net leased properties totaling \$6.2 million, of which \$5.1 million is subject to rent increase at the time of funding.

(2) Represents non-real estate secured loan commitments.

(3) Includes earn-out obligations of up to \$42.5 million related to acquisitions completed in 2024 and 2025. This consists of (i) up to \$10.0 million under a purchase and sale agreement for one SNF in Virginia acquired in 2024, with the earn-out payable upon the operator's achievement of specified performance thresholds from October 2025 through October 2026, and (ii) up to \$32.5 million under a purchase and sale agreement for five skilled nursing facilities in Virginia, North Carolina, and Maryland acquired in 2025, with the earn-out payable upon the operator's achievement of specified performance thresholds from December 2026 through December 2028.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. 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 or borrower concentration – The Company has operators and borrowers from which it derived 10% or more of its revenue for the years ended December 31, 2025, 2024 and 2023. The following table sets forth information regarding the Company's major operators as of December 31, 2025, 2024 and 2023:

Operator/Borrower ⁽¹⁾	Percentage of Total Revenue
December 31, 2025	
Ensign ⁽²⁾	18 %
December 31, 2024	
Ensign ⁽²⁾	26 %
Priority Management Group	12 %
December 31, 2023	
Ensign ⁽²⁾	32 %
Priority Management Group	14 %

(1) Based on the Company's rental income, resident fees and services, and interest income on other real estate related investments, exclusive of operating expense reimbursements.

(2) See Note 4, *Real Estate Investments, Net*, for further information regarding Ensign and PMG. 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 revenue for the years ended December 31, 2025, 2024 and 2023:

State ⁽¹⁾	Percentage of Total Revenue
December 31, 2025	
CA	21 %
U.K.	12 %
TX	10 %
TN	10 %
December 31, 2024	
CA	28 %
TX	18 %
December 31, 2023	
CA	28 %
TX	21 %

(1) Based on the Company's rental income, resident fees and services, and interest income on other real estate related investments, exclusive of operating expense reimbursements.

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. SUBSEQUENT EVENTS

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

Recent Investments

On January 1, 2026, the Company acquired six SNFs in the Mid-Atlantic for \$141.9 million, which includes estimated capitalized acquisition costs. In connection with the acquisition of the facilities, the Company entered into a new master lease with a skilled nursing operator. The master lease has a term of 15 years, with two five-year renewal options and CPI-based rent escalators. Annual cash rent under the lease is \$12.8 million.

On January 20, 2026, the Company extended a mortgage loan of £20.0 million, to an existing operator. The mortgage loan is secured by one U.K. Care Home and bears interest at a rate of 8.7%. The mortgage loan is set to mature on January 19, 2027, and includes a put and call option, subject to certain conditions, to purchase the real estate. Upon receipt by the operator of certain regulatory approvals, the Company intends to exercise its option to accelerate the mortgage loan, acquire the underlying real estate securing the mortgage loan, and enter into a new long-term lease with the same operator.

On January 20, 2026, the Company acquired one senior housing community for approximately £31.5 million, which excludes estimated acquisition costs. In connection with the acquisition of the senior housing community, the Company entered into a new lease with an existing senior housing operator. The lease has a term of 21 years, with one 10-year renewal option and RPI-based rent escalators, subject to a floor of 2% and a ceiling of 4%. Annual cash rent under the lease is £2.7 million.

Equity Awards Granted

On December 11, 2025, the Company, as the special limited partner of the Operating Partnership, and CareTrust GP, LLC, as the general partner of the Operating Partnership, entered into the Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership (the “Amended Operating Partnership Agreement”). The amendments set forth in the Amended Operating Partnership Agreement established a new general class of units of limited partnership in the Operating Partnership designated as “LTIP Units” and designate four specific sub-classes of LTIP Units, including “Basic LTIP Units” and “Performance LTIP Units”, as defined and further set forth in the Amended Operating Partnership Agreement. LTIP Units are structured in a manner intended to qualify as “profits interests” for U.S. federal income tax purposes, which means they cannot have any value on the date of grant were the Operating Partnership to be liquidated on that date. As profit interests, LTIP Units only have value, other than with respect to the right to receive distributions, if the value of the assets of the Operating Partnership increases between the time of issuance of the LTIP Units and the date of a book-up event for partnership tax purposes.

Subsequent to December 31, 2025, approximately 0.2 million Basic LTIP Units, which are subject to time and service-based vesting requirements, and approximately 0.6 million Performance LTIP Units, which are subject to performance-based vesting requirements as well as time and service-based vesting requirements, were issued to officers, certain other employees and members of the Board of the Company, pursuant to their election to receive LTIP Units in lieu of receiving their equity award in the form of time or performance-based RSUs, as applicable. The Basic LTIP Units and Performance LTIPs were granted under the Plan and are also subject to the terms and conditions of the Amended Operating Partnership Agreement. Basic LTIP Units generally vest in equal annual installments over a period of three years or, in the case of Basic LTIP Units awarded to members of the Board, on the first anniversary of their grant date. Basic LTIP Units are generally entitled to receive distributions at the same time and in the same per-Unit amounts as are paid on Partnership Common Units, subject to certain limitations intended to preserve the U.S. income tax treatment of such LTIP Units as “profits interests.” The Performance LTIP Units are scheduled to cliff vest at the end of a three-year period subject to a market-based performance condition tied to the Company’s TSR performance relative to a custom peer group consisting of other publicly traded healthcare REITs over the three-year period. The Performance LTIP Units are granted at the maximum potential payout, inclusive of an estimated portion of distributions expected to be paid during the performance period, and vest 0 to 100% of the Performance LTIP Units initially granted, and any portion from the original grant that does not vest is forfeited. Until their “Full Distribution Participation Date” (as defined in the Amended Operating Partnership Agreement) specified in the applicable LTIP Unit award agreement, Performance LTIP Units generally will be entitled to distributions equal to 10% of the distributions paid on Basic LTIP Units, and following the Full Distribution Participation Date, LTIP Units generally will be entitled to receive the same distributions that are payable with respect to Basic LTIP Units.

Subject to the terms and conditions of the Amended Operating Partnership Agreement, vested LTIP Units that have achieved specified capital account thresholds may be converted into Partnership Common Units, which may thereafter be

CARETRUST REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

redeemed for cash or, at the Company's election, shares of the Company's common stock pursuant to the existing redemption provisions of the Amended Operating Partnership Agreement.

At-The-Market Activity

In January 2026, the Company entered into ATM forward contracts under the ATM Program with a financial institution acting as a forward purchaser to sell 3.5 million shares of common stock at a weighted average initial sales price of \$37.00 per share, before commissions and offering expenses.

SCHEDULE III
REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2025
(dollars in thousands)

Location	Encum.	Initial Cost to Company		Costs Capitalized Since Acquisition	Gross Carrying Value			Accum. Depr.	Const./Ren. Date	Acq. Date	
		Land	Building Improv.	Improv.	Land	Building Improv.	Total (1)				
Skilled Nursing Properties:											
Phoenix, AZ	\$ —	\$ 257	\$ 976	\$ 926	\$ 257	\$ 1,902	\$ 2,159	\$ (1,644)	2013	2000	
Tucson, AZ	—	425	3,716	1,940	425	5,656	6,081	(4,089)	2012	2000	
Phoenix, AZ	—	113	504	971	113	1,475	1,588	(1,224)	2004	2002	
Tucson, AZ	—	471	2,041	3,055	471	5,096	5,567	(4,291)	2013	2003	
Phoenix, AZ	—	629	5,154	1,519	629	6,673	7,302	(5,060)	2009	2004	
Upland, CA	—	2,812	3,919	1,994	2,812	5,913	8,725	(4,410)	2011	2005	
Camarillo, CA	—	3,526	2,827	1,522	3,526	4,349	7,875	(3,436)	2010	2005	
Walla Walla, WA	—	450	5,566	1,055	450	6,621	7,071	(5,115)	2009	2006	
Santa Rosa, CA	—	931	2,612	653	931	3,265	4,196	(2,659)	1963	2006	
San Diego, CA	—	3,028	3,119	2,071	3,028	5,190	8,218	(3,869)	2012	2006	
Livingston, TX	—	60	4,391	1,167	60	5,558	5,618	(4,057)	2009	2006	
Lynnwood, WA	—	741	1,663	1,998	741	3,661	4,402	(3,186)	2009	2006	
Hoquiam, WA	—	171	1,828	2,038	171	3,866	4,037	(3,440)	2010	2006	
Richmond, TX	—	1,105	3,110	1,067	1,105	4,177	5,282	(2,989)	2007	2006	
Salt Lake City, UT	—	332	2,426	2,507	332	4,933	5,265	(4,349)	2013	2006	
Carrollton, TX	—	664	2,294	902	664	3,196	3,860	(2,890)	2007	2006	
Salt Lake City, UT	—	965	2,070	958	965	3,028	3,993	(2,915)	2008	2007	
Lewisville, TX	—	600	1,890	470	600	2,360	2,960	(1,922)	2011	2007	
Mesquite, TX	—	470	1,715	8,632	441	10,376	10,817	(9,821)	2012	2007	
Glendora, CA	—	2,165	1,105	324	2,165	1,429	3,594	(1,339)	1965	2007	
Draper, UT	—	443	2,394	759	443	3,153	3,596	(2,138)	2008	2007	
Downey, CA	—	1,415	1,841	1,861	1,415	3,702	5,117	(2,853)	2013	2007	
Bellflower, CA	—	937	1,168	357	937	1,525	2,462	(1,199)	2009	2007	
Scottsdale, AZ	—	2,007	2,793	1,762	2,007	4,555	6,562	(3,308)	2009	2008	
San Antonio, TX	—	310	2,090	719	310	2,809	3,119	(1,767)	2005	2008	
Temple, TX	—	529	2,207	1,163	529	3,370	3,899	(2,376)	2008	2008	
Abilene, TX	—	369	3,220	1,725	369	4,945	5,314	(3,464)	2012	2008	
Willits, CA	—	490	1,231	500	490	1,731	2,221	(1,190)	2011	2008	
Lufkin, TX	—	467	4,644	782	467	5,426	5,893	(2,328)	1988	2009	
Littleton, CO	—	217	856	1,735	217	2,591	2,808	(2,053)	2012	2009	
Arvada, CO	—	280	1,230	834	280	2,064	2,344	(1,312)	2012	2009	
Englewood, CO	—	1,607	4,222	6,195	1,607	10,417	12,024	(7,517)	2012	2009	
Dallas, TX	—	2,133	11,977	1,421	2,133	13,398	15,531	(7,906)	1984	2009	
Price, UT	—	193	2,209	849	193	3,058	3,251	(1,618)	2012	2009	
Provo, UT	—	2,051	8,362	2,011	2,051	10,373	12,424	(4,575)	2011	2009	
West Jordan, UT	—	2,671	4,244	1,507	2,671	5,751	8,422	(2,684)	2013	2009	

SCHEDULE III
REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2025
(dollars in thousands)

Youngstown, AZ	—	767	4,648	155	193	5,377	5,570	(2,865)	2012	2009
Brownsville, TX	—	373	1,354	190	373	1,544	1,917	(669)	1969	2009
Harlingen, TX	—	90	675	430	90	1,105	1,195	(655)	2011	2009
McAllen, TX	—	642	1,085	870	642	1,955	2,597	(1,328)	2012	2009
Salt Lake City, UT	—	345	2,464	1,065	345	3,529	3,874	(1,943)	2011	2009
Emmet, ID	—	591	2,383	69	591	2,452	3,043	(1,156)	1972	2010
Burley, ID	—	250	4,004	424	250	4,428	4,678	(2,247)	2011	2010
Carrollton, TX	—	1,382	2,293	478	1,382	2,771	4,153	(1,347)	1996	2010
Ventura, CA	—	1,847	5,377	682	1,847	6,059	7,906	(2,262)	1990	2011
Beatrice, NE	—	60	2,931	245	60	3,176	3,236	(1,565)	2011	2011
Falls City, NE	—	170	2,141	82	170	2,223	2,393	(1,038)	1972	2011
Cherokee, IA	—	163	1,491	12	163	1,503	1,666	(877)	1967	2011
Clarion, IA	—	80	2,541	97	80	2,638	2,718	(1,570)	1978	2011
Ft. Dodge, IA	—	90	2,341	759	90	3,100	3,190	(2,353)	2012	2011
Texas City, TX	—	158	4,810	759	128	5,599	5,727	(3,041)	2012	2011
Hurricane, UT	—	487	1,978	98	487	2,076	2,563	(803)	1978	2011
Pocatello, ID	—	537	2,138	698	537	2,836	3,373	(1,605)	2007	2011
Whittier, CA	—	1,425	5,307	1,079	1,425	6,386	7,811	(3,235)	2011	2011
Ukiah, CA	—	297	2,087	1,621	297	3,708	4,005	(2,476)	2013	2011
Reno, NV	—	1,012	3,282	103	1,012	3,385	4,397	(1,248)	1970	2011
Orem, UT	—	1,689	3,896	3,235	1,689	7,131	8,820	(4,268)	2011	2011
Abilene, TX	—	746	9,903	290	746	10,193	10,939	(3,194)	2008	2011
Pocatello, ID	—	180	2,481	966	180	3,447	3,627	(1,948)	2013	2012
Paris, TX	—	129	7,139	6	129	7,145	7,274	(1,707)	2009	2012
Escondido, CA	—	329	2,653	1,094	329	3,747	4,076	(2,083)	2007	2012
Owyhee, ID	—	49	1,554	29	49	1,583	1,632	(492)	1990	2012
Long Beach, CA	—	999	4,237	2,331	999	6,568	7,567	(3,422)	2008	2012
Long Beach, CA	—	1,285	2,343	2,172	1,285	4,515	5,800	(2,726)	2013	2012
Ft. Worth, TX	—	193	2,311	318	193	2,629	2,822	(1,018)	1965	2012
Amarillo, TX	—	340	3,925	32	340	3,957	4,297	(1,466)	1970	2013
San Marcos, TX	—	371	2,951	274	371	3,225	3,596	(1,157)	1972	2013
Victoria, TX	—	80	2,391	15	80	2,406	2,486	(693)	2013	2013
Omaha, NE	—	129	2,418	24	129	2,442	2,571	(1,040)	1960	2013
Redmond, WA	—	1,388	2,982	202	1,388	3,184	4,572	(1,451)	1970	2013
Marysville, WA	—	1,722	2,642	(980)	742	2,642	3,384	(1,101)	1966	2013
Glendale, AZ	—	228	1,124	1,380	228	2,504	2,732	(2,165)	2004	2002
Riverside, CA	—	152	357	1,493	152	1,850	2,002	(1,701)	2012	2009
Lakewood, CO	—	1,668	15,375	279	1,668	15,654	17,322	(4,227)	1989	2015
Mount Vernon, WA	—	1,601	7,425	—	1,601	7,425	9,026	(1,995)	1989	2015
Shoreline, WA	—	1,462	5,034	—	1,462	5,034	6,496	(1,332)	1987	2015
Cincinnati, OH	—	833	18,086	792	833	18,878	19,711	(4,993)	1992	2015

SCHEDULE III
REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2025
(dollars in thousands)

Boise, ID	—	1,801	6,572	395	1,801	6,967	8,768	(1,928)	1989	2016
Lodi, CA	—	768	10,712	68	768	10,780	11,548	(2,528)	1982	2016
Rockwall, TX	—	1,232	22,152	—	1,232	22,152	23,384	(5,030)	1984	2016
Decatur, TX	—	990	24,909	—	990	24,909	25,899	(5,657)	2013	2016
Royse City, TX	—	606	14,660	—	606	14,660	15,266	(3,329)	2009	2016
Harrisburg, IL	—	1,022	5,713	—	1,022	5,713	6,735	(1,262)	2009	2017
Carrier Mills, IL	—	775	8,377	—	775	8,377	9,152	(1,850)	1968	2017
Benton, IL	—	439	3,475	—	439	3,475	3,914	(768)	2014	2017
DuQuoin, IL	—	511	3,662	—	511	3,662	4,173	(809)	2014	2017
Pinckneyville, IL	—	406	3,411	—	406	3,411	3,817	(753)	2014	2017
Nampa, ID	—	775	5,044	336	775	5,380	6,155	(1,189)	2011	2017
Brownsville, TX	—	1,178	12,059	—	1,178	12,059	13,237	(2,588)	2016	2017
Albuquerque, NM	—	2,055	9,749	—	2,055	9,749	11,804	(2,092)	2016	2017
Eldorado, IL	—	940	2,093	—	940	2,093	3,033	(445)	1993	2017
Portland, OR	—	1,481	2,216	110	1,481	2,326	3,807	(502)	2012	2017
Kellogg, ID	—	916	7,874	—	916	7,874	8,790	(1,641)	1971	2017
Caldwell, ID	—	906	7,020	516	906	7,536	8,442	(1,609)	1947	2017
Caldwell, ID	—	312	10,410	461	312	10,871	11,183	(2,299)	1969	2017
Lewiston, ID	—	625	12,087	215	625	12,302	12,927	(2,554)	1964	2017
Nampa, ID	—	785	8,923	272	785	9,195	9,980	(1,917)	1958	2017
Weiser, ID	—	80	4,419	389	80	4,808	4,888	(1,021)	1964	2017
Moscow, ID	—	698	5,092	274	698	5,366	6,064	(1,167)	1965	2017
Fort Worth, TX	—	681	6,587	1,256	681	7,843	8,524	(1,944)	2006	2017
Mansfield, TX	—	607	4,801	1,073	607	5,874	6,481	(1,453)	2006	2017
Grapevine, TX	—	1,602	4,536	891	1,602	5,427	7,029	(1,350)	2006	2017
Tacoma, WA	—	1,001	1,779	—	1,001	1,779	2,780	(368)	1989	2017
Vancouver, WA	—	446	869	—	446	869	1,315	(180)	1972	2017
San Bernardino, CA	—	3,831	19,791	—	3,831	19,791	23,622	(4,082)	1967	2017
Riverside, CA	—	2,897	14,700	345	2,897	15,045	17,942	(3,147)	1969	2017
Ontario, CA	—	4,204	21,880	—	4,204	21,880	26,084	(4,513)	1980	2017
Greenville, IL	—	188	3,972	—	188	3,972	4,160	(959)	1973	2017
Butte, MT	—	220	4,974	39	220	5,013	5,233	(1,094)	2010	2018
Aberdeen, SD	—	1,372	7,491	38	1,372	7,529	8,901	(1,548)	1965	2018
Fargo, ND	—	989	3,275	3,441	989	6,716	7,705	(818)	1966	2018
Parker, CO	—	1,178	17,857	—	1,178	17,857	19,035	(3,235)	2012	2018
Huntington Park, CA	—	3,131	8,876	303	3,131	9,179	12,310	(1,744)	1955	2019
Oxnard, CA	—	1,699	9,004	825	1,699	9,829	11,528	(1,657)	1962	2019
Downey, CA	—	2,502	6,141	—	2,502	6,141	8,643	(1,092)	1967	2019
Davis, CA	—	2,351	9,256	49	2,351	9,305	11,656	(1,680)	1969	2019
Ruston, LA	—	2,688	23,825	—	2,688	23,825	26,513	(4,242)	2014	2019
Shreveport, LA	—	3,758	21,325	17	3,758	21,342	25,100	(3,828)	1980	2019

SCHEDULE III
REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2025
(dollars in thousands)

Bossier City, LA	—	1,635	21,180	—	1,635	21,180	22,815	(3,681)	2013	2019
Shreveport, LA	—	3,437	20,889	2,845	3,437	23,734	27,171	(4,656)	2006	2019
Bossier City, LA	—	2,979	24,617	1,978	2,979	26,595	29,574	(4,761)	2008	2019
Shreveport, LA	—	676	10,238	602	676	10,840	11,516	(1,975)	2008	2019
Shreveport, LA	—	2,452	9,148	113	2,452	9,261	11,713	(1,737)	2013	2019
Corsicana, TX	—	120	6,682	449	120	7,131	7,251	(1,449)	2002	2019
Jacksonville, TX	—	173	7,481	148	173	7,629	7,802	(1,466)	2006	2019
Gainesville, TX	—	219	10,097	255	219	10,352	10,571	(1,939)	1990	2019
Dallas, TX	—	—	6,905	—	—	6,905	6,905	(1,287)	2011	2019
Nampa, ID	—	880	14,117	—	880	14,117	14,997	(2,469)	2017	2019
Modesto, CA	—	798	7,671	—	798	7,671	8,469	(1,243)	2016	2019
Boise, ID	—	1,597	15,692	—	1,597	15,692	17,289	(2,471)	2018	2020
Helena, MT	—	867	7,431	1,752	867	9,183	10,050	(1,051)	1984	2020
Clancy, MT	—	183	7,380	770	183	8,150	8,333	(1,177)	1960	2020
Goleta, CA	—	7,987	7,237	553	7,987	7,790	15,777	(977)	1967	2021
El Centro, CA	—	1,283	8,133	135	1,283	8,268	9,551	(1,050)	1962	2021
Austin, TX	—	3,282	12,763	—	3,282	12,763	16,045	(1,580)	2017	2021
Cedar Park, TX	—	3,325	11,738	—	3,325	11,738	15,063	(1,436)	2017	2021
Ennis, TX	—	568	8,055	100	568	8,155	8,723	(862)	1982	2022
Burleson, TX	—	1,877	6,616	718	1,877	7,334	9,211	(675)	1988	2023
Overland Park, KS	—	1,301	5,025	—	1,301	5,025	6,326	(382)	1987	2023
Griffin, GA	—	680	11,044	2,675	680	13,719	14,399	(978)	2022	2023
La Mesa, CA	—	5,346	21,528	—	5,346	21,528	26,874	(1,423)	1968	2023
Paramount, CA	—	3,640	15,380	369	3,640	15,749	19,389	(1,035)	1969	2023
Norwalk, CA	—	4,932	14,229	—	4,932	14,229	19,161	(957)	1964	2023
Vista, CA	—	4,882	20,793	—	4,882	20,793	25,675	(1,310)	1990	2023
Capitola, CA	—	5,231	16,321	—	5,231	16,321	21,552	(915)	1964	2023
Morgan Hill, CA	—	3,239	14,418	—	3,239	14,418	17,657	(830)	2014	2023
Columbia, MO	—	1,619	15,678	—	1,619	15,678	17,297	(773)	2017	2024
Houston, TX	—	2,668	17,434	—	2,668	17,434	20,102	(876)	2022	2024
Bolivia, NC	—	551	16,589	—	551	16,589	17,140	(764)	2009	2024
Fletcher, NC	—	1,547	15,316	—	1,547	15,316	16,863	(715)	2002	2024
Ramseur, NC	—	747	15,085	—	747	15,085	15,832	(747)	2002	2024
Charlotte, NC	—	2,217	16,213	—	2,217	16,213	18,430	(755)	1993	2024
Columbia, SC	—	583	10,847	—	583	10,847	11,430	(499)	1980	2024
Gilroy, CA	—	6,539	19,162	—	6,539	19,162	25,701	(702)	1968	2024
Richmond, VA	—	—	31,567	—	—	31,567	31,567	(1,097)	2005	2024
Oakland, MD	—	1,134	18,227	108	1,134	18,335	19,469	(638)	2023	2024
Frostburg, MD	—	853	20,334	187	853	20,521	21,374	(660)	1995	2024
Bethel Park, PA	—	1,835	12,726	—	1,835	12,726	14,561	(403)	2021	2024
Canonsburg, PA	—	1,651	12,509	—	1,651	12,509	14,160	(394)	1988	2024

SCHEDULE III
REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2025
(dollars in thousands)

Monroeville, PA	—	1,182	10,906	—	1,182	10,906	12,088	(331)	1996	2024
Pittsburgh, PA	—	1,323	13,119	—	1,323	13,119	14,442	(398)	1999	2024
Brownsville, TN	—	508	17,027	—	508	17,027	17,535	(496)	2022	2024
McKenzie, TN	—	1,187	16,873	—	1,187	16,873	18,060	(560)	2020	2024
Clarksville, TN	—	1,785	21,328	—	1,785	21,328	23,113	(682)	2018	2024
Hohenwald, TN	—	826	11,505	—	826	11,505	12,331	(370)	1996	2024
Cookeville, TN	—	1,636	20,941	—	1,636	20,941	22,577	(693)	2024	2024
Lexington, TN	—	551	15,171	—	551	15,171	15,722	(436)	2024	2024
Selmer, TN	—	765	19,394	500	765	19,894	20,659	(573)	1995	2024
Mount Juliet, TN	—	1,719	12,640	—	1,719	12,640	14,359	(414)	2021	2024
Murfreesboro, TN	—	1,607	7,649	—	1,607	7,649	9,256	(297)	1996	2024
Goodlettsville, TN	—	1,324	13,075	—	1,324	13,075	14,399	(417)	2005	2024
Waverly, TN	—	1,071	9,821	—	1,071	9,821	10,892	(365)	1989	2024
Dyersburg, TN	—	1,122	30,135	—	1,122	30,135	31,257	(867)	1989	2024
Humboldt, TN	—	810	10,127	—	810	10,127	10,937	(329)	2011	2024
Paris, TN	—	963	26,215	—	963	26,215	27,178	(763)	2023	2024
Union City, TN	—	885	14,562	—	885	14,562	15,447	(411)	1996	2024
Huntsville, AL	—	1,246	9,659	64	1,246	9,723	10,969	(303)	2006	2024
Martin, TN	—	819	9,771	—	819	9,771	10,590	(274)	2023	2024
Pulaski, TN	—	437	13,488	483	437	13,971	14,408	(360)	1991	2024
Knoxville, TN	—	1,181	15,678	107	1,181	15,785	16,966	(411)	1972	2024
Knoxville, TN	—	1,662	1,188	—	1,662	1,188	2,850	(65)	2015	2024
Cordova, TN	—	482	12,015	—	482	12,015	12,497	(318)	1997	2024
Memphis, TN	—	788	9,153	—	788	9,153	9,941	(280)	1964	2024
Covington, TN	—	794	15,735	—	794	15,735	16,529	(449)	2023	2024
Jackson, TN	—	960	16,359	—	960	16,359	17,319	(439)	2022	2024
Jackson, TN	—	663	17,643	—	663	17,643	18,306	(473)	1997	2024
Jackson, TN	—	1,779	6,929	—	1,779	6,929	8,708	(236)	2013	2024
Memphis, TN	—	1,764	18,429	—	1,764	18,429	20,193	(518)	2020	2024
Nashville, TN	—	3,538	16,439	—	3,538	16,439	19,977	(448)	1986	2025
Bremerton, WA	—	1,313	16,190	16	1,313	16,206	17,519	(255)	1975	2025
Port Angeles, WA	—	519	14,442	31	519	14,473	14,992	(222)	1993	2025
Bremerton, WA	—	1,538	16,855	31	1,538	16,886	18,424	(265)	1984	2025
Edmonds, WA	—	5,670	14,385	180	5,670	14,565	20,235	(223)	1974	2025
Sequim, WA	—	581	16,411	12	581	16,423	17,004	(272)	2007	2025
Othello, WA	—	226	3,686	—	226	3,686	3,912	(65)	1974	2025
Pullman, WA	—	499	5,446	17	499	5,463	5,962	(88)	1966	2025
St. Helens, OR	—	2,431	21,748	10	2,431	21,758	24,189	(344)	2008	2025
Coeur d'Alene, ID	—	1,587	7,169	—	1,587	7,169	8,756	(116)	2007	2025
Coeur d'Alene, ID	—	1,496	9,262	—	1,496	9,262	10,758	(143)	2011	2025
Colton, CA	—	4,464	24,722	—	4,464	24,722	29,186	(224)	1990	2025

SCHEDULE III
REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2025
(dollars in thousands)

Virginia Beach, VA	—	2,712	20,527	—	2,712	20,527	23,239	(88)	1990	2025
Culpeper, VA	—	5,769	62,199	—	5,769	62,199	67,968	(267)	1985	2025
Pulaski, VA	—	435	33,350	—	435	33,350	33,785	(149)	1982	2025
Oxford, NC	—	297	41,362	—	297	41,362	41,659	(182)	1979	2025
Williamsport, MD	—	662	38,776	—	662	38,776	39,438	(170)	2012	2025
Brandon, MS	—	2,843	32,010	—	2,843	32,010	34,853	(148)	2004	2025
Jackson, MS	—	1,458	11,429	—	1,458	11,429	12,887	(60)	1966	2025
Cleveland, MS	—	365	15,074	—	365	15,074	15,439	(70)	1978	2025
Jackson, MS	—	1,070	13,600	—	1,070	13,600	14,670	(60)	1968	2025
Jackson, MS	—	1,818	27,568	—	1,818	27,568	29,386	(124)	1977	2025
McComb, MS	—	705	19,549	—	705	19,549	20,254	(89)	1969	2025
Ruleville, MS	—	97	16,698	—	97	16,698	16,795	(75)	1978	2025
Tupelo, MS	—	282	16,963	—	282	16,963	17,245	(77)	1980	2025
Norwalk, CA	—	966	5,082	2,213	966	7,295	8,261	(6,572)	2011	1999
Salt Lake City, UT	—	1,962	11,035	464	1,962	11,499	13,461	(4,784)	1994	2011
Wayne, NE	—	130	3,061	122	130	3,183	3,313	(1,500)	1978	2011
West Bend, IA	—	180	3,352	—	180	3,352	3,532	(1,512)	2006	2011
Hawarden, IA	—	110	3,522	75	110	3,597	3,707	(1,525)	1974	2011
Randolph, NE	—	130	1,571	22	130	1,593	1,723	(1,158)	2011	2011
Salmon, ID	—	168	2,496	—	168	2,496	2,664	(837)	2012	2012
Willard, OH	—	144	11,097	58	144	11,155	11,299	(2,889)	1985	2015
Middletown, OH	—	990	7,484	380	990	7,864	8,854	(2,124)	1985	2015
Turlock, CA	—	1,258	16,526	75	1,258	16,601	17,859	(3,897)	1986	2016
Bridgeport, TX	—	980	27,917	—	980	27,917	28,897	(6,340)	2014	2016
Saratoga, CA	—	8,709	9,736	1,397	8,709	11,133	19,842	(2,571)	2004	2018
Huntington, WV	—	601	6,385	26	601	6,411	7,012	(1,188)	1924	2018
Mt. Carmel, IL	—	298	8,393	—	298	8,393	8,691	(1,642)	2004	2019
Shreveport, LA	—	3,217	21,195	2,729	3,217	23,924	27,141	(4,960)	2008	2019
Corsicana, TX	—	143	11,429	498	143	11,927	12,070	(2,328)	2007	2019
Decatur, IL	—	131	12,499	91	131	12,590	12,721	(1,354)	2003	2022
San Diego, CA	—	4,949	20,227	—	4,949	20,227	25,176	(1,363)	1994	2023
Houston, TX	—	2,419	14,525	—	2,419	14,525	16,944	(731)	2022	2024
Catonsville, MD	—	1,622	10,421	—	1,622	10,421	12,043	(409)	2023	2024
Los Alamitos, CA	—	10,420	23,802	—	10,419	23,802	34,221	(459)	2003	2025
Escondido, CA	—	5,230	3,666	—	5,230	3,666	8,896	(70)	1996	2025
Norwood, OH	—	1,316	10,071	1,021	1,316	11,092	12,408	(2,898)	1991	2016
	—	322,839	2,388,121	119,509	321,225	2,509,243	2,830,468	(405,985)		
Senior Housing Communities:										
Rosenburg, TX	—	124	2,301	392	124	2,693	2,817	(1,767)	2007	2006
Mesa, AZ	—	1,893	5,268	1,210	1,893	6,478	8,371	(4,480)	1986	2007
Englewood, CO	—	420	1,160	189	420	1,349	1,769	(616)	2011	2009

SCHEDULE III
REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2025
(dollars in thousands)

Aurora, CO	—	570	1,692	248	570	1,940	2,510	(1,261)	1986	2010
Abilene, TX	—	244	3,241	81	244	3,322	3,566	(2,413)	2008	2011
Ventura, CA	—	1,542	4,012	113	1,542	4,125	5,667	(1,302)	1990	2011
Las Vegas, NV	—	908	4,767	281	908	5,048	5,956	(3,751)	1986	2011
Phoenix, AZ	—	1,011	2,053	490	1,011	2,543	3,554	(1,404)	1974	2011
Reno, NV	—	367	1,633	52	367	1,685	2,052	(784)	1993	2012
Redmond, WA	—	2,835	3,784	395	2,835	4,179	7,014	(1,937)	2013	2013
Santa Maria, CA	—	1,792	2,253	585	1,792	2,838	4,630	(1,960)	1967	2013
Orem, UT	—	444	2,265	176	444	2,441	2,885	(731)	1995	2013
Glendale, AZ	—	61	304	372	61	676	737	(584)	2004	2002
Riverside, CA	—	342	802	3,360	342	4,162	4,504	(3,828)	2012	2009
Salt Lake City, UT	—	411	2,312	258	411	2,570	2,981	(2,277)	1994	2011
New Bern, NC	—	312	6,919	155	129	2,946	3,075	(149)	2010	2016
Pikeville, NC	—	131	4,157	—	52	1,674	1,726	(84)	2011	2016
Lodi, CA	—	392	3,605	59	392	3,664	4,056	(854)	1984	2016
Brookfield, WI	—	493	14,002	184	243	6,170	6,413	(541)	2013	2017
New Berlin, WI	—	356	10,812	212	190	5,245	5,435	(452)	2016	2017
Escondido, CA	—	4,362	7,997	—	4,362	7,997	12,359	(1,327)	2015	2019
Bountiful, UT	—	2,480	4,804	15	2,480	4,819	7,299	(771)	1999	2020
Bartlett, IL	—	1,964	5,650	—	1,964	5,650	7,614	(423)	2017	2023
Elmhurst, IL	—	2,852	7,348	—	2,852	7,348	10,200	(542)	2017	2023
Lansing, MI	—	888	9,871	—	888	9,871	10,759	(722)	2018	2023
Beavercreek, OH	—	1,165	8,616	—	1,165	8,616	9,781	(622)	2018	2023
San Bernardino, CA	—	1,631	9,263	—	1,631	9,263	10,894	(476)	2003	2024
Boonsboro, MD	—	1,205	508	—	1,205	508	1,713	(16)	2022	2024
Concord, CA	—	7,088	13,331	—	7,088	13,331	20,419	(286)	2020	2025
St. Louis, MO	—	3,349	10,335	—	3,349	10,335	13,684	(46)	2004	2025
Dayton, OH	—	976	11,158	—	976	11,158	12,134	(53)	2022	2025
San Juan Capistrano, CA	—	11,176	25,298	350	11,176	25,648	36,824	(3,307)	1999	2021
Camarillo, CA	—	7,516	30,552	—	7,516	30,552	38,068	(3,799)	2000	2021
Carlsbad, CA	—	7,398	19,714	—	7,398	19,714	27,112	(2,488)	1999	2021
Rancho Mirage, CA	—	4,024	16,790	—	4,024	16,790	20,814	(2,162)	2000	2021
San Dimas, CA	—	9,592	5,936	—	9,592	5,936	15,528	(318)	1999	2024
Yorba Linda, CA	—	6,493	6,025	—	6,493	6,025	12,518	(293)	1999	2024
San Diego, CA	—	19,009	13,079	—	19,009	13,079	32,088	(631)	1999	2024
Newcastle upon Tyne, UK	—	993	4,962	—	993	4,962	5,955	(89)	1990	2025
Cornwall, UK	—	878	2,872	305	878	3,177	4,055	(61)	1930	2025
Wigan, UK	—	912	2,070	—	912	2,070	2,982	(45)	1970	2025
Notts, UK	—	500	3,564	—	500	3,564	4,064	(59)	1990	2025
Cheshire, UK	—	1,133	1,378	163	1,133	1,541	2,674	(38)	1985	2025
Leicester, UK	—	1,561	5,848	—	1,561	5,848	7,409	(108)	1970	2025

SCHEDULE III
REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2025
(dollars in thousands)

Northants, UK	—	—	1,574	1,694	—	3,268	3,268	(38)	1800	2025
Northants, UK	—	—	4,880	—	—	4,880	4,880	(91)	2017	2025
Cheshire, UK	—	1,610	3,651	85	1,610	3,736	5,346	(83)	1970	2025
Nottingham, UK	—	747	4,795	—	747	4,795	5,542	(83)	1990	2025
Chester, UK	—	1,365	775	—	1,365	775	2,140	(18)	1970	2025
Witney, UK	—	—	10,459	—	—	10,459	10,459	(277)	1860	2025
Wigan, UK	—	1,149	3,785	—	1,149	3,785	4,934	(76)	1960	2025
Cheshire, UK	—	452	1,435	—	452	1,435	1,887	(26)	1980	2025
Warrington, UK	—	742	2,445	—	742	2,445	3,187	(50)	1960	2025
Essex, UK	—	1,995	6,228	—	1,995	6,228	8,223	(108)	1998	2025
Wigan, UK	—	577	2,382	—	577	2,382	2,959	(48)	1960	2025
Leigh, UK	—	1,199	2,218	—	1,199	2,218	3,417	(53)	1960	2025
Cheshire, UK	—	—	1,829	—	—	1,829	1,829	(37)	1974	2025
Smethwick, UK	—	742	5,655	—	742	5,655	6,397	(97)	2000	2025
Higher Ince, UK	—	1,147	2,154	—	1,147	2,154	3,301	(51)	1990	2025
Ely, UK	—	7,528	5,303	—	7,528	5,303	12,831	(136)	1885	2025
Cheshire, UK	—	873	4,253	—	873	4,253	5,126	(76)	1980	2025
Leigh, UK	—	615	2,164	—	615	2,164	2,779	(42)	1968	2025
Suffolk, UK	—	—	7,018	—	—	7,018	7,018	(128)	2008	2025
Worcestershire, UK	—	2,236	1,226	—	2,236	1,226	3,462	(25)	1850	2025
Staffordshire, UK	—	1,456	2,012	—	1,456	2,012	3,468	(43)	1960	2025
Leics, UK	—	1,212	3,197	—	1,212	3,197	4,409	(60)	2003	2025
Coventry, UK	—	—	4,059	—	—	4,059	4,059	(69)	1998	2025
Cheshire, UK	—	725	867	—	725	867	1,592	(19)	1980	2025
Cheshire, UK	—	1,262	2,626	—	1,262	2,626	3,888	(55)	1970	2025
Cheshire, UK	—	1,469	916	—	1,469	916	2,385	(20)	1970	2025
Wigan, UK	—	1,308	2,223	—	1,308	2,223	3,531	(55)	1980	2025
Lancashire, UK	—	1,734	3,252	—	1,734	3,252	4,986	(67)	1890	2025
Cheshire, UK	—	1,637	5,524	188	1,637	5,712	7,349	(112)	1980	2025
Malvern, UK	—	—	3,457	—	—	3,457	3,457	(61)	2009	2025
Wirral, UK	—	—	8,942	—	—	8,942	8,942	(148)	2010	2025
Wigan, UK	—	514	2,040	—	514	2,040	2,554	(38)	1960	2025
Stourbridge, UK	—	1,163	1,602	—	1,163	1,602	2,765	(33)	1850	2025
Norfolk, UK	—	1,820	3,517	5	1,820	3,522	5,342	(64)	1997	2025
North Yorkshire, UK	—	950	4,033	—	950	4,033	4,983	(70)	2005	2025
North Yorkshire, UK	—	—	9,791	—	—	9,791	9,791	(168)	2010	2025
North Yorkshire, UK	—	—	7,834	—	—	7,834	7,834	(134)	2015	2025
Cleveland, UK	—	1,149	10,465	—	1,149	10,465	11,614	(195)	2009	2025
Bristol, UK	—	3,266	11,030	128	3,266	11,158	14,424	(190)	1890	2025
Newcastle upon Tyne, UK	—	1,184	5,066	—	1,184	5,066	6,250	(88)	2005	2025
Newcastle upon Tyne, UK	—	296	1,414	—	296	1,414	1,710	(25)	2005	2025

SCHEDULE III
REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2025
(dollars in thousands)

Middlesbrough, UK	—	556	5,464	—	556	5,464	6,020	(93)	2005	2025
Tyne and Wear, UK	—	276	3,674	—	276	3,674	3,950	(60)	2006	2025
Newcastle upon Tyne, UK	—	787	5,063	641	787	5,704	6,491	(82)	2002	2025
Shildon, UK	—	373	2,856	—	373	2,856	3,229	(48)	2005	2025
Glasgow, UK	—	854	9,833	—	854	9,833	10,687	(171)	1996	2025
Glasgow, UK	—	276	5,638	—	276	5,638	5,914	(97)	1992	2025
Harrogate, UK	—	2,331	15,893	—	2,331	15,893	18,224	(271)	2007	2025
Motherwell, UK	—	1,427	3,210	—	1,427	3,210	4,637	(62)	1990	2025
Falkirk, UK	—	391	2,656	—	391	2,656	3,047	(49)	1860	2025
Stirling, UK	—	932	6,125	—	932	6,125	7,057	(107)	2004	2025
Carlisle, UK	—	—	8,529	—	—	8,529	8,529	(148)	2006	2025
Carlisle, UK	—	—	3,698	—	—	3,698	3,698	(64)	2006	2025
Carlisle, UK	—	—	2,863	—	—	2,863	2,863	(49)	2006	2025
York, UK	—	1,025	6,779	344	1,025	7,123	8,148	(128)	1996	2025
Chipping Norton, UK	—	10,824	2,237	—	10,824	2,237	13,061	(47)	1250	2025
Devon, UK	—	4,085	2,497	3	4,085	2,500	6,585	(59)	1920	2025
Ipswich, UK	—	1,482	5,765	—	1,482	5,765	7,247	(100)	1970	2025
Ipswich, UK	—	2,451	10,128	—	2,451	10,128	12,579	(173)	2011	2025
Bristol, UK	—	2,291	8,590	81	2,291	8,671	10,962	(147)	2014	2025
Worcester, UK	—	2,563	5,844	—	2,563	5,844	8,407	(105)	1995	2025
Wakefield, UK	—	1,722	2,198	—	1,722	2,198	3,920	(41)	1994	2025
Bradford, UK	—	866	2,908	—	866	2,908	3,774	(55)	1990	2025
Castleford, UK	—	1,257	3,291	—	1,257	3,291	4,548	(59)	1996	2025
Bradford, UK	—	2,200	1,301	—	2,200	1,301	3,501	(23)	1998	2025
Bradford, UK	—	993	2,979	—	993	2,979	3,972	(52)	1996	2025
Bradford, UK	—	1,039	1,519	—	1,039	1,519	2,558	(27)	2003	2025
Glasgow, UK	—	518	2,709	—	518	2,709	3,227	(48)	2004	2025
Glasgow, UK	—	879	7,970	—	879	7,970	8,849	(149)	2000	2025
Sterlingshire, UK	—	2,947	4,671	—	2,947	4,671	7,618	(112)	1996	2025
Lanarkshire, UK	—	828	10,981	—	828	10,981	11,809	(197)	2005	2025
Renfrewshire, UK	—	590	10,086	—	590	10,086	10,676	(175)	2003	2025
Aberdeen, UK	—	337	9,231	—	337	9,231	9,568	(157)	2008	2025
West Lothian, UK	—	1,724	2,087	—	1,724	2,087	3,811	(43)	1990	2025
Inverclyde, UK	—	673	8,816	—	673	8,816	9,489	(158)	2006	2025
Ayrshire, UK	—	343	4,974	—	343	4,974	5,317	(87)	2001	2025
Carlisle, UK	—	703	5,039	—	703	5,039	5,742	(92)	1990	2025
Bury St Edmonds, UK	—	3,951	5,017	—	3,951	5,017	8,968	(125)	1970	2025
Belfast, UK	—	—	6,604	—	—	6,604	6,604	(125)	1990	2025
Donaghadee, UK	—	1,786	2,125	—	1,786	2,125	3,911	(42)	1990	2025
Belfast, UK	—	663	4,522	—	663	4,522	5,185	(81)	1990	2025
Hartlepool, UK	—	634	11,364	—	634	11,364	11,998	(187)	2022	2025

SCHEDULE III
REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2025
(dollars in thousands)

Wiltshire, UK	—	3,015	5,374	—	3,015	5,374	8,389	(95)	1800	2025
Norwich, UK	—	3,655	—	—	3,655	—	3,655	—	N/A	2025
Suffolk, UK	—	1,602	12,431	—	1,602	12,431	14,033	(203)	1600	2025
East Ayrshire, UK	—	391	2,072	—	391	2,072	2,463	(36)	1840	2025
Cornwall, UK	—	5,131	3,435	4	5,131	3,439	8,570	(79)	1980	2025
Belfast, UK	—	749	6,110	—	749	6,110	6,859	(107)	2001	2025
Larne, UK	—	1,107	7,509	—	1,107	7,509	8,616	(128)	2007	2025
South Molton, UK	—	2,678	13,038	—	2,678	13,038	15,716	(221)	2012	2025
South Molton, UK	—	2,512	4,232	—	2,512	4,232	6,744	(80)	1850	2025
Minehead, UK	—	6,137	6,822	—	6,137	6,822	12,959	(144)	1900	2025
Nottinghamshire, UK	—	1,197	11,010	73	1,197	11,083	12,280	(192)	2014	2025
Mansfield, UK	—	620	2,382	58	620	2,440	3,060	(47)	1883	2025
Glasgow, UK	—	708	2,985	—	708	2,985	3,693	(56)	1996	2025
Glasgow, UK	—	352	855	—	352	855	1,207	(16)	1990	2025
Glasgow, UK	—	1,108	2,931	—	1,108	2,931	4,039	(56)	1996	2025
New Romney, UK	—	1,744	5,149	741	1,744	5,890	7,634	(93)	1997	2025
Kent, UK	—	14,230	8,207	—	14,230	8,207	22,437	(207)	1995	2025
Kirkcaldy, UK	—	547	5,733	—	547	5,733	6,280	(94)	2005	2025
Leven, UK	—	447	2,548	—	447	2,548	2,995	(45)	1980	2025
Cowdenbeath, UK	—	452	1,677	—	452	1,677	2,129	(33)	1990	2025
Auchtertool, UK	—	559	2,502	—	559	2,502	3,061	(44)	1970	2025
Crossgates, UK	—	446	3,480	—	446	3,480	3,926	(59)	2007	2025
Cardenden, UK	—	334	2,522	—	334	2,522	2,856	(46)	1910	2025
Crossgates, UK	—	261	1,437	—	261	1,437	1,698	(26)	1980	2025
Glenrothes, UK	—	650	712	—	650	712	1,362	(14)	1994	2025
Falkland, UK	—	584	4,987	—	584	4,987	5,571	(83)	2013	2025
Glenrothes, UK	—	441	6,715	—	441	6,715	7,156	(110)	2009	2025
Kirkcaldy, UK	—	615	3,337	—	615	3,337	3,952	(61)	1975	2025
Cellardyke, UK	—	787	2,438	—	787	2,438	3,225	(45)	2000	2025
Cheshire, UK	—	4,740	5,960	90	4,740	6,050	10,790	(142)	1900	2025
Shrewsbury, UK	—	10,121	10,422	89	10,121	10,511	20,632	(275)	1905	2025
Wellington, UK	—	3,579	10,715	—	3,579	10,715	14,294	(214)	1875	2025
Bridgnorth, UK	—	5,961	7,038	56	5,961	7,094	13,055	(160)	1850	2025
Shrewsbury, UK	—	1,899	9,161	71	1,899	9,232	11,131	(155)	1990	2025
Church Stretton, UK	—	2,804	4,569	—	2,804	4,569	7,373	(94)	1779	2025
Darlington, UK	—	820	2,477	—	820	2,477	3,297	(45)	1990	2025
Northamptonshire, UK	—	2,131	8,199	—	2,131	8,199	10,330	(95)	1986	2025
Scarborough, UK	—	634	2,600	—	634	2,600	3,234	(29)	2003	2025
Nuneaton, UK	—	1,222	4,676	—	1,222	4,676	5,898	(51)	2000	2025
North Tyneside, UK	—	840	7,340	—	840	7,340	8,180	(78)	1996	2025
Knottingley, UK	—	788	3,110	—	788	3,110	3,898	(34)	1995	2025

SCHEDULE III
REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2025
(dollars in thousands)

Jarrow, UK	—	906	3,313	—	906	3,313	4,219	(37)	2000	2025
Darlington UK	—	1,760	3,327	—	1,760	3,327	5,087	(44)	2004	2025
Bilston, UK	—	1,328	5,103	—	1,328	5,103	6,431	(33)	1995	2025
	—	308,084	920,781	13,996	307,406	914,371	1,221,777	(61,115)		
Senior Housing Managed:										
Kyle, TX	—	1,697	12,707	—	1,697	12,707	14,404	(32)	2013	2025
League City, TX	—	1,047	12,393	—	1,047	12,393	13,440	(27)	2013	2025
Manvel, TX	—	1,091	9,165	—	1,091	9,165	10,256	(21)	2014	2025
	—	3,835	34,265	—	3,835	34,265	38,100	(80)		
	—	\$ 634,758	\$ 3,343,167	\$ 133,505	\$ 632,466	\$ 3,457,879	\$ 4,090,345	\$ (467,180)		

(1) The aggregate cost of real estate for federal income tax purposes was \$4.1 billion.

SCHEDULE III
REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2025
(dollars in thousands)

	Year Ended December 31,		
	2025	2024	2023
Real estate:			
Balance at the beginning of the period	\$ 2,587,331	\$ 1,899,290	\$ 1,721,871
Acquisitions	1,559,055	793,733	233,876
Improvements	11,821	6,514	8,878
Impairment	—	(4,430)	(10,078)
Sales and/or transfers to assets held for sale, net	(67,862)	(107,776)	(55,257)
Balance at the end of the period	<u>\$ 4,090,345</u>	<u>\$ 2,587,331</u>	<u>\$ 1,899,290</u>
Accumulated depreciation:			
Balance at the beginning of the period	\$ (390,218)	\$ (350,732)	\$ (315,914)
Depreciation expense	(80,450)	(50,896)	(45,275)
Impairment	—	906	2,076
Sales and/or transfers to assets held for sale, net	3,488	10,504	8,381
Balance at the end of the period	<u>\$ (467,180)</u>	<u>\$ (390,218)</u>	<u>\$ (350,732)</u>

SCHEDULE IV
MORTGAGE LOANS ON REAL ESTATE
DECEMBER 31, 2025
(dollars in thousands)

Description	Contractual Interest Rate	Maturity Date	Periodic Payment Terms	Prior Liens	Principal Balance	Book Value	Carrying Amount of Loans Subject to Delinquent Principal or Interest
Mortgage Secured Loans:							
Multiple (21 SNF, 16 Senior housing)	8.4 %	2029	⁽³⁾	\$ —	\$ 260,000	\$ 267,950	N/A
North Carolina (7 SNF)	9.2 % ⁽²⁾	2029	⁽⁶⁾	—	174,000	182,562	N/A
West Virginia (18 SNF)	8.5 %	2028	⁽³⁾	507,500 ⁽⁴⁾	75,000	73,450	N/A
California (1 Senior housing)	9.3 %	2028	⁽³⁾	—	36,750	37,099	N/A
West Virginia (18 SNF)	9.7 %	2028	⁽³⁾	478,500 ⁽⁴⁾	29,000	29,239	N/A
Tennessee (2 SNF)	9.1 %	2031	⁽³⁾	—	26,675	27,174	N/A
California (1 SNF, 2 Senior housing)	9.0 %	2033	⁽³⁾	—	25,993	26,105	N/A
Washington (2 SNF)	8.5 %	2035	⁽³⁾	—	25,065	25,200	N/A
United Kingdom (1 Senior housing)	8.5 %	2026	⁽³⁾	—	20,888	21,728	N/A
Maryland (1 SNF)	9.6 % ⁽²⁾	2039	⁽³⁾	—	19,190	19,400	N/A
Florida (2 SNF)	9.0 %	2028	⁽³⁾	—	15,727	15,640	N/A
Washington (1 SNF)	8.5 %	2034	⁽³⁾	—	11,250	11,332	N/A
Colorado (1 SNF)	8.5 %	2034	⁽³⁾	—	9,800	10,336	N/A
California (1 Senior housing)	9.9 %	2026	⁽³⁾	—	6,300	6,386	N/A
California (4 SNF)	12.0 %	2026	⁽⁶⁾	38,330 ⁽⁵⁾	3,564	3,593	N/A
Florida (1 Senior housing)	9.0 %	2027	⁽³⁾	—	1,000	1,008	N/A
Mezzanine Loans:							
West Virginia (18 SNF)	11.0 %	2032	⁽³⁾	582,500 ⁽⁴⁾	25,000	23,575	N/A
Maryland (2 SNF)	13.2 % ⁽²⁾	2034	⁽³⁾	33,310 ⁽⁵⁾	11,511	11,740	N/A
Missouri (8 SNF, 2 Senior housing)	14.0 % ⁽²⁾	2027	⁽⁶⁾	100,200 ⁽⁵⁾	9,800	10,390	N/A
California (2 SNF)	11.5 %	2029	⁽³⁾	13,156 ⁽⁵⁾	7,365	7,438	N/A
Maryland (1 SNF)	12.5 %	2030	⁽³⁾	7,252 ⁽⁵⁾	3,300	3,332	N/A
				<u>\$ 1,760,748</u>	<u>\$ 797,178</u>	<u>\$ 814,677</u>	

(1) The aggregate cost for federal income tax purposes was \$797.2 million as of December 31, 2025.

(2) Interest rates are variable and represent the rate in effect as of December 31, 2025.

(3) Interest is due monthly, and principal is due at the maturity date.

(4) The secured term loan was structured with an “A” tranche, a “B” tranche, and a “C” tranche, with the “C” tranche being the most subordinate. The Company’s loans constituted the entirety of the “B” and “C” tranches. The Company also extended a mezzanine loan to the borrower group. Accordingly, the amounts of the prior liens at December 31, 2025 are estimated.

(5) The first mortgage loans on these properties are not held by the Company. Accordingly, the amounts of the prior liens at December 31, 2025 are estimated.

(6) Interest is due monthly, and principal begins amortizing during the term of the loan.

SCHEDULE IV
MORTGAGE LOANS ON REAL ESTATE
DECEMBER 31, 2025
(dollars in thousands)

Changes in mortgage secured and mezzanine loans are summarized as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Balance at beginning of period	\$ 741,004	\$ 178,568	\$ 156,368
Additions during period:			
New mortgage and mezzanine loans	131,213	555,203	53,834
Interest income added to principal	647	2,600	388
Total additions	131,860	557,803	54,222
Deductions during period:			
Paydowns/Repayments	(73,901)	(4,412)	(25,537)
Unrealized gain (loss), net	16,181	9,045	(6,485)
Amortized fees	(117)	—	—
Total deductions	(57,837)	4,633	(32,022)
Change in balance due to foreign currency translation	(350)	—	—
Balance at end of period	<u>\$ 814,677</u>	<u>\$ 741,004</u>	<u>\$ 178,568</u>

DESCRIPTION OF CAPITAL STOCK OF CARETRUST REIT, INC.

References to “we,” “us” and “our” in this section refer to CareTrust REIT, Inc.

The following description summarizes the material provisions of the common stock and preferred stock we may offer, as well as certain provisions of Maryland law and of our charter and bylaws. These descriptions are subject to, and qualified in their entirety by, our charter and our bylaws and applicable provisions of the Maryland General Corporation Law the (“MGCL”). You are encouraged to read the full text of our charter and bylaws, copies of which are filed as exhibits to our Annual Report on Form 10-K for the year ended December 31, 2025 filed with the Securities and Exchange Commission (“SEC”). Any series of preferred stock we issue will be governed by our charter and by the articles supplementary related to that series.

General

Our authorized stock consists of 500,000,000 shares of common stock, par value \$0.01 per share, and 100,000,000 shares of preferred stock, par value \$0.01 per share. As of February 11, 2026, 223,404,715 shares of our common stock were issued and outstanding and no shares of our preferred stock were outstanding. All the outstanding shares of our common stock are fully paid and nonassessable.

Common Stock

All shares of our common stock are duly authorized, fully paid and nonassessable. Subject to the preferential rights of any other class or series of our stock and the provisions of our charter that will restrict transfer and ownership of stock, the holders of shares of our common stock generally are entitled to receive dividends on such stock out of assets legally available for distribution to the stockholders when, as and if authorized by our board of directors and declared by us. The holders of shares of our common stock are also entitled to share ratably in our net assets legally available for distribution to stockholders in the event of our liquidation, dissolution or winding up, after payment of or adequate provision for all known debts and liabilities, including any preferential rights upon liquidation, dissolution, or winding up of any class or series of our stock then outstanding.

Subject to the rights of any other class or series of our stock and the provisions of our charter that restrict transfer and ownership of stock, each outstanding share of our common stock entitles the holder to one vote on all matters submitted to a vote of the stockholders, including the election of directors. Under our charter, there is no cumulative voting in the election of directors.

Holders of shares of our common stock generally have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and have no preemptive rights to subscribe for any of our securities. Subject to the provisions of our charter that restrict transfer and ownership of stock, all shares of our common stock have equal dividend, liquidation and other rights.

Preferred Stock

Under our charter, our board of directors may from time to time establish and cause us to issue one or more classes or series of preferred stock and set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications, or terms or conditions of redemption of such classes or series. Accordingly, our board of directors, without stockholder approval, may issue preferred stock with voting, conversion or other rights that could adversely affect the voting power and other rights of the holders of common stock. Preferred stock could be issued quickly with terms calculated to delay or prevent a change of control

or make removal of management more difficult. Additionally, the issuance of preferred stock may have the effect of decreasing the market price of our common stock, may adversely affect the voting and other rights of the holders of our common stock, and could have the effect of delaying, deferring or preventing a change of control of our company or other corporate action. Preferred stock, upon issuance against full payment of the purchase price therefor, will be fully paid and nonassessable.

Power to Reclassify Our Unissued Shares

Our board of directors has the power, without stockholder approval, to amend our charter to increase or decrease the aggregate number of authorized shares of stock or the number of authorized shares of stock of any class or series, to authorize us to issue additional authorized but unissued shares of common stock or preferred stock and to classify and reclassify any unissued shares of our common stock or preferred stock into other classes or series of stock, including one or more classes or series of common stock or preferred stock that have priority with respect to voting rights, dividends or upon liquidation over shares of our common stock. Prior to the issuance of shares of each new class or series, our board of directors is required by the MGCL and our charter to set, subject to the provisions of our charter regarding restrictions on transfer and ownership of stock, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption for each class or series of stock.

Restrictions on Transfer and Ownership of CareTrust REIT Stock

In order for us to qualify as a real estate investment trust (“REIT”) under the Internal Revenue Code of 1986, as amended (the “Code”), our stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than our first taxable year as a REIT) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the outstanding shares of our stock may be owned, beneficially or constructively, by five or fewer individuals (as defined in the Code to include certain entities such as qualified pension plans and private foundations) during the last half of a taxable year (other than our first taxable year as a REIT). In addition, rent from related party tenants (generally, a tenant of a REIT owned, beneficially or constructively, 10% or more by the REIT, or a 10% owner of the REIT) is not qualifying income for purposes of the gross income tests under the Code.

Our charter contains restrictions on the transfer and ownership of our stock. The relevant sections of our charter provide that, subject to the exceptions described below, no person or entity may beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of our common stock, or more than 9.8% in value of the outstanding shares of all classes or series of our stock. These limits are collectively referred to herein as the “ownership limits.” The constructive ownership rules under the Code are complex and may cause stock owned beneficially or constructively by a group of related individuals or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% of our outstanding common stock or less than 9.8% of our outstanding capital stock, or the acquisition of an interest in an entity that beneficially or constructively owns our stock, could, nevertheless, cause the acquiror, or another individual or entity, to own constructively shares of our outstanding stock in excess of the ownership limits.

Upon receipt of certain representations and agreements and in its sole and absolute discretion, our board of directors will be able to, prospectively or retroactively, exempt a person from the ownership limits or establish a different limit on ownership, or an excepted holder limit, for a particular stockholder if the stockholder’s ownership

in excess of the ownership limits would not result in us being “closely held” under Section 856(h) of the Code or otherwise failing to qualify as a REIT. As a condition of granting a waiver of the ownership limits or creating an excepted holder limit, our board of directors will be able to, but is not required to, require an Internal Revenue Service (“IRS”) ruling or opinion of counsel satisfactory to our board of directors (in its sole discretion) as it may deem necessary or advisable to determine or ensure our status as a REIT.

Our board of directors will also be able to, from time to time, increase or decrease the ownership limits unless, after giving effect to the increased or decreased ownership limits, five or fewer persons could beneficially own or constructively own, in the aggregate, more than 49.9% in value of our outstanding stock or we would otherwise fail to qualify as a REIT. Decreased ownership limits will not apply to any person or entity whose ownership of our stock is in excess of the decreased ownership limits until the person or entity’s ownership of our stock equals or falls below the decreased ownership limits, but any further acquisition of our stock will be in violation of the decreased ownership limits.

Our charter also prohibits:

- any person from beneficially or constructively owning shares of our stock to the extent such beneficial or constructive ownership would result in us being “closely held” under Section 856(h) of the Code or otherwise cause us to fail to qualify as a REIT;
- any person from transferring shares of our stock if the transfer would result in shares of our stock being beneficially owned by fewer than 100 persons;
- any person from beneficially owning or constructively owning shares of our stock to the extent such ownership would result in us failing to qualify as a “domestically controlled qualified investment entity,” within the meaning of Section 897(h) of the Code;
- any person from beneficially or constructively owning shares of our stock to the extent such beneficial or constructive ownership would cause us to own, beneficially or constructively, 9.9% or more of the ownership
- interests in a tenant (other than a “taxable REIT subsidiary” of ours (as such term is defined in Section 856(l) of the Code)) of our real property within the meaning of Section 856(d)(2)(B) of the Code; and
- any person from beneficially or constructively owning shares of our stock to the extent such beneficial or constructive ownership would cause any “eligible independent contractor” that operates a “qualified health care property” on behalf of a “taxable REIT subsidiary” of ours (as such terms are defined in Sections 856(d)(9)(A), 856(e)(6)(D)(i) and 856(l) of the Code, respectively) to fail to qualify as such.

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of shares of our stock that will or may violate the ownership limits, or any of the other restrictions on transfer and ownership of our stock, and any person who is the intended transferee of shares of our stock that are transferred to the charitable trust described below, will be required to give immediate written notice and, in the case of a proposed or attempted transaction, at least 15 days’ prior written notice, to us and provide us with such other information as we may request in order to determine the effect of the transfer on our status as a REIT. The provisions of our charter

regarding restrictions on transfer and ownership of our stock will not apply if our board of directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT.

Any attempted transfer of our stock which, if effective, would result in our stock being beneficially owned by fewer than 100 persons will be null and void and the proposed transferee will acquire no rights in such shares of our stock. Any attempted transfer of our stock which, if effective, would violate any of the other restrictions described above will cause the number of shares causing the violation (rounded up to the nearest whole share) to be automatically transferred to a trust for the exclusive benefit of one or more charitable beneficiaries, and the proposed transferee will not acquire any rights in the shares. The trustee of the trust will be appointed by us and will be unaffiliated with us and any proposed transferee of the shares. The automatic transfer will be effective as of the close of business on the business day prior to the date of the violative transfer or other event that results in a transfer to the trust. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent violation of the applicable restrictions on transfer and ownership of our stock, then the transfer of the shares will be null and void and the proposed transferee will acquire no rights in such shares.

Shares of our stock held in trust will continue to be issued and outstanding shares. The proposed transferee will not benefit economically from ownership of any shares of our stock held in the trust, and will have no rights to dividends and no rights to vote or other rights attributable to the shares of stock held in the trust. The trustee of the trust will exercise all voting rights and receive all dividends and other distributions with respect to shares held in the trust for the exclusive benefit of the charitable beneficiary of the trust. Any dividend or other distribution paid prior to our discovery that shares have been transferred to a trust as described above must be repaid by the recipient to the trustee upon demand. Subject to Maryland law, effective as of the date that the shares have been transferred to the trust, the trustee will have the authority, at the trustee's sole discretion, to rescind as void any vote cast by a proposed transferee prior to our discovery that the shares have been transferred to the trust and to recast the vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary of the trust. However, if we have already taken irreversible corporate action, then the trustee may not rescind and recast the vote.

If our board of directors or a committee thereof determines in good faith that a proposed transfer or other event has taken place that violates the restrictions on transfer and ownership of our stock set forth in our charter, our board of directors or such committee may take such action as it deems advisable to refuse to give effect to or to prevent such transfer, including, but not limited to, causing us to redeem shares of stock, refusing to give effect to the transfer on our books or instituting proceedings to enjoin the transfer, provided that any transfer or other event in violation of the above restrictions shall automatically result in the transfer to the trust described above, and, where applicable, such transfer or other event shall be null and void as provided above irrespective of any action or non-action by our board of directors or any committee or designee thereof.

Shares of our stock transferred to the trustee will be deemed offered for sale to us, or our designee, at a price per share equal to the lesser of (1) the price paid per share in the transaction that resulted in such transfer to the charitable trust (or, in the case of a devise or gift, the market price of such stock at the time of such devise or gift) and (2) the market price of such stock on the date we accept, or our designee accepts, such offer. We may reduce the amount so payable to the proposed transferee by the amount of any dividend or other distribution that we made to the proposed transferee before we discovered that the shares had been automatically transferred to the trust and that are then owed by the proposed transferee to the trustee as described above, and we may pay the amount of any such reduction to the trustee for distribution to the charitable beneficiary. We will have the right to accept such offer until the trustee has sold the shares held in the charitable trust, as discussed below. Upon a sale to us, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will be required to distribute the net proceeds

of the sale to the proposed transferee, and any distributions held by the trustee with respect to such shares shall be paid to the charitable beneficiary.

If we do not buy the shares, the trustee will be required, within 20 days of receiving notice from us of a transfer of shares to the trust, to sell the shares to a person or entity designated by the trustee who could own the shares without violating the ownership limits, or the other restrictions on transfer and ownership of our stock. After selling the shares, the interest of the charitable beneficiary in the shares transferred to the trust will terminate and the trustee will be required to distribute to the proposed transferee an amount equal to the lesser of (1) the price paid by the proposed transferee for the shares or, if the proposed transferee did not give value for the shares in connection with the event causing the shares to be held by the trust (*e.g.*, in the case of a gift, devise or other such transaction), the market price of such stock on the day of the event causing the shares to be held by the trust and (2) the sales proceeds (net of any commissions and other expenses of sale) received by the trustee from the sale or other disposition of the shares. The trustee may reduce the amount payable to the proposed transferee by the amount of any dividends or other distributions that we paid to the proposed transferee before we discovered that the shares had been automatically transferred to the trust and that are then owed by the proposed transferee to the trustee as described above. Any net sales proceeds in excess of the amount payable to the proposed transferee will be paid immediately to the charitable beneficiary, together with any distributions thereon. If the proposed transferee sells such shares prior to the discovery that such shares have been transferred to the trustee, then (a) such shares shall be deemed to have been sold on behalf of the trust and (b) to the extent that the proposed transferee received an amount for such shares that exceeds the amount that such proposed transferee was entitled to receive pursuant to this paragraph, such excess shall be paid to the trustee upon demand. The proposed transferee will have no rights in the shares held by the trustee.

Any certificates representing shares of our stock will bear a legend referring to the restrictions on transfer and ownership described above.

Every owner of 5% or more (or such lower percentage as required by the Code or the regulations promulgated thereunder) of our stock, within 30 days after the end of each taxable year, will be required to give us written notice stating the person's name and address, the number of shares of each class and series of our stock that the person beneficially owns, a description of the manner in which the shares are held and any additional information that we request in order to determine the effect, if any, of the person's beneficial ownership on our status as a REIT and to ensure compliance with the ownership limits. In addition, any beneficial owner or constructive owner of shares of our stock and any person or entity (including the stockholder of record) who holds shares of our stock for a beneficial owner or constructive owner will be required to, on request, disclose to us in writing such information as we may request in order to determine the effect, if any, of the stockholder's beneficial and constructive ownership of our stock on our status as a REIT and to comply, or determine our compliance with, the requirements of any governmental or taxing authority.

The restrictions on transfer and ownership described above could have the effect of delaying, deferring or preventing a change of control in which holders of shares of our stock might receive a premium for their shares over the then prevailing price.

Certain Provisions of Maryland Law and of Our Charter and Bylaws

Amendments to Our Charter and Bylaws and Approval of Extraordinary Actions

Under Maryland law, a Maryland corporation generally cannot amend its charter, merge, consolidate, sell all or substantially all of its assets, engage in a statutory share exchange or dissolve unless the action is advised by the board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these actions by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter provides that the affirmative vote of at least a majority of the votes entitled to be cast on the matter is required to approve all charter amendments or extraordinary actions. However, Maryland law permits a Maryland corporation to transfer all or substantially all of its assets without the approval of the stockholders of the corporation to one or more persons if all of the equity interests of the person or persons are owned, directly or indirectly, by the corporation. Notwithstanding the foregoing, stockholder approval is not required for a transfer of assets constituting collateral if the secured party exercises its rights under applicable law to effect the transfer without our consent, or if our board of directors authorizes an alternative transaction with a secured party that reduces or eliminates secured liabilities in an amount at least equal to the value of the assets transferred.

Our bylaws may be adopted, altered or repealed, in whole or in part, or new bylaws may be adopted by (i) our board of directors or (ii) our stockholders with the affirmative vote of a majority of the votes entitled to be cast on the matter by stockholders entitled to vote generally in the election of directors.

Election and Removal of Directors; Vacancies on Our Board of Directors

Our bylaws require, in uncontested elections, that each director be elected by the majority of votes cast with respect to such director. This means that the number of shares voted “for” a director nominee must exceed the number of shares affirmatively voted “against” the nominee in order for that nominee to be elected. If an incumbent director fails to receive a majority of the votes cast in an uncontested election, such incumbent director shall promptly tender his or her resignation for consideration by the nominating and corporate governance committee. The nominating and corporate governance committee will then promptly consider any such tendered resignation and will make a recommendation to the board of directors as to whether such tendered resignation should be accepted, rejected, or whether other action should be taken. The board of directors, within 90 days after the date on which certification of the stockholder vote on the election of directors is made, will publicly disclose its decision and rationale regarding whether to accept, reject or take other action with respect to the tendered resignation in a press release, a periodic or current report filed with the SEC or by other public announcement. The nominating and corporate governance committee and the board of directors may consider any factors they deem relevant in deciding whether to accept, reject or take other action with respect to any such tendered resignation. A plurality voting standard will continue to apply in the event of a contested election.

In addition, our charter provides that, subject to the rights of holders of any class or series of preferred stock separately entitled to elect one or more directors, a director (or the entire board of directors) may be removed only with “cause” (as defined in our charter), by the affirmative vote of two-thirds of the combined voting power of all classes of stock entitled to vote in the election of directors, voting as a single class. We have elected to be subject to certain provisions of the MGCL, as a result of which our board of directors has the exclusive power to fill vacancies on the board of directors.

Business Combinations

Under the MGCL, “business combinations” between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the corporation’s outstanding voting stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which such person otherwise would have become an interested stockholder. However, in approving a transaction, a board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board of directors.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder, voting together as a single class.

These supermajority vote requirements do not apply if the corporation’s common stockholders receive a minimum price, as defined under the MGCL, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares. The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder.

Our board of directors has not opted out of the business combination provisions of the MGCL and, consequently, the five-year prohibition and the supermajority vote requirements apply to business combinations between us and any interested stockholder of ours. However, our board of directors may elect to opt out of the business combination provisions by resolution at any time in the future.

Control Share Acquisitions

Maryland law provides that issued and outstanding shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers, or by employees who are directors of the

corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock that, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to, directly or indirectly, exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- more than 50%.

A person who has made or proposes to make a control share acquisition may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction or waiver of certain conditions, including an undertaking to pay the expenses of the special meeting. If no request for a special meeting is made, the corporation may itself present the question at any stockholder meeting.

If voting rights are not approved at the special meeting or if the acquiror does not deliver an acquiring person statement as required by the statute, then the corporation may, subject to certain conditions and limitations, redeem for fair value any or all of the control shares, except those for which voting rights have previously been approved. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of the shares are considered and not approved. If voting rights for control shares are approved at a stockholder meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute does not apply to (1) shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction, or (2) acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision that exempts from the MGCL's control share acquisition statute any and all acquisitions by any person of shares of our stock. However, there can be no assurance that this provision will not be amended or eliminated, in whole or in part, at any time in the future.

Subtitle 8

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or by a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of five provisions:

- a classified board;
- a two-thirds vote requirement for removing a director;
- a requirement that the number of directors be fixed only by vote of the directors;
- a requirement that a vacancy on the board be filled only by the affirmative vote of a majority of the remaining directors in office and such director shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred and until a successor is elected and qualified; and
- a majority requirement for the calling of a special meeting of stockholders.

We amended our charter to reflect that we have elected to be subject to the provisions of Subtitle 8 that vests in our board of directors the exclusive power to fix the number of directors and requires that vacancies on the board may be filled only by the remaining directors and for the remainder of the full term of the directors in which the vacancy occurred.

In addition, our board of directors and stockholders approved amendments to our charter to declassify the board of directors and phase in the annual election of directors beginning at the 2018 annual meeting of stockholders. Accordingly, all directors are now elected annually for a one-year term and will hold office until their respective successors are duly elected and qualified or until their earlier resignation or removal.

Special Meetings of the Stockholders

Our bylaws provide that the chair of the board of directors, the chief executive officer, the president or the board of directors has the power to call a special meeting of stockholders. A special meeting of our stockholders to act on any matter that may properly be brought before a meeting of stockholders will also be called by the secretary upon the written request of stockholders entitled to cast not less than twenty-five percent (25%) of all the votes entitled to be cast on such matter at the meeting and containing the information required by our bylaws. The secretary is required to inform the requesting stockholders of the reasonably estimated cost of preparing and mailing the notice of meeting (including its proxy materials), and the requesting stockholder is required to pay such estimated cost to the secretary prior to the preparation and mailing of any notice for such special meeting.

Transactions Outside the Ordinary Course of Business

Under the MGCL, a Maryland corporation generally may not dissolve, merge or consolidate with another entity, sell all or substantially all of its assets or engage in a statutory share exchange unless the action is declared advisable by the board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter, unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is specified in the corporation's charter. Our charter provides that these actions must be approved by a majority of all of the votes entitled to be cast on the matter.

Dissolution of Our Company

The dissolution of our company must be declared advisable by a majority of our entire board of directors and approved by the affirmative vote of the holders of a majority of all of the votes entitled to be cast on the matter.

Advance Notice of Director Nomination and New Business

Our bylaws provide that, at any annual meeting of stockholders, nominations of individuals for election to the board of directors and proposals of business to be considered by stockholders may generally be made only (1) pursuant to our notice of the meeting (or any supplement thereto), (2) by or at the direction of the board of directors or (3) by a stockholder who (i) was a stockholder of record both at the time of giving of notice by the stockholder and at the time of the annual meeting, (ii) is entitled to vote at the meeting in the election of directors or on any such other proposed business (and any postponement or adjournment thereof) and (iii) has complied with the advance notice procedures of our bylaws. The stockholder must provide notice to our secretary not earlier than the 150th day and not later than 5:00 p.m., Eastern Time on the 120th day prior to the first anniversary of the date of our proxy statement for the solicitation of proxies for the election of directors at the preceding year's annual meeting.

Only the business specified in our notice of meeting may be brought before any special meeting of stockholders. Our bylaws provide that nominations of individuals for election to our board of directors at a special meeting of stockholders may be made only (1) by or at the direction of our board of directors or (2) if the special meeting has been called for the purpose of electing directors, by any stockholder who (i) was a stockholder of record both at the time of giving of notice by the stockholders and at the time of the meeting, (ii) is entitled to vote at the meeting in the election of each individual so nominated, and (iii) has complied with the advance notice provisions set forth in our bylaws. Such stockholder will be entitled to nominate one or more individuals, as the case may be, for election as a director if the stockholder's notice, containing the information and certifications required by our bylaws, is delivered to our secretary not earlier than the 120th day prior to such special meeting and not later than 5:00 p.m., Eastern Time, on the later of (i) the 90th day prior to such special meeting or (ii) the tenth day following the day on which public announcement is first made of the date of the special meeting.

The purpose of requiring stockholders to give advance notice of nominations and other proposals is to afford our board of directors the opportunity to consider the qualifications of the proposed nominees or the advisability of the other proposals and, to the extent considered necessary by our board of directors, to inform stockholders and make recommendations regarding such nominations or other proposals. The advance notice procedures also permit a more orderly procedure for conducting stockholder meetings.

Choice of Forum

Our bylaws provide that, unless we consent in writing to the selection of an alternate forum, the Circuit Court for Baltimore City, Maryland (the "Court") shall be the sole and exclusive forum for (i) any derivative action brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the MGCL, or (iv) any action asserting a claim governed by the internal affairs doctrine, and any record or beneficial stockholder of CareTrust REIT who commences such an action shall cooperate in a request that the action be assigned to the Court's Business & Technology Case Management Program. This exclusive forum provision is intended to apply to claims arising under the MGCL and would not apply to claims brought pursuant to the Exchange Act or Securities Act, or any other claim for which the federal courts have exclusive jurisdiction. The exclusive forum provision in our bylaws will not relieve us of our duties to comply with the federal securities laws and the rules and regulations thereunder, and our stockholders will not be deemed to have waived our compliance with these laws, rules and regulations.

Effect of Certain Provisions of Our Charter and Bylaws and of Maryland Law

The restrictions on transfer and ownership of our stock contained in our charter prohibit any person from acquiring more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of our common stock, or more than 9.8% in value of the outstanding shares of all classes or series of our stock, without the prior consent of our board of directors. In addition, the MGCL's business combination statute may discourage others from trying to acquire more than 10% of our stock without the advance approval of our board of directors, and may substantially delay or increase the difficulty of consummating any transaction with or change in control of us. Because our board of directors is able to approve exceptions to the ownership limits and exempt transactions from the MGCL's business combination statute, the ownership limits and the business combination statute will not interfere with a merger or other business combination approved by our board of directors. The power of our board of directors to classify and reclassify unissued common stock or preferred stock, and authorize the issuance of classified or reclassified shares, could also have the effect of delaying, deferring or preventing a change in control or other transaction.

In addition, our charter and bylaws do not provide for cumulative voting. Our bylaws require, in uncontested elections, that each director be elected by the majority of votes cast with respect to such director. This means that the number of shares voted "for" a director nominee must exceed the number of shares affirmatively voted "against" the nominee in order for that nominee to be elected. A plurality voting standard will continue to apply in the event of a contested election. If an incumbent director fails to receive a majority of the votes cast in an uncontested election, such incumbent director shall promptly tender his or her resignation for consideration by the nominating and corporate governance committee. See above under "Election and Removal of Directors; Vacancies on Our Board of Directors" for additional information on the consideration of such resignation by the nominating and corporate governance committee and the board of directors.

The provisions described above, along with other provisions of the MGCL and our charter and bylaws discussed above, including provisions relating to the election and removal of directors and the filling of vacancies, the supermajority vote that is required to amend certain provisions of our charter, the advance notice provisions and the procedures that stockholders are required to follow to request a special meeting, alone or in combination, could have the effect of delaying, deferring or preventing a proxy contest, tender offer, merger or other change in control of us that might involve a premium price for shares of our common stockholders or otherwise be in the best interest of our stockholders, and could increase the difficulty of consummating any offer.

Indemnification of Directors and Executive Officers

Maryland law permits a Maryland corporation to include in its charter a provision that limits the liability of its directors and officers to the corporation and its stockholders for money damages, except for liability resulting from (i) actual receipt of an improper benefit or profit in money, property or services or (ii) active or deliberate dishonesty that is established by a final judgment and that is material to the cause of action. Our charter contains a provision that limits, to the maximum extent permitted by Maryland statutory or decisional law, the liability of our directors and officers to us and our stockholders for money damages.

Maryland law requires a Maryland corporation (unless otherwise provided in its charter, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made or threatened to be made a party by reason of his or her service in that capacity. Maryland law permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in

connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in that capacity unless it is established that:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

Under the MGCL, we may not indemnify a director or officer in a suit by us or in our right in which the director or officer was adjudged liable to us or in a suit in which the director or officer was adjudged liable on the basis that personal benefit was improperly received. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that personal benefit was improperly received. However, indemnification for an adverse judgment in a suit by the corporation or in its right, or for a judgment of liability on the basis that personal benefit was improperly received, will be limited to expenses.

In addition, Maryland law permits a Maryland corporation to advance reasonable expenses to a director or officer upon receipt of (i) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification and (ii) a written undertaking by him or her, or on his or her behalf, to repay the amount paid or reimbursed if it is ultimately determined that the standard of conduct was not met.

Our bylaws require, to the maximum extent permitted by Maryland law, that we indemnify and pay or reimburse the reasonable costs, fees and expenses (including attorney's costs, fees and expenses) in advance of the final disposition of a proceeding of (i) any present or former director or officer and (ii) any individual who, while a director or officer and, at our request, serves or has served another corporation, REIT, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner, trustee, member or manager, in each case, who was or is made or threatened to be made a party to any pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative proceeding may incur by reason of his or her service in any of the foregoing capacities.

In addition, our bylaws permit us, with the approval of our board of directors, to provide such indemnification and payment or reimbursement of expenses in advance to any individual who served a predecessor of ours in any of the capacities described in the paragraph above and to any employee or agent of ours or a predecessor of ours.

We have entered into indemnification agreements with each of our executive officers and directors providing for the indemnification of, and advancement of expenses to, each such person in connection with claims, suits or proceedings arising as a result of such person's service as an officer or director of ours. We also maintain insurance on behalf of our directors and officers, insuring them against liabilities that they may incur in such capacities or arising from this status.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Broadridge Corporate Issuer Solutions, Inc.

Listing

Our common stock is listed on The New York Stock Exchange under the symbol “CTRE.”

SECOND AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
CTR PARTNERSHIP, L.P.

a Delaware limited partnership

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION, UNLESS THE TRANSFEROR DELIVERS TO THE PARTNERSHIP AN OPINION OF COUNSEL SATISFACTORY TO THE PARTNERSHIP, TO THE EFFECT THAT THE PROPOSED SALE, TRANSFER OR OTHER DISPOSITION MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES OR “BLUE SKY” LAWS.

dated as of December 11, 2025

TABLE OF CONTENTS

Page

Article 1 DEFINED TERMS	1	
Article 2 ORGANIZATIONAL MATTERS		16
Section 2.1 Formation	16	
Section 2.2 Name	16	
Section 2.3 Principal Office and Resident Agent		16
Section 2.4 Power of Attorney	16	
Section 2.5 Term	17	
Article 3 PURPOSE	17	
Section 3.1 Purpose and Business	17	
Section 3.2 Powers	17	
Section 3.3 Partnership Only for Purposes Specified		18
Section 3.4 Representations and Warranties by the Partners		18
Article 4 CAPITAL CONTRIBUTIONS	20	
Section 4.1 Capital Contributions of the Partners	20	
Section 4.2 Issuances of Additional Partnership Interests		20
Section 4.3 Additional Funds and Capital Contributions		21
Section 4.4 Incentive Equity	22	
Section 4.5 Dividend Reinvestment Plan, Stock Incentive Plan or Other Plan		24
Section 4.6 No Interest; No Return	24	
Section 4.7 Conversion or Redemption of Capital Shares; Redemption of REIT Shares		24
Section 4.8 Other Contribution Provisions	25	
Section 4.9 Excluded Properties	25	
Article 5 DISTRIBUTIONS	25	
Section 5.1 Requirement and Characterization of Distributions		25
Section 5.2 Distributions in Kind	26	
Section 5.3 Amounts Withheld	26	
Section 5.4 Distributions upon Liquidation	26	
Section 5.5 Distributions to Reflect Additional Partnership Units		26
Section 5.6 Restricted Distributions	26	
Article 6 ALLOCATIONS	26	
Section 6.1 General Allocations	26	
Section 6.2 Additional Allocation Provisions		27
Section 6.3 Tax Allocations	30	
Article 7 MANAGEMENT AND OPERATIONS OF BUSINESS		30
Section 7.1 Management	30	
Section 7.2 Certificate of Limited Partnership	31	
Section 7.3 Reimbursement of the General Partner and the Special Limited Partner		31
Section 7.4 Outside Activities of the General Partner and the Special Limited Partner		32
Section 7.5 Transactions with Affiliates	32	
Section 7.6 Indemnification	33	
Section 7.7 Liability of the General Partner		34
Section 7.8 Title to Partnership Assets	36	
Section 7.9 Reliance by Third Parties	36	

Article 8 RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS	37
Section 8.1 Limitation of Liability	37
Section 8.2 Management of Business	37
Section 8.3 Outside Activities of Limited Partners	37
Section 8.4 Return of Capital	37
Section 8.5 Rights of Limited Partners Relating to the Partnership	37
Section 8.6 Partnership Right to Call Partnership Interests	38
Section 8.7 No Rights as Objecting Partner	38
Section 8.8 No Right to Certificate Evidencing Units; Article 8 Securities	38
Article 9 BOOKS, RECORDS, ACCOUNTING AND REPORTS	38
Section 9.1 Records and Accounting	38
Section 9.2 Partnership Year	39
Article 10 TAX MATTERS	39
Section 10.1 Preparation of Tax Returns	39
Section 10.2 Tax Elections	39
Section 10.3 Partnership Representative	39
Section 10.4 Withholding	40
Section 10.5 Organizational Expenses	41
Article 11 PARTNER TRANSFERS AND WITHDRAWALS	41
Section 11.1 Transfer	41
Section 11.2 Transfer of General Partner's Partnership Interest	41
Section 11.3 Limited Partners' Rights to Transfer	41
Section 11.4 Substituted Limited Partners	42
Section 11.5 Assignees	43
Section 11.6 General Provisions	43
Section 11.7 Restrictions on Termination Transactions	45
Article 12 ADMISSION OF PARTNERS	45
Section 12.1 Admission of Successor General Partner	45
Section 12.2 Admission of Additional Limited Partners	46
Section 12.3 Amendment of Agreement and Certificate of Limited Partnership	46
Section 12.4 Limit on Number of Partners	46
Section 12.5 Admission	47
Article 13 DISSOLUTION, LIQUIDATION AND TERMINATION	47
Section 13.1 Dissolution	47
Section 13.2 Winding Up	47
Section 13.3 Deemed Contribution and Distribution	48
Section 13.4 Rights of Holders	49
Section 13.5 Notice of Dissolution	49
Section 13.6 Cancellation of Certificate of Limited Partnership	49
Section 13.7 Reasonable Time for Winding-Up	49
Article 14 PROCEDURES FOR ACTIONS AND CONSENTS OF PARTNERS; AMENDMENTS; MEETINGS	49
Section 14.1 Actions and Consents of Partners	49
Section 14.2 Amendments	49
Section 14.3 Procedures for Meetings and Actions of the Partners	50
Article 15 REDEMPTIONS	51
Section 15.1 Redemption Rights of Qualifying Parties	51

Article 16 GENERAL PROVISIONS	53	
Section 16.1 Addresses and Notice	53	
Section 16.2 Titles and Captions	54	
Section 16.3 Pronouns and Plurals	54	
Section 16.4 Further Action	54	
Section 16.5 Binding Effect	54	
Section 16.6 Waiver	54	
Section 16.7 Counterparts	54	
Section 16.8 Applicable Law; Consent to Jurisdiction; Jury Trial		54
Section 16.9 Entire Agreement	55	
Section 16.10 Invalidity of Provisions	55	
Section 16.11 Limitation to Preserve REIT Status		55
Section 16.12 No Partition	56	
Section 16.13 No Third-Party Rights Created Hereby		56
Section 16.14 No Rights as Stockholders	56	

Exhibit A EXAMPLES REGARDING ADJUSTMENT FACTOR A-1

Exhibit B NOTICE OF REDEMPTION B-1

Exhibit C PARTNERSHIP UNIT DESIGNATION OF THE LTIP UNITS C-1

**SECOND AMENDED AND RESTATED AGREEMENT OF
LIMITED PARTNERSHIP OF
CTR PARTNERSHIP, L.P.**

THIS SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF CTR PARTNERSHIP, L.P., dated as of November __, 2025, is entered into by and among CareTrust GP, LLC, a Delaware limited liability company (the “Initial General Partner”), CareTrust REIT, Inc., a Maryland corporation (the “Special Limited Partner”), and any additional Partner that is admitted from time to time to the Partnership.

WHEREAS, a Certificate of Limited Partnership of the Partnership was filed in the office of the Secretary of State of the State of Delaware on May 8, 2014 (the “Formation Date”);

WHEREAS, the Initial General Partner and the Special Limited Partner entered into an original Agreement of Limited Partnership of the Partnership effective as of May 8, 2014 (the “Initial Partnership Agreement”);

WHEREAS, the Initial General Partner and the Special Limited Partner amended and restated the Initial Partnership Agreement effective as of May 30, 2014 (the “A&R Partnership Agreement”); and

WHEREAS, the Initial General Partner and the Special Limited Partner now desire to amend and restate the A&R Partnership Agreement to read in its entirety as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1

DEFINED TERMS

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement:

“Act” means the Delaware Revised Uniform Limited Partnership Act, 6 Del. C. § 17-101 *et. seq.*, as it may be amended from time to time, and any successor to such statute.

“Actions” has the meaning set forth in Section 7.7 hereof.

“Additional Funds” has the meaning set forth in Section 4.3.A hereof.

“Additional Limited Partner” means a Person who is admitted to the Partnership as a Limited Partner pursuant to the Act and Section 12.2 hereof, who is shown as such on the books and records of the Partnership, and who has not ceased to be a Limited Partner pursuant to the Act and this Agreement.

“Adjusted Available Cash” means, as of any date of determination, the sum of Available Cash and REIT Available Cash.

“Adjusted Capital Account Deficit” means, with respect to any Partner, the deficit balance, if any, in such Partner’s Capital Account as of the end of the relevant Partnership Year or other applicable period, after giving effect to the following adjustments:

- (i) decrease such deficit by any amounts that such Partner is obligated to restore pursuant to this Agreement or by operation of law upon liquidation of such Partner’s Partnership Interest or that such Partner is deemed to be obligated to restore pursuant to the penultimate sentence of each of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

- (ii) increase such deficit by the items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

The foregoing definition of “Adjusted Capital Account Deficit” is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

“Adjustment Factor” means 1.0; provided, however, that in the event that:

(i) the Special Limited Partner (a) declares or pays a dividend on its outstanding REIT Shares wholly or partly in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares wholly or partly in REIT Shares, (b) splits or subdivides its outstanding REIT Shares or (c) effects a reverse stock split or otherwise combines its outstanding REIT Shares into a smaller number of REIT Shares, the Adjustment Factor shall be adjusted by multiplying the Adjustment Factor previously in effect by a fraction, (i) the numerator of which shall be the number of REIT Shares issued and outstanding on the record date for such dividend, distribution, split, subdivision, reverse split or combination (assuming for such purposes that such dividend, distribution, split, subdivision, reverse split or combination has occurred as of such time) and (ii) the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on the record date for such dividend, distribution, split, subdivision, reverse split or combination;

(ii) the Special Limited Partner distributes any rights, options or warrants to all holders of its REIT Shares to subscribe for or to purchase or to otherwise acquire REIT Shares, or other securities or rights convertible into, exchangeable for or exercisable for REIT Shares (other than REIT Shares issuable pursuant to a Qualified DRIP), at a price per share less than the Value of a REIT Share on the record date for such distribution (each a “Distributed Right”), then, as of the distribution date of such Distributed Rights or, if later, the time such Distributed Rights become exercisable, the Adjustment Factor shall be adjusted by multiplying the Adjustment Factor previously in effect by a fraction (a) the numerator of which shall be the number of REIT Shares issued and outstanding on the record date (or, if later, the date such Distributed Rights become exercisable) plus the maximum number of REIT Shares purchasable under such Distributed Rights and (b) the denominator of which shall be the number of REIT Shares issued and outstanding on the record date (or, if later, the date such Distributed Rights become exercisable) plus a fraction (1) the numerator of which is the maximum number of REIT Shares purchasable under such Distributed Rights, multiplied by the minimum purchase price per REIT Share under such Distributed Rights and (2) the denominator of which is the Value of a REIT Share as of the record date (or, if later, the date such Distributed Rights become exercisable); provided, however, that, if any such Distributed Rights expire or become no longer exercisable, then the Adjustment Factor shall be adjusted, effective retroactive to the date of distribution (or, if later, the time the Distributed Rights become exercisable) of the Distributed Rights, to reflect a reduced maximum number of REIT Shares or any change in the minimum purchase price for the purposes of the above fraction; and

(iii) the Special Limited Partner shall, by dividend or otherwise, distribute to all holders of its REIT Shares evidences of its indebtedness or assets (including securities, but excluding any dividend or distribution referred to in subsection (i) or (ii) above), which evidences of indebtedness or assets relate to assets not received by the General Partner and/or any Special Limited Partner pursuant to a pro rata distribution by the Partnership, then the Adjustment Factor shall be adjusted to equal the amount determined by multiplying the Adjustment Factor in effect immediately prior to the close of business as of the record date fixed for the determination of stockholders entitled to receive such distribution by a fraction (a) the numerator of which shall be such Value of a REIT Share on such record date and (b) the denominator of which shall be the Value of a REIT Share as of such record date less the then fair market value (as determined by the

General Partner, whose determination shall be conclusive) of the portion of the evidences of indebtedness or assets so distributed applicable to one REIT Share.

Notwithstanding the foregoing, if any of the events in clause (i), (ii) or (iii) above occur, no adjustments will be made to the Adjustment Factor for any class or series of Partnership Interests to the extent that the Partnership concurrently makes or effects a correlative distribution or payment to all of the Partners holding Partnership Interests of such class or series, or effects a correlative split, subdivision, reverse split or combination in respect of the Partnership Interests of such class or series. If the Special Limited Partner effects a dividend that allows holders of REIT Shares to elect to receive cash or additional REIT Shares, the Partnership may effect a correlative distribution by distributing to all Partners holding Partnership Interests of such class or series a combination of cash and additional Partnership Interests in the same ratio as the ratio of cash and REIT Shares paid by the Special Limited Partner, without offering Partners an opportunity to elect to receive cash or additional Partnership Interests. Any adjustments to the Adjustment Factor shall become effective immediately after such event, retroactive to the record date, if any, for such event. For illustrative purposes, examples of adjustments to the Adjustment Factor are set forth on Exhibit A attached hereto.

“Affiliate” means, with respect to any Person, any Person directly or indirectly controlling or controlled by or under common control with such Person. For the purposes of this definition, “control” when used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Agreement” means this Second Amended and Restated Agreement of Limited Partnership of CTR Partnership, L.P., as now or hereafter amended, restated, modified, supplemented or replaced.

“Applicable Percentage” has the meaning set forth in Section 15.1.B hereof.

“Appraisal” means, with respect to any assets, the written opinion of an independent third party experienced in the valuation of similar assets, selected by the General Partner. Such opinion may be in the form of an opinion by such independent third party that the value for such property or asset as set by the General Partner is fair, from a financial point of view, to the Partnership.

“Assignee” means a Person to whom a Partnership Interest has been Transferred but who has not become a Substituted Limited Partner, and who has the rights set forth in Section 11.5 hereof.

“Available Cash” means, with respect to any period for which such calculation is being made,

(i) the sum, without duplication, of:

- (1) the Partnership’s Net Income or Net Loss (as the case may be) for such period,
- (2) Depreciation and all other noncash charges to the extent deducted in determining Net Income or Net Loss for such period,
- (3) the amount of any reduction in reserves of the Partnership established by the General Partner (including, without limitation, reductions resulting because the General Partner determines such amounts are no longer necessary),
- (4) the excess, if any, of the net cash proceeds from the sale, exchange, disposition, financing or refinancing of Partnership property for such period over the gain (or loss, as the case may be) recognized from such sale, exchange, disposition, financing or refinancing during such period, and

(5) all other cash received (including amounts previously accrued as Net Income and amounts of deferred income) or any net amounts borrowed by the Partnership for such period that was not included in determining Net Income or Net Loss for such period;

(ii) less the sum, without duplication, of:

(1) all principal debt payments made during such period by the Partnership,

(2) capital expenditures made by the Partnership during such period,

(3) investments in any entity (including loans made thereto) to the extent that such investments are not otherwise described in clause (ii)(1) or clause (ii)(2) above,

(4) all other expenditures and payments not deducted in determining Net Income or Net Loss for such period (including amounts paid in respect of expenses previously accrued),

(5) any amount included in determining Net Income or Net Loss for such period that was not received by the Partnership during such period,

(6) the amount of any increase in reserves (including, without limitation, working capital reserves) established by the General Partner during such period, and

(7) any amount distributed or paid in redemption of any Limited Partner's Partnership Interest or Partnership Units, including, without limitation, any Cash Amount paid.

Notwithstanding the foregoing, Available Cash (a) shall not include (i) any cash received or reductions in reserves, or take into account any disbursements made, or reserves established, after dissolution and the commencement of the liquidation and winding up of the Partnership or (ii) any Capital Contributions, whenever received or any payments, expenditures or investments made with such Capital Contributions, and (b) otherwise may be adjusted by the General Partner in its discretion.

"BBA Rules" means the partnership tax audit rules enacted under the Bipartisan Budget Act of 2015 and all effective Regulations and other guidance issued thereunder or with respect thereto.

"Board of Directors" means the Board of Directors of the Special Limited Partner.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

"Capital Account" means, with respect to any Partner, the Capital Account maintained by the General Partner for such Partner on the Partnership's books and records in accordance with the following provisions:

(a) To each Partner's Capital Account, there shall be added such Partner's Capital Contributions, such Partner's distributive share of Net Income and any items in the nature of income or gain that are specially allocated pursuant to Section 6.2 hereof, and the amount of any Partnership liabilities assumed by such Partner or that are secured by any property distributed to such Partner.

(b) From each Partner's Capital Account, there shall be subtracted the amount of cash and the Gross Asset Value of any property distributed to such Partner pursuant to any provision of this Agreement, such Partner's distributive share of Net Losses and any items in the nature of expenses or losses that are specially allocated pursuant to Section 6.2 hereof, and the amount of any liabilities of such Partner assumed by the Partnership or that are secured by any

property contributed by such Partner to the Partnership (except to the extent already reflected in the amount of such Partner's Capital Contribution).

(c) In the event any interest in the Partnership is Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Partner's Capital Account of the transferor to the extent that it relates to the Transferred interest.

(d) In determining the amount of any liability for purposes of subsections (a) and (b) hereof, there shall be taken into account Section 752(c) of the Code and any other applicable provisions of the Code and Regulations.

(e) The provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations promulgated under Section 704 of the Code, and shall be interpreted and applied in a manner consistent with such Regulations. The General Partner may modify the manner in which the Capital Accounts are maintained in order to comply with such Regulations. The General Partner also may (i) make any adjustments to maintain equality between the Capital Accounts of the Partners and the amount of Partnership capital reflected on the Partnership's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event that unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b) or Section 1.704-2.

"Capital Contribution" means, with respect to any Partner, the amount of money and the initial Gross Asset Value of any Contributed Property that such Partner contributes to the Partnership or is deemed to contribute pursuant to Article 4 hereof.

"Capital Share" means a share of any class or series of stock of the Special Limited Partner now or hereafter authorized, other than a REIT Share.

"Cash Amount" means an amount of cash equal to the product of (i) the Value of a REIT Share and (ii) the REIT Shares Amount determined as of the applicable Valuation Date.

"Certificate" means the Certificate of Limited Partnership of the Partnership filed in the office of the Secretary of State of the State of Delaware, as amended from time to time in accordance with the terms hereof and the Act.

"Charity" means an entity described in Section 501(c)(3) of the Code, or any trust all the beneficiaries of which are such entities.

"Charter" means the charter of the Special Limited Partner, within the meaning of Section 1-101(e) of the Maryland General Corporation Law.

"Code" means the Internal Revenue Code of 1986, as amended and in effect from time to time or any successor statute thereto, as interpreted by the applicable Regulations thereunder. Any reference herein to a specific Section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"Consent" means the consent to, approval of, or vote in favor of a proposed action by a Partner given in accordance with Article 14 hereof.

"Consent of the Limited Partners" means the Consent of a Majority in Interest of the Limited Partners, which Consent shall be obtained before the taking of any action for which it is required by this Agreement and, except as otherwise provided in this Agreement, may be given or withheld by Partners in their discretion.

“Consent of the Partners” means the Consent of a Majority in Interest of the Partners, which Consent shall be obtained before the taking of any action for which it is required by this Agreement and, except as otherwise provided in this Agreement, may be given or withheld by Partners in their discretion.

“Contributed Property” means each Property or other asset, in such form as may be permitted by the Act, but excluding cash, contributed or deemed contributed to the Partnership (or deemed contributed by the Partnership to a “new” partnership pursuant to Section 708 of the Code).

“Controlled Entity” means, as to any Person, (a) any corporation more than fifty percent (50%) of the outstanding voting stock of which is owned by such Person or such Person’s Family Members or Affiliates, (b) any trust, whether or not revocable, of which such Person or such Person’s Family Members or Affiliates are the sole beneficiaries, (c) any partnership of which such Person or an Affiliate of such Person is the managing partner and in which such Person or such Person’s Family Members or Affiliates hold partnership interests representing at least twenty-five percent (25%) of such partnership’s capital and profits and (d) any limited liability company of which such Person or an Affiliate of such Person is the manager or managing member and in which such Person or such Person’s Family Members or Affiliates hold membership interests representing at least twenty-five percent (25%) of such limited liability company’s capital and profits.

“Cut-Off Date” means the tenth (10th) Business Day after the General Partner’s receipt of a Notice of Redemption.

“Debt” means, as to any Person, as of any date of determination, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services; (ii) all amounts owed by such Person to banks or other Persons in respect of reimbursement obligations under letters of credit, surety bonds and other similar instruments guaranteeing payment or other performance of obligations by such Person; (iii) all indebtedness for borrowed money or for the deferred purchase price of property or services secured by any lien on any property owned by such Person, to the extent attributable to such Person’s interest in such property, even though such Person has not assumed or become liable for the payment thereof; and (iv) lease obligations of such Person that, in accordance with generally accepted accounting principles, should be capitalized.

“Declination” has the meaning set forth in Section 15.1.A hereof.

“Depreciation” means, for each Partnership Year or other applicable period, an amount equal to the U.S. federal income tax depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for U.S. federal income tax purposes at the beginning of such year or period, Depreciation shall be in an amount that bears the same ratio to such beginning Gross Asset Value as the U.S. federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; provided, however, that if the U.S. federal income tax depreciation, amortization or other cost recovery deduction for such year or period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the General Partner.

“Distributed Right” has the meaning set forth in the definition of “Adjustment Factor.”

“Equity Plan” means any stock or equity purchase plan, restricted stock or equity plan or other similar equity compensation plan now or hereafter adopted by the Partnership, the General Partner or the Special Limited Partner.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and any successor statute thereto, and the rules and regulations of the SEC promulgated thereunder.

“Excluded Property” means any asset now or hereafter held directly by the Special Limited Partner or any direct or indirect wholly owned Subsidiary of the Special Limited Partner (other than the equity of any direct or indirect wholly owned Subsidiary of the Special Limited Partner and interests in the Partnership), in each case, to the extent such asset has not theretofore been contributed to the Partnership.

“Family Members” means, as to a Person that is an individual, such Person’s spouse, ancestors, descendants (whether by blood or by adoption), brothers and sisters and *inter vivos* or testamentary trusts of which only such Person and his spouse, ancestors, descendants (whether by blood or by adoption), brothers and sisters are beneficiaries.

“General Partner” means the Initial General Partner or any other Person that is, from time to time, admitted to the Partnership as a general partner pursuant to the Act and this Agreement, and, in each case, that has not ceased to be a general partner pursuant to the Act and this Agreement, in such Person’s capacity as a general partner of the Partnership.

“Gross Asset Value” means, with respect to any asset, the asset’s adjusted basis for U.S. federal income tax purposes, except as follows:

(i) The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset as determined by the General Partner using such reasonable method of valuation as it may adopt.

(ii) The Gross Asset Values of all Partnership assets immediately prior to the occurrence of any event described below may be adjusted to equal their respective gross fair market values, as determined by the General Partner using such reasonable method of valuation as it may adopt, in each case as and when the General Partner determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership or otherwise is advisable:

(1) the acquisition of an additional interest in the Partnership (other than in connection with the execution of this Agreement but including, without limitation, acquisitions pursuant to Section 4.2 hereof or contributions or deemed contributions by the General Partner pursuant to Section 4.2 hereof) by a new or existing Partner in exchange for more than a *de minimis* Capital Contribution;

(2) the distribution by the Partnership to a Partner of more than a *de minimis* amount of Partnership property as consideration for an interest in the Partnership;

(3) the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g);

(4) the grant of LTIP Units, or any other interest in the Partnership (other than a *de minimis* interest) as consideration for the provision of services to or for the benefit of the Partnership by an existing Partner acting in a Partner capacity, or by a new Partner acting in a Partner capacity or in anticipation of being a Partner; and

(5) at such other times as the General Partner shall determine necessary or advisable while complying with applicable law.

(iii) The Gross Asset Value of any Partnership asset distributed to a Partner shall be the gross fair market value of such asset on the date of distribution as determined by the General Partner using such reasonable method of valuation as it may adopt.

(iv) The Gross Asset Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Section 734(b) of the Code or Section 743(b) of the Code, but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this subsection (iv) to the extent that the General Partner reasonably determines that an adjustment pursuant to subsection (ii) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (iv).

(v) If the Gross Asset Value of a Partnership asset has been determined or adjusted pursuant to subsection (i), subsection (ii) or subsection (iv) above, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Net Income and Net Losses.

“Holder” means either (a) a Partner or (b) an Assignee that owns a Partnership Unit.

“Incapacity” or “Incapacitated” means, (i) as to any Partner who is an individual, death, total physical disability or entry by a court of competent jurisdiction adjudicating such Partner incompetent to manage his or her person or his or her estate; (ii) as to any Partner that is a corporation or limited liability company, the filing of a certificate of dissolution, or its equivalent, for the corporation or the revocation of its charter; (iii) as to any Partner that is a partnership, the dissolution and commencement of winding up of the partnership; (iv) as to any Partner that is an estate, the distribution by the fiduciary of the estate’s entire interest in the Partnership; (v) as to any trustee of a trust that is a Partner, the termination of the trust (but not the substitution of a new trustee); or (vi) as to any Partner, the bankruptcy of such Partner. For purposes of this definition, bankruptcy of a Partner shall be deemed to have occurred when (a) the Partner commences a voluntary proceeding seeking liquidation, reorganization or other relief of or against such Partner under any bankruptcy, insolvency or other similar law now or hereafter in effect, (b) the Partner is adjudged as bankrupt or insolvent, or a final and nonappealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect has been entered against the Partner, (c) the Partner executes and delivers a general assignment for the benefit of the Partner’s creditors, (d) the Partner files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Partner in any proceeding of the nature described in clause (b) above, (e) the Partner seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator for the Partner or for all or any substantial part of the Partner’s properties, (f) any proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within one hundred twenty (120) days after the commencement thereof, (g) the appointment without the Partner’s consent or acquiescence of a trustee, receiver or liquidator has not been vacated or stayed within ninety (90) days of such appointment, or (h) an appointment referred to in clause (g) above is not vacated within ninety (90) days after the expiration of any such stay.

“Indemnitee” means (i) any Person made, or threatened to be made, a party to a proceeding by reason of its status as (A) the General Partner or the Special Limited Partner or (B) a manager, member, officer or employee of the General Partner, a director, officer or employee of the Special Limited Partner or an employee of the Partnership and (ii) such other Persons (including Affiliates, employees or agents of the General Partner, the Special Limited Partner or the Partnership) as the General Partner may designate from time to time (whether before or after the event giving rise to potential liability).

“IRS” means the United States Internal Revenue Service.

“Limited Partner” means the Special Limited Partner and any other Person that is, from time to time, admitted to the Partnership as a limited partner pursuant to the Act and this Agreement, and any Substituted Limited Partner or Additional Limited Partner, each shown as such in the books and records of the Partnership, in each case, that has not ceased to be a limited partner of the Partnership pursuant to the Act and this Agreement, in such Person’s capacity as a limited partner of the Partnership.

“Liquidating Event” has the meaning set forth in Section 13.1 hereof.

“Liquidator” has the meaning set forth in Section 13.2.A hereof.

“LTIP Unit” means any Partnership Unit created pursuant to Exhibit C hereto.

“Majority in Interest of the Limited Partners” means Partners (excluding the General Partner, the Special Limited Partner and any Controlled Entity of either of them) entitled to vote on or consent to any matter holding more than fifty percent (50%) of all outstanding Partnership Units held by all Partners (excluding the General Partner, the Special Limited Partner and any Controlled Entity of either of them) entitled to vote on or consent to such matter.

“Majority in Interest of the Partners” means Partners (including the General Partner, the Special Limited Partner and any Controlled Entity of either of them) entitled to vote on or consent to any matter holding more than fifty percent (50%) of all outstanding Partnership Units held by all Partners (including the General Partner, the Special Limited Partner and any Controlled Entity of either of them) entitled to vote on or consent to such matter.

“Net Income” or “Net Loss” means, for each Partnership Year of the Partnership or other applicable period, an amount equal to the Partnership’s taxable income or loss for such year, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(i) any income of the Partnership that is exempt from U.S. federal income tax and not otherwise taken into account in computing Net Income (or Net Loss) pursuant to this definition of “Net Income” or “Net Loss” shall be added to (or subtracted from, as the case may be) such taxable income (or loss);

(ii) any expenditure of the Partnership described in Section 705(a)(2)(B) of the Code or treated as a Section 705(a)(2)(B) of the Code expenditure pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Income (or Net Loss) pursuant to this definition of “Net Income” or “Net Loss,” shall be subtracted from (or added to, as the case may be) such taxable income (or loss);

(iii) in the event the Gross Asset Value of any Partnership asset is adjusted pursuant to subsection (ii) or subsection (iii) of the definition of “Gross Asset Value,” the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Net Income or Net Loss;

(iv) gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for U.S. federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(v) in lieu of the depreciation, amortization and other cost recovery deductions that would otherwise be taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Partnership Year;

(vi) to the extent that an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) of the Code or Section 743(b) of the Code is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Partner’s interest in the Partnership, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the

disposition of the asset and shall be taken into account for purposes of computing Net Income or Net Loss; and

(vii) notwithstanding any other provision of this definition of “Net Income” or “Net Loss,” any item that is specially allocated pursuant to Section 6.2 hereof shall not be taken into account in computing Net Income or Net Loss. The amounts of the items of Partnership income, gain, loss or deduction available to be specially allocated pursuant to Section 6.2 hereof shall be determined by applying rules analogous to those set forth in this definition of “Net Income” or “Net Loss.”

“New Securities” means (i) any rights, options, warrants or convertible or exchangeable securities that entitle the holder thereof to subscribe for or purchase, convert such securities into or exchange such securities for, REIT Shares or Capital Shares, excluding REIT Shares or Capital Shares and grants under any Stock Option Plan, or (ii) any Debt issued by the Special Limited Partner that provides any of the rights described in clause (i).

“Nonrecourse Deductions” has the meaning set forth in Regulations Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(c).

“Nonrecourse Liability” has the meaning set forth in Regulations Section 1.752-1(a)(2).

“Notice of Redemption” means a Notice of Redemption substantially in the form of Exhibit B attached to this Agreement.

“Optionee” means a Person to whom a stock option is granted under any Stock Option Plan.

“Ownership Limit” means the restrictions on ownership and transfer of stock of the Special Limited Partner imposed under the Charter.

“Partner” means the General Partner or a Limited Partner, and “Partners” means the General Partner and the Limited Partners.

“Partner Minimum Gain” means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(3).

“Partner Nonrecourse Debt” has the meaning set forth in Regulations Section 1.704-2(b)(4).

“Partner Nonrecourse Deductions” has the meaning set forth in Regulations Section 1.704-2(i)(1), and the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(i)(1).

“Partnership” means CTR Partnership, L.P., the limited partnership formed and continued under the Act and pursuant to this Agreement, and any successor thereto.

“Partnership Common Unit” means a fractional share of the Partnership Interests of all Partners issued pursuant to Sections 4.1 and 4.2 hereof, including when arising as a result of the conversion of any LTIP Unit, but does not include any Partnership Junior Unit, Partnership Preferred Unit or any other Partnership Unit specified in a Partnership Unit Designation as being other than a Partnership Common Unit.

“Partnership Employee” means an employee of the Partnership or an employee of a Subsidiary of the Partnership, if any.

“Partnership Equivalent Units” means, with respect to any class or series of Capital Shares, Partnership Units with preferences, conversion and other rights (other than voting rights), restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption that are substantially the same as (or correspond to) the preferences, conversion and other rights, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption of such Capital Shares as appropriate to reflect the relative rights and preferences of such Capital Shares as to the REIT Shares and the other classes and series of Capital Shares as such Partnership Equivalent Units would have as to Partnership Common Units and the other classes and series of Partnership Units corresponding to the other classes of Capital Shares, but not as to matters such as voting for members of the Board of Directors that are not applicable to the Partnership. For the avoidance of doubt, the voting rights, redemption rights and rights to Transfer Partnership Equivalent Units need not be similar to the rights of the corresponding class or series of Capital Shares, provided, however, with respect to redemption rights, the terms of Partnership Equivalent Units must be such so that the Partnership complies with Section 4.7.B of this Agreement.

“Partnership Interest” means an ownership interest in the Partnership held by either a Limited Partner or the General Partner and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. There may be one or more classes or series of Partnership Interests; however, notwithstanding that the General Partner, the Special Limited Partner and any other Limited Partner may have different rights and privileges as specified in this Agreement (including differences in rights and privileges with respect to their Partnership Interests), the Partnership Interest held by the General Partner, the Special Limited Partner or any other Partner and designated as being of a particular class or series shall not be deemed to be a separate class or series of Partnership Interest from a Partnership Interest having the same designation as to class and series that is held by any other Partner solely because such Partnership Interest is held by the General Partner, the Special Limited Partner or any other Partner having different rights and privileges as specified under this Agreement. A Partnership Interest may be expressed as a number of Partnership Common Units, Partnership Preferred Units or other Partnership Units.

“Partnership Junior Unit” means a fractional share of the Partnership Interests of a particular class or series that the General Partner has authorized pursuant to Sections 4.1, 4.2 or 4.3 hereof that has distribution rights, or rights upon liquidation, winding up and dissolution, that are junior to the Partnership Common Units.

“Partnership Minimum Gain” has the meaning set forth in Regulations Section 1.704-2(b)(2), and the amount of Partnership Minimum Gain, as well as any net increase or decrease in Partnership Minimum Gain, for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(d).

“Partnership Preferred Unit” means a fractional share of the Partnership Interests of a particular class or series that the General Partner has authorized pursuant to Sections 4.1, 4.2 or 4.3 hereof that has distribution rights, or rights upon liquidation, winding up and dissolution, that are senior to the Partnership Common Units.

“Partnership Record Date” means the record date established by the General Partner for the purpose of determining the Partners entitled to receive any distribution or the allotment of any other rights, or in order to make a determination of Partners for any other proper purpose, which, in the case of a record date fixed for the determination of Partners entitled to receive any distribution, shall, unless otherwise determined by the General Partner, be the same as the record date established by the Special Limited Partner for a distribution to its stockholders of some or all of its portion of such distribution. The General Partner shall be entitled, in its discretion, to establish different record dates for different purposes for different classes of Partnership Units or for Partnership Units issued to Holders at a time other than the beginning of the period to which a record date relates.

“Partnership Representative” has the meaning described in Section 10.3.

“Partnership Unit” means a Partnership Common Unit, a Partnership Preferred Unit, a Partnership Junior Unit, an LTIP Unit or any other fractional share of the Partnership Interests that the General Partner has authorized pursuant to Sections 4.1, 4.2 or 4.3 hereof.

“Partnership Unit Designation” has the meaning set forth in Section 4.2 hereof.

“Partnership Year” means the fiscal year of the Partnership, which shall be the calendar year.

“Percentage Interest” means, with respect to each Partner, as to any class or series of Partnership Interests, the fraction, expressed as a percentage, the numerator of which is the aggregate number of Partnership Units of such class or series held by such Partner and the denominator of which is the total number of Partnership Units of such class or series held by all Partners. If not otherwise specified, “Percentage Interest” shall be deemed to refer to a Partner’s Percentage Interest with respect to Partnership Common Units. Notwithstanding the foregoing, the General Partner shall determine the Percentage Interest attributable to an LTIP Unit (including, as and when applicable, its Percentage Interest of the class of Partnership Common Units), which Percentage Interest may vary as to the same LTIP Unit depending on the purpose and class to which it is being applied, taking into account the entitlement to distributions and conversion under Exhibit C of such LTIP Unit.

“Permitted Lender Transferee” has the meaning set forth in the definition of Permitted Transferee.

“Permitted Transfer” means (i) a Transfer by a Limited Partner of all or part of its Partnership Interest to any Family Member, Controlled Entity or Affiliate of such Partner, or to a Charity, or (ii) a Pledge and any Transfer of a Partnership Interest to a Permitted Transferee pursuant to the exercise of remedies under a Pledge.

“Permitted Transferee” means (i) any lender or lenders secured by a Pledge, or agents acting on their behalf, to whom any Partnership Interest is transferred pursuant to the exercise of remedies under a Pledge and any special purpose entities owned and used by such lenders or agents for the purpose of holding any such Partnership Interest (each a “Permitted Lender Transferee”), and (ii) any Person, including any Third-Party Pledge Transferee designated by any lender or lenders secured by a Pledge, or agents acting on their behalf, to whom a Partnership Interest is transferred pursuant to the exercise of remedies under a Pledge, whether before or after one or more Permitted Lender Transferees take title to such Partnership Interest.

“Person” means an individual or a corporation, partnership, trust, unincorporated organization, association, limited liability company or other entity.

“Pledge” means a pledge by a Limited Partner of all or any portion of its Partnership Interest to one or more banks or lending institutions, or agents acting on their behalf, which are not Affiliates of such Limited Partner, as collateral or security for a bona fide loan or other extension of credit.

“Preferred Share” means a share of stock of the Special Limited Partner now or hereafter authorized, designated or reclassified that has dividend rights, or rights upon liquidation, winding up and dissolution, that are senior to the REIT Shares.

“Properties” means any assets and property of the Partnership such as, but not limited to, interests in real property and personal property, including, without limitation, fee interests, interests in ground leases, easements and rights of way, interests in limited liability companies, joint ventures or partnerships, interests in mortgages, and Debt instruments as the Partnership may hold from time to time and “Property” means any one such asset or property.

“Publicly Traded” means having common equity securities listed or admitted to trading on any U.S. national securities exchange.

“Qualified DRIP” means a dividend reinvestment plan of the Special Limited Partner that permits participants to acquire REIT Shares using the proceeds of dividends paid by the Special Limited Partner; provided, however, if the Special Limited Partner does not qualify as a “publicly offered REIT” for U.S. income tax purposes, if such shares are offered at a discount, such discount must (i) be designed to pass along to the stockholders of the Special Limited Partner the savings enjoyed by the Special Limited Partner in connection with the avoidance of

stock issuance costs, and (ii) not exceed 5% of the value of a REIT Share as computed under the terms of such dividend reinvestment plan.

“Qualified Transferee” means an “accredited investor,” as defined in Rule 501 promulgated under the Securities Act.

“Qualifying Party” means (a) a Limited Partner, (b) an Additional Limited Partner, (c) an Assignee who is the transferee of a Limited Partner’s Partnership Interest in a Permitted Transfer, or (d) a Person, including a lending institution as the pledgee of a Pledge, who is the transferee of a Limited Partner’s Partnership Interest in a Permitted Transfer; provided, however, that a Qualifying Party shall not include the General Partner or the Special Limited Partner.

“Redemption” has the meaning set forth in Section 15.1.A hereof.

“Register” has the meaning set forth in Section 4.1 hereof.

“Regulations” means the Treasury regulations promulgated under the Code, whether such regulations are in temporary or final form, and including proposed regulations to the extent determined by the General Partner, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“Regulatory Allocations” has the meaning set forth in Section 6.2B(viii) hereof.

“REIT” means a real estate investment trust qualifying under Section 856 of the Code.

“REIT Available Cash” means, as of any date of determination, all amounts which would be available for distribution to the holders of REIT Shares (calculated in a manner substantially similar to the manner in which the Partnership calculates Available Cash and without regard to any distributions from the Partnership to be made, or which have been made, to the General Partner and the Special Limited Partner hereunder and without regard to any restriction on distribution imposed on the General Partner by any third party).

“REIT Partner” means (a) the Special Limited Partner or any Affiliate of the Special Limited Partner to the extent such Person has in place an election to qualify as a REIT and (b) any “qualified REIT subsidiary” (within the meaning of Section 856(i)(2) of the Code) of any such Person.

“REIT Payment” has the meaning set forth in Section 16.11 hereof.

“REIT Requirements” means the requirements for qualifying as a REIT under the Code and Regulations (the “REIT Requirements”).

“REIT Share” means a share of common stock of the Special Limited Partner, par value \$0.01 per share (but shall not include any additional series or class of the Special Limited Partner’s common stock created after the date of this Agreement).

“REIT Shares Amount” means a number of REIT Shares equal to the product of (a) the number of Tendered Units and (b) the Adjustment Factor; provided, however, that, in the event that the Special Limited Partner issues to all holders of REIT Shares as of a certain record date rights, options, warrants or convertible or exchangeable securities entitling the Special Limited Partner’s stockholders to subscribe for or purchase REIT Shares, or any other securities or property (collectively, the “Rights”), with the record date for such Rights issuance falling within the period starting on the date of the Notice of Redemption and ending on the day immediately preceding the Specified Redemption Date, which Rights will not be distributed before the relevant Specified Redemption Date, then the REIT Shares Amount shall also include such Rights that a holder of that number of REIT Shares would be entitled to receive, expressed, where relevant hereunder, as a number of REIT Shares determined by the General Partner.

“Related Party” means, with respect to any Person, any other Person to whom ownership of shares of the Special Limited Partner’s stock would be attributed by the first such Person under Section 544 of the Code (as modified by Section 856(h)(1)(B) of the Code).

“Restricted Period” means, as to any Partnership Interest, a twelve-month period ending on the day before the first (1st) anniversary of a Qualifying Party’s first becoming a Holder of such Partnership Interest; provided, however, that the General Partner may, by written agreement with a Qualifying Party, shorten or lengthen the first Restricted Period to a period that is shorter or longer than twelve (12) months with respect to a Qualifying Party.

“Rights” has the meaning set forth in the definition of “REIT Shares Amount.”

“SEC” means the Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

“Special Redemption” has the meaning set forth in Section 15.1.A hereof.

“Specified Partnership Units” means with respect to each Excluded Property, the Partnership Units that would have been issued to the Special Limited Partner, pursuant to Section 4.2 and Section 4.3.B hereof, if the Special Limited Partner had contributed such Excluded Property on the date that such asset was acquired by the Special Limited Partner or a wholly owned Subsidiary of the Special Limited Partner, in exchange for Partnership Units equal in value to the fair market value of such Excluded Property as of such date.

“Specified Redemption Date” means the twentieth (20th) Business Day after the receipt by the General Partner of a Notice of Redemption, or such earlier date as the General Partner determines in its sole discretion; provided, however, that no Specified Redemption Date with respect to any Partnership Common Units shall occur during the Restricted Period applicable to such Partnership Common Units (except pursuant to a Special Redemption).

“Stock Option Plan” means any stock option plan now or hereafter adopted by the Partnership or the Special Limited Partner.

“Subsidiary” means, with respect to any Person, any corporation or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

“Substituted Limited Partner” means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 11.4 hereof.

“Successor Shares Amount” has the meaning set forth in Section 11.7 hereof.

“Surviving Partnership” has the meaning set forth in Section 11.7 hereof.

“Tax Items” has the meaning set forth in Section 6.4.A hereof.

“Tendered Units” has the meaning set forth in Section 15.1.A hereof.

“Tendering Party” has the meaning set forth in Section 15.1.A hereof.

“Termination Transaction” means (a) a merger, consolidation or other combination involving the Special Limited Partner, on the one hand, and any other Person, on the other, (b) a sale, lease, exchange or other transfer of all or substantially all of the assets of the Special Limited Partner not in the ordinary course of its

business, whether in a single transaction or a series of related transactions, or (c) the adoption of any plan of liquidation or dissolution of the Special Limited Partner, in each case pursuant to which the Special Limited Partner is not the surviving entity and the shareholders of which do not own fifty percent (50%) or more of such entity immediately after such transaction.

“Third-Party Pledge Transferee” means a Qualified Transferee, other than a Permitted Lender Transferee, that acquires a Partnership Interest pursuant to the exercise of remedies by Permitted Lender Transferees under a Pledge and that agrees to be bound by the terms and conditions of this Agreement.

“Transaction Consideration” has the meaning set forth in Section 11.7 hereof.

“Transfer” means any sale, assignment, bequest, conveyance, devise, gift (outright or in trust), Pledge, encumbrance, hypothecation, mortgage, exchange, transfer or other disposition or act of alienation, whether voluntary or involuntary or by operation of law; provided, however, that when the term is used in Article 11 and Section 13.7 hereof, “Transfer” does not include (a) any Redemption of Partnership Common Units by the Partnership, or acquisition of Tendered Units by the Special Limited Partner, pursuant to Section 15.1 hereof, or (b) any redemption of Partnership Units pursuant to any Partnership Unit Designation. The terms “Transferred” and “Transferring” have correlative meanings.

“Valuation Date” means the date of receipt by the General Partner of a Notice of Redemption pursuant to Section 15.1 herein, or such other date as specified herein, or, if such date is not a Business Day, the immediately preceding Business Day.

“Value” means, on any Valuation Date with respect to a REIT Share, the average of the daily Market Prices for ten (10) consecutive trading days immediately preceding the Valuation Date (except that the Market Price for the trading day immediately preceding the date of exercise of a stock option under any Stock Option Plans shall be substituted for such average of daily market prices for purposes of Section 4.4 hereof). The term “Market Price” on any date means, with respect to any class or series of outstanding REIT Shares, the last sale price for such REIT Shares, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such REIT Shares, in either case, as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on The New York Stock Exchange or, if such REIT Shares are not listed or admitted to trading on The New York Stock Exchange, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such REIT Shares are listed or admitted to trading or, if such REIT Shares are not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the principal automated quotation system that may then be in use or, if such REIT Shares are not quoted by any such system, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such REIT Shares selected by the General Partner or, in the event that no trading price is available for such REIT Shares, the fair market value of the REIT Shares, as determined in good faith by the General Partner. In the event that the REIT Shares Amount includes Rights (as defined in the definition of “REIT Shares Amount”) that a holder of REIT Shares would be entitled to receive, then the Value of such Rights shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate.

“Vesting Date” has the meaning set forth in Section 4.4 hereof.

Capitalized terms used, but not otherwise defined herein, shall have the respective meanings ascribed thereto in any applicable Partnership Unit Designation.

ARTICLE 2
ORGANIZATIONAL MATTERS

Section 2.1 Formation. The Partnership is a limited partnership previously formed and continued pursuant to the provisions of the Act and upon the terms and subject to the conditions set forth in this Agreement. Except as expressly provided herein to the contrary, the rights and obligations of the Partners and the administration and termination of the Partnership shall be governed by the Act. The Partnership Interest of each Partner shall be personal property for all purposes.

Section 2.2 Name. The name of the Partnership is “CTR Partnership, L.P.” The Partnership’s business may be conducted under any other name or names deemed advisable by the General Partner, including the name of the General Partner or any Affiliate thereof. The words “Limited Partnership,” “L.P.,” “LP,” “Ltd.” or similar words or letters shall be included in the Partnership’s name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner may change the name of the Partnership at any time and from time to time.

Section 2.3 Principal Office and Resident Agent. The address of the principal office of the Partnership in the State of Delaware is located at 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, and the name and address of the resident agent of the Partnership in the State of Delaware are The Corporation Trust Company, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, or such other principal office and resident agent as the General Partner may from time to time designate. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner may approve.

Section 2.4 Power of Attorney.

A. Each Limited Partner and Assignee hereby irrevocably constitutes and appoints the General Partner, any Liquidator, and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead to:

(1) execute, swear to, seal, acknowledge, deliver, file and record in the appropriate public offices (a) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate and all amendments, supplements or restatements thereof) that the General Partner or the Liquidator deems appropriate or necessary to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability to the extent provided by applicable law) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (b) all instruments that the General Partner or any Liquidator deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms; (c) all conveyances and other instruments or documents that the General Partner or the Liquidator deems appropriate or necessary to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement, including, without limitation, a certificate of cancellation; (d) all conveyances and other instruments or documents that the General Partner or the Liquidator deems appropriate or necessary to reflect the distribution or exchange of assets of the Partnership pursuant to the terms of this Agreement; (e) all instruments relating to the admission, acceptance, withdrawal, removal or substitution of any Partner pursuant to the terms of this Agreement or the Capital Contribution of any Partner; and (f) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges relating to Partnership Interests; and

(2) execute, swear to, acknowledge and file all ballots, consents, approvals, waivers, certificates and other instruments the General Partner or any Liquidator determines are necessary or desirable to make, evidence, give, confirm or ratify any vote, consent, approval,

agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement.

B. The foregoing power of attorney is hereby declared to be irrevocable and a special power coupled with an interest, in recognition of the fact that each of the Limited Partners and Assignees will be relying upon the power of the General Partner or the Liquidator to act as contemplated by this Agreement in any filing or other action by it on behalf of the Partnership, and it shall survive and not be affected by the subsequent Incapacity of any Limited Partner or Assignee and the Transfer of all or any portion of such Person's Partnership Units or Partnership Interest (as the case may be) and shall extend to such Person's heirs, successors, assigns and personal representatives. Each such Limited Partner and Assignee hereby agrees to be bound by any representation made by the General Partner or the Liquidator, acting in good faith pursuant to such power of attorney; and each such Limited Partner and Assignee hereby waives any and all defenses that may be available to contest, negate or disaffirm the action of the General Partner or the Liquidator, taken in good faith under such power of attorney. Each Limited Partner and Assignee shall execute and deliver to the General Partner or the Liquidator, within fifteen (15) days after receipt of the General Partner's or the Liquidator's request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator (as the case may be) deems necessary to effectuate this Agreement and the purposes of the Partnership. Notwithstanding anything else set forth in this Section 2.4.B, no Limited Partner shall incur any personal liability for any action of the General Partner or the Liquidator taken under such power of attorney.

Section 2.5 Term. The term of the Partnership commenced on May 8, 2014, the date that the original Certificate was filed with the office of the Secretary of State of the State of Delaware in accordance with the Act, and shall continue indefinitely unless the Partnership is dissolved sooner pursuant to the provisions of Article 13 hereof or as otherwise provided by law.

ARTICLE 3 PURPOSE

Section 3.1 Purpose and Business. The purpose and nature of the Partnership is to conduct any business, enterprise or activity permitted by or under the Act, including, but not limited to, (i) to conduct the business of ownership, construction, reconstruction, development, redevelopment, alteration, improvement, maintenance, operation, sale, leasing, transfer, encumbrance, conveyance and exchange of the Properties, (ii) to acquire and invest in any securities and/or loans relating to the Properties, (iii) to enter into any partnership, joint venture, business trust arrangement, limited liability company or other similar arrangement to engage in any business permitted by or under the Act, or to own interests in any entity engaged in any business permitted by or under the Act, (iv) to conduct the business of providing property and asset management and brokerage services, whether directly or through one or more partnerships, joint ventures, Subsidiaries, business trusts, limited liability companies or similar arrangements, and (v) to do anything necessary or incidental to the foregoing; provided, however, that the purpose and business of the Partnership shall be limited to and conducted in such a manner as to permit the Special Limited Partner at all times to be classified as a REIT for U.S. federal income tax purposes, unless the Special Limited Partner has determined to cease to qualify as a REIT. The Partnership shall have all powers necessary or desirable to accomplish the purposes enumerated. In connection with the foregoing, the Partnership shall have full power and authority to enter into, perform and carry out contracts of any kind, to borrow and lend money and to issue evidence of indebtedness, whether or not secured by mortgage, deed of trust, pledge or other lien and, directly or indirectly, to acquire and construct additional Properties necessary, useful or desirable in connection with its business.

Section 3.2 Powers. The Partnership shall have the power to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Partnership, including, without limitation, full power and authority, directly or through its ownership interest in other entities, to enter into, perform and carry out contracts of any kind, to borrow and lend money and to issue evidence of indebtedness, whether or not secured by mortgage, deed of trust, pledge or other lien, to acquire, own, manage, improve and develop real property and lease, sell, transfer and dispose of real property; provided, however, the Partnership shall not take, or refrain

from taking, any action which, in the judgment of the General Partner, in its sole and absolute discretion, (i) could adversely affect the ability of the Special Limited Partner to continue to qualify as a REIT, or (ii) could subject the Special Limited Partner to any additional taxes under Section 857 or Section 4981 of the Code or any other related or successor provision of the Code, unless any such action (or inaction) has been specifically consented to by the General Partner in writing.

Section 3.3 Partnership Only for Purposes Specified. The Partnership is a limited partnership formed pursuant to the Act, and this Agreement shall not be deemed to create a company, venture or partnership between or among the Partners or any other Persons with respect to any activities whatsoever other than the activities specified in Section 3.1 hereof. Except as otherwise provided in this Agreement, no Partner shall have any authority to act for, bind, commit or assume any obligation or responsibility on behalf of the Partnership, its properties or any other Partner. No Partner, in its capacity as a Partner under this Agreement, shall be responsible or liable for any indebtedness or obligation of another Partner, nor shall the Partnership be responsible or liable for any indebtedness or obligation of any Partner, incurred either before or after the execution and delivery of this Agreement by such Partner, except as to those responsibilities, liabilities, indebtedness or obligations incurred pursuant to and as limited by the terms of this Agreement and the Act.

Section 3.4 Representations and Warranties by the Partners.

A. Each Partner that is an individual (including, without limitation, each Additional Limited Partner or Substituted Limited Partner as a condition to becoming an Additional Limited Partner or a Substituted Limited Partner) represents and warrants to, and covenants with, each other Partner that (i) the consummation of the transactions contemplated by this Agreement to be performed by such Partner will not result in a breach or violation of, or a default under, any material agreement by which such Partner or any of such Partner's property is bound, or any statute, regulation, order or other law to which such Partner is subject, (ii) such Partner is neither a "foreign person," within the meaning of Section 1445(f) of the Code, nor a "foreign partner," within the meaning of Section 1446(e) of the Code, (iii) such Partner does not, and for so long as it is a Partner will not, own, directly or indirectly, (a) five percent (5%) or more of the total combined voting power of all classes of stock entitled to vote, or five percent (5%) or more of the total number of shares of all classes of stock, of any corporation that is a tenant of either (I) the Special Limited Partner or any of its "qualified REIT subsidiaries" (within the meaning of Section 856(i)(2) of the Code), (II) the Partnership or (III) any partnership, venture or limited liability company of which the Special Limited Partner, any of its "qualified REIT subsidiaries" (within the meaning of Section 856(i)(2) of the Code), or the Partnership is directly or indirectly a member, or (b) an interest of five percent (5%) or more in the assets or net profits of any tenant of either (I) the Special Limited Partner or any of its "qualified REIT subsidiaries" (within the meaning of Section 856(i)(2) of the Code), (II) the Partnership or (III) any partnership, venture, or limited liability company of which the Special Limited Partner, any of its "qualified REIT subsidiaries" (within the meaning of Section 856(i)(2) of the Code) or the Partnership is directly or indirectly a member, and (iv) this Agreement is binding upon, and enforceable against, such Partner in accordance with its terms. Notwithstanding the foregoing, a Partner may exceed any of the five percent (5%) limits set forth in clause (iii) of the immediately preceding sentence if such Partner obtains the written consent of the General Partner prior to exceeding any such limits, which consent may be given or withheld in the General Partner's sole discretion.

B. Each Partner that is not an individual (including, without limitation, each Additional Limited Partner or Substituted Limited Partner as a condition to becoming an Additional Limited Partner or a Substituted Limited Partner) represents and warrants to, and covenants with, each other Partner that (i) all transactions contemplated by this Agreement to be performed by it have been duly authorized by all necessary action, including, without limitation, that of its general partner(s), committee(s), trustee(s), beneficiaries, directors and/or stockholder(s) (as the case may be) as required, (ii) the consummation of such transactions shall not result in a breach or violation of, or a default under, its partnership or operating agreement, trust agreement, charter or bylaws (as the case may be), any material agreement by which such Partner or any of such Partner's properties or any of its partners, members, beneficiaries, trustees or stockholders (as the case may be) is or are bound, or any statute, regulation, order or other law to which such Partner or any of its partners, members, trustees, beneficiaries or stockholders (as the case may be) is or are subject, (iii) such Partner is neither a "foreign person," within the meaning of Section 1445(f) of the Code, nor a "foreign partner," within the meaning of Section 1446(e) of the Code,

(iv) such Partner does not, and for so long as it is a Partner will not, own, directly or indirectly, (a) five percent (5%) or more of the total combined voting power of all classes of stock entitled to vote, or five percent (5%) or more of the total number of shares of all classes of stock, of any corporation that is a tenant of either (I) the Special Limited Partner or any of its “qualified REIT subsidiaries” (within the meaning of Section 856(i)(2) of the Code), (II) the Partnership or (III) any partnership, venture or limited liability company of which the Special Limited Partner, any of its “qualified REIT subsidiaries” (within the meaning of Section 856(i)(2) of the Code), or the Partnership is directly or indirectly a member, or (b) an interest of five percent (5%) or more in the assets or net profits of any tenant of either (I) the Special Limited Partner, or any of its “qualified REIT subsidiaries” (within the meaning of Section 856(i)(2) of the Code), (II) the Partnership or (III) any partnership, venture or limited liability company for which the Special Limited Partner, any of its “qualified REIT subsidiaries” (within the meaning of Section 856(i)(2) of the Code), or the Partnership is directly or indirectly a member, and (v) this Agreement is binding upon, and enforceable against, such Partner in accordance with its terms. Notwithstanding the foregoing, a Partner may exceed any of the five percent (5%) limits set forth in clause (iv) of the immediately preceding sentence if such Partner obtains the written consent of the General Partner prior to exceeding any such limits, which consent may be given or withheld in the General Partner’s sole discretion.

C. Each Partner (including, without limitation, each Substituted Limited Partner, as a condition to becoming a Substituted Limited Partner) represents and warrants that it is an “accredited investor,” as defined in Rule 501 promulgated under the Securities Act, and represents, warrants and agrees that it has acquired and continues to hold its interest in the Partnership for its own account for investment purposes only and not for the purpose of, or with a view toward, the resale or distribution of all or any part thereof, and not with a view toward selling or otherwise distributing such interest or any part thereof at any particular time or under any predetermined circumstances. Each Partner further represents and warrants that it is a sophisticated investor, able and accustomed to handling sophisticated financial matters for itself, particularly real estate investments, and that it has a sufficiently high net worth that it does not anticipate a need for the funds that it has invested in the Partnership in what it understands to be a highly speculative and illiquid investment. Notwithstanding the foregoing, the representations and warranties contained in the first sentence of this Section 3.4.C shall not apply to any Permitted Lender Transferee, it being understood that a Permitted Lender Transferee may be subject to a legal obligation to sell, distribute or otherwise dispose of any Partnership Interest acquired pursuant to the exercise of remedies under a Pledge; provided, however, that such Permitted Lender Transferee must be a Qualified Transferee.

D. The representations and warranties contained in Sections 3.4.A, 3.4.B and 3.4.C hereof shall survive the execution and delivery of this Agreement by each Partner (and, in the case of an Additional Limited Partner or a Substituted Limited Partner, the admission of such Additional Limited Partner or Substituted Limited Partner as a Limited Partner in the Partnership) and the dissolution, liquidation and termination of the Partnership.

E. Each Partner (including, without limitation, each Substituted Limited Partner as a condition to becoming a Substituted Limited Partner) hereby acknowledges that no representations as to potential profit, cash flows, funds from operations or yield, if any, in respect of the Partnership or the General Partner have been made by any Partner or any employee or representative or Affiliate of any Partner, and that projections and any other information, including, without limitation, financial and descriptive information and documentation, that may have been in any manner submitted to such Partner shall not constitute any representation or warranty of any kind or nature, express or implied.

F. Notwithstanding the foregoing, the General Partner may permit the modification of any of the representations and warranties contained in Sections 3.4.A, 3.4.B and 3.4.C above as applicable to any Partner (including, without limitation any Additional Limited Partner or Substituted Limited Partner or any transferee of either) provided that such representations and warranties, as modified, shall be set forth in either (i) a Partnership Unit Designation applicable to the Partnership Units held by such Partner or (ii) a separate writing executed by such Partner and addressed to the Partnership and the General Partner.

ARTICLE 4
CAPITAL CONTRIBUTIONS

Section 4.1 Capital Contributions of the Partners. The Special Limited Partner has previously made Capital Contributions to the Partnership. Except as otherwise provided by law or in this Agreement, the Partners shall have no obligation or, except with the prior written consent of the General Partner, right to make any Capital Contributions or loans to the Partnership. The General Partner shall cause to be maintained in the principal business office of the Partnership, or such other place as may be determined by the General Partner, the books and records of the Partnership, which shall include, among other things, a register containing the name, address, and number of Partnership Units of each Partner, and such other information as the General Partner may deem necessary or desirable (the "Register"). The Register shall not be deemed part of this Agreement. The General Partner shall from time to time update the Register as necessary to accurately reflect the information therein, including as a result of any sales, exchanges or other Transfers, or any redemptions, issuances or similar events involving Partnership Units. Any reference in this Agreement to the Register shall be deemed a reference to the Register as in effect from time to time. Subject to the terms of this Agreement, the General Partner may take any action authorized hereunder in respect of the Register without any need to obtain the consent of any other Partner. No action of any Limited Partner shall be required to amend or update the Register. Except as required by law, no Limited Partner shall be entitled to receive a copy of the information set forth in the Register relating to any Partner other than itself.

Section 4.2 Issuances of Additional Partnership Interests. Subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation:

A. General. The General Partner is hereby authorized to cause the Partnership to issue additional Partnership Interests, in the form of Partnership Units, for any Partnership purpose, at any time or from time to time, to the Partners (including the General Partner and the Special Limited Partner) or to other Persons, and to admit such Persons as Additional Limited Partners, for such consideration and on such terms and conditions as shall be established by the General Partner, all without the approval of any Limited Partner or any other Person. Without limiting the foregoing, the General Partner is expressly authorized to cause the Partnership to issue Partnership Units (i) upon the conversion, redemption or exchange of any Debt, Partnership Units or other securities issued by the Partnership, (ii) for less than fair market value, (iii) for no consideration, (iv) in connection with any merger of any other Person into the Partnership, (v) upon the contribution of property or assets to the Partnership or (vi) in connection with the performance of services to or for the benefit of the Partnership. Any additional Partnership Interests may be issued in one or more classes, or one or more series of any of such classes, with such designations, preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption (including, without limitation, rights that may be senior or otherwise entitled to preference over existing Partnership Interests) as shall be determined by the General Partner, without the approval of any Limited Partner or any other Person, and set forth in a written document thereafter attached to and made an exhibit to this Agreement, which exhibit shall be an amendment to this Agreement and shall be incorporated herein by this reference (each, a "Partnership Unit Designation"). Without limiting the generality of the foregoing, the General Partner shall have authority to specify the distribution entitlements of and allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Interests. Except to the extent specifically set forth in any Partnership Unit Designation, a Partnership Interest of any class or series other than a Partnership Common Unit shall not entitle the holder thereof to vote on, or consent to, any matter. Upon the issuance of any additional Partnership Interest, the General Partner shall amend the Register and the books and records of the Partnership as appropriate to reflect such issuance.

B. Reserved.

C. No Preemptive Rights. Except as expressly provided in this Agreement or in any Partnership Unit Designation, no Person, including, without limitation, any Partner or Assignee, shall have any preemptive, preferential, participation or similar right or rights to subscribe for or acquire any Partnership Interest.

D. Classes of Units. On the date hereof, the Partnership shall have established five classes of Partnership Units outstanding, entitled "Partnership Common Units," "Basic LTIP Units," "Basic AO LTIP Units,"

“Performance LTIP Units,” and “Performance AO LTIP Units,” and, thereafter, such additional classes of Partnership Units or Partnership Interests as may be created by the General Partner pursuant to Section 4.2.A and this Section 4.2.D. The terms of such classes shall be as set forth in this Agreement and, in the case of LTIP Units, Exhibit C and any applicable LTIP Agreement. Except as otherwise provided in this Agreement, Exhibit C and any applicable LTIP Agreement, prior to its conversion, each LTIP Unit shall be treated as a Partnership Common Unit, with all of the rights, privileges and obligations attendant thereto. Any Partnership Unit that is not specifically designated by the General Partner as being of a particular class shall be deemed to be a Partnership Common Unit.

Section 4.3 Additional Funds and Capital Contributions.

A. General. The General Partner may, at any time and from time to time, determine that the Partnership requires additional funds or other assets (“Additional Funds”) for the acquisition or development of additional Properties, for the redemption of Partnership Units or for such other purposes as the General Partner may determine. Additional Funds may be obtained by the Partnership, at the election of the General Partner, in any manner provided in, and in accordance with, the terms of this Section 4.3 without the approval of any Limited Partner or any other Person.

B. Additional Capital Contributions. The General Partner, on behalf of the Partnership, may obtain any Additional Funds by accepting Capital Contributions from any Partners or other Persons. In connection with any such Capital Contribution (of cash or property), the General Partner is hereby authorized to cause the Partnership from time to time to issue additional Partnership Units (as set forth in Section 4.2 above) in consideration therefor, and the Percentage Interests of the General Partner and the Limited Partners shall be adjusted to reflect the issuance of such additional Partnership Units.

C. Loans by Third Parties. The General Partner, on behalf of the Partnership, may obtain any Additional Funds by causing the Partnership to incur Debt to any Person (including the General Partner or the Special Limited Partner) upon such terms as the General Partner determines appropriate, including making such Debt convertible, redeemable or exchangeable for Partnership Units; provided, however, that the Partnership shall not incur any such Debt if any Partner would be personally liable for the repayment of such Debt (unless such Partner otherwise agrees).

D. Reserved.

E. Issuance of Securities by the Special Limited Partner. The Special Limited Partner shall not issue any additional REIT Shares, Capital Shares or New Securities unless the Special Limited Partner contributes the cash proceeds or other consideration received from the issuance of such additional REIT Shares, Capital Shares or New Securities (as the case may be), and from the exercise of the rights contained in any such additional New Securities, to the Partnership in exchange for (x) in the case of an issuance of REIT Shares, Partnership Common Units, or (y) in the case of an issuance of Capital Shares or New Securities, Partnership Equivalent Units; provided, however, that notwithstanding the foregoing, the Special Limited Partner may issue REIT Shares, Capital Shares or New Securities (a) pursuant to Section 4.4 or Section 15.1.B hereof, (b) pursuant to a dividend or distribution (including any stock split) of REIT Shares, Capital Shares or New Securities to all holders of REIT Shares, Capital Shares or New Securities (as the case may be), (c) upon a conversion, redemption or exchange of Capital Shares, (d) upon a conversion, redemption, exchange or exercise of New Securities, or (e) in connection with an acquisition of Partnership Units or a property or other asset to be owned, directly or indirectly, by the Special Limited Partner. In the event of any issuance of additional REIT Shares, Capital Shares or New Securities by the Special Limited Partner, and the contribution to the Partnership, by the Special Limited Partner, of the cash proceeds or other consideration received from such issuance, if the proceeds actually received and contributed by the Special Limited Partner are less than the gross proceeds of such issuance as a result of any underwriter’s discount, commissions, placement fees or other expenses paid or incurred in connection with such issuance, then the Special Limited Partner shall be deemed to have made a Capital Contribution to the Partnership in the amount equal to the sum of the net proceeds of such issuance plus the amount of such underwriter’s discount, commissions, placement fees or other expenses paid by the Special Limited Partner, and the Partnership shall be deemed simultaneously to have reimbursed such discount, commissions, placement fees and expenses as expenses

incurred for the benefit of the Partnership for purposes of Section 7.3(b). In the event that the Special Limited Partner issues any additional REIT Shares, Capital Shares or New Securities and contributes the cash proceeds or other consideration received from the issuance thereof to the Partnership, the Partnership is authorized to issue a number of Partnership Common Units or Partnership Equivalent Units to the Special Limited Partner equal to the number of REIT Shares, Capital Shares or New Securities so issued, divided by the Adjustment Factor then in effect, in accordance with this Section 4.3.E without any further act, approval or vote of any Partner or any other Persons.

Section 4.4 Incentive Equity.

A. Options Granted to Persons other than Partnership Employees. If at any time or from time to time, in connection with any Stock Option Plan, an option to purchase REIT Shares granted to a Person other than a Partnership Employee is duly exercised:

(1) The Special Limited Partner shall, as soon as practicable after such exercise, make a Capital Contribution to the Partnership in an amount equal to the exercise price paid to the Special Limited Partner by such exercising party in connection with the exercise of such stock option (but excluding any payment in respect of payroll taxes or other withholdings).

(2) Notwithstanding the amount of the Capital Contribution actually made pursuant to Section 4.4.A(1) hereof, the Special Limited Partner shall be deemed to have contributed to the Partnership as a Capital Contribution an amount equal to the Value of a REIT Share as of the date of exercise, multiplied by the number of REIT Shares then being issued in connection with the exercise of such stock option. In exchange for such Capital Contribution, the Partnership shall issue a number of Partnership Common Units to the Special Limited Partner equal to the quotient of (a) the number of REIT Shares issued in connection with the exercise of such stock option, divided by (b) the Adjustment Factor then in effect.

provided, however, the General Partner shall be entitled to modify the foregoing treatment of such exercise to the extent the General Partner determines such modification is necessary or appropriate to comply with applicable tax or other law or to reflect the economic arrangement of the parties.

B. Options Granted to Partnership Employees. If at any time or from time to time, in connection with any Stock Option Plan, an option to purchase REIT Shares granted to a Partnership Employee is duly exercised:

(1) The Special Limited Partner shall sell to the Partnership, and the Partnership shall purchase from the Special Limited Partner, the number of REIT Shares as to which such stock option is being exercised. The purchase price per REIT Share for such sale of REIT Shares to the Partnership shall be the Value of a REIT Share as of the date of exercise of such stock option.

(2) The Partnership shall sell to the Optionee (or if the Optionee is an employee of a Partnership Subsidiary, the Partnership shall sell to such Partnership Subsidiary, which in turn shall sell to the Optionee), for a cash price per share equal to the Value of a REIT Share at the time of the exercise, a number of REIT Shares equal to (a) the exercise price paid to the Special Limited Partner by the exercising party in connection with the exercise of such stock option, divided by (b) the Value of a REIT Share at the time of such exercise.

(3) The Partnership shall transfer to the Optionee (or if the Optionee is an employee of a Partnership Subsidiary, the Partnership shall transfer to such Partnership Subsidiary, which in turn shall transfer to the Optionee) at no additional cost, as additional compensation, a number of REIT Shares equal to the number of REIT Shares described in Section 4.4.B(1) hereof, less the number of REIT Shares described in Section 4.4.B(2) hereof.

(4) The Special Limited Partner shall, as soon as practicable after such exercise, make a Capital Contribution to the Partnership of an amount equal to all proceeds received (from whatever source, but excluding any payment in respect of payroll taxes or other withholdings) by the Special Limited Partner in connection with the exercise of such stock option. In exchange for such Capital Contribution, the Partnership shall issue a number of Partnership Common Units to the Special Limited Partner equal to the quotient of (a) the number of REIT Shares issued in connection with the exercise of such stock option, divided by (b) the Adjustment Factor then in effect.

provided, however, the General Partner shall be entitled to modify the foregoing treatment of such exercise to the extent the General Partner determines such modification is necessary or appropriate to comply with applicable tax or other law or to reflect the economic arrangement of the parties.

C. Restricted Stock Granted to Partnership Employees. If at any time or from time to time, in connection with any Equity Plan (other than a Stock Option Plan), any REIT Shares are issued to a Partnership Employee (including any REIT Shares that are subject to forfeiture in the event such Partnership Employee terminates his employment by the Partnership or a Partnership Subsidiary) in consideration for services performed for the Partnership or a Partnership Subsidiary:

(1) the Special Limited Partner shall issue such number of REIT Shares as are to be issued to the Partnership Employee in accordance with the Equity Plan;

(2) the following events will be deemed to have occurred: (a) the Special Limited Partner shall be deemed to have sold such shares to the Partnership (or if the Partnership Employee is an employee or other service provider of a Partnership Subsidiary, to such Partnership Subsidiary) for a purchase price equal to the Value of such shares, (b) the Partnership (or such Partnership Subsidiary) shall be deemed to have delivered the shares to the Partnership Employee, (c) the Special Limited Partner shall be deemed to have contributed the purchase price to the Partnership as a Capital Contribution, and (d) if the Partnership Employee is an employee of a Partnership Subsidiary, the Partnership shall be deemed to have contributed such amount to the capital of the Partnership Subsidiary; and

(3) the Partnership shall issue to the Special Limited Partner a number of Partnership Common Units equal to the number of newly issued REIT Shares, divided by the Adjustment Factor then in effect, in consideration for a deemed Capital Contribution in an amount equal to (x) the number of newly issued Partnership Common Units, multiplied by (y) a fraction the numerator of which is the Value of a REIT Share, and the denominator of which is the Adjustment Factor then in effect.

provided, however, the General Partner shall be entitled to modify the foregoing treatment of such exercise to the extent the General Partner determines such modification is necessary or appropriate to comply with applicable tax or other law or to reflect the economic arrangement of the parties.

D. Restricted Stock Granted to Persons other than Partnership Employees. If at any time or from time to time, in connection with any Equity Plan (other than a Stock Option Plan), any REIT shares are issued to a Person other than a Partnership Employee in consideration for services performed for the Special Limited Partner, the General Partner, the Partnership or a Partnership Subsidiary:

(1) the Special Limited Partner shall issue such number of REIT Shares as are to be issued to such Person in accordance with the Equity Plan; and

(2) the Special Limited Partner shall be deemed to have contributed the Value of such REIT Shares to the Partnership as a Capital Contribution, and the Partnership shall

issue to the Special Limited Partner a number of newly issued Partnership Common Units equal to the number of newly issued REIT Shares, divided by the Adjustment Factor then in effect.

provided, however, the General Partner shall be entitled to modify the foregoing treatment of such exercise to the extent the General Partner determines such modification is necessary or appropriate to comply with applicable tax or other law or to reflect the economic arrangement of the parties.

E. LTIP Units. For the avoidance of doubt, the General Partner may, from time to time, for such consideration or no consideration and in such numbers and types as the General Partner may determine appropriate, cause the Partnership to issue LTIP Units or other Partnership Units to Persons who provide services to or for the benefit of the Partnership, the General Partner or the Special Limited Partner and admit such Persons as Limited Partners.

F. Future Stock Incentive Plans. Nothing in this Agreement shall be construed or applied to preclude or restrain the General Partner or the Special Limited Partner from adopting, modifying or terminating stock incentive plans for the benefit of employees, directors or other business associates of the General Partner, the Special Limited Partner, the Partnership or any of their Affiliates. The Partners acknowledge and agree that, in the event that any such plan is adopted, modified or terminated by the General Partner or the Special Limited Partner, amendments to this Section 4.4 may become necessary or advisable and that any approval or Consent to any such amendments requested by the General Partner or the Special Limited Partner shall be deemed granted.

G. Issuance of Partnership Units. The Partnership is expressly authorized to issue Partnership Units in accordance with this Section 4.4 without any further act, approval or vote of any Partner or any other Persons.

Section 4.5 Dividend Reinvestment Plan, Stock Incentive Plan or Other Plan. Except as may otherwise be provided in this Article 4, all amounts received by the Special Limited Partner in respect of any dividend reinvestment plan, stock incentive or other stock or subscription plan or agreement, either (a) shall be utilized by the Special Limited Partner to effect open market purchases of REIT Shares, or (b) if the Special Limited Partner elects instead to issue new REIT Shares with respect to such amounts, shall be contributed by the Special Limited Partner to the Partnership in exchange for additional Partnership Common Units. Upon such contribution, the Partnership will issue to the Special Limited Partner a number of Partnership Common Units equal to the number of newly issued REIT Shares, divided by the Adjustment Factor then in effect.

Section 4.6 No Interest; No Return. No Partner shall be entitled to interest on its Capital Contribution or on such Partner's Capital Account. Except as provided herein or by law, no Partner shall have any right to demand or receive the return of its Capital Contribution or Capital Account from the Partnership.

Section 4.7 Conversion or Redemption of Capital Shares; Redemption of REIT Shares.

A. Conversion of Capital Shares. If, at any time, any Capital Shares are converted into REIT Shares, in whole or in part, then an equal number of Partnership Equivalent Units held by the Special Limited Partner that correspond to the class or series of Capital Shares so converted shall automatically be converted into a number of Partnership Common Units equal to the quotient of (i) the number of REIT Shares issued upon such conversion, divided by (ii) the Adjustment Factor then in effect.

B. Redemption of Capital Shares. If, at any time, any Capital Shares are redeemed, repurchased or otherwise acquired (whether by exercise of a put or call, automatically or by means of another arrangement) by the Special Limited Partner for cash, then, immediately prior to such redemption of Capital Shares, the Partnership shall redeem an equal number of Partnership Equivalent Units held by the Special Limited Partner that correspond to the class or series of Capital Shares so redeemed, repurchased or acquired upon the same terms and for the same price per Partnership Equivalent Unit, as such Capital Shares are redeemed, repurchased or acquired.

C. Redemption, Repurchase or Forfeiture of REIT Shares. If, at any time, any REIT Shares are redeemed, repurchased or otherwise acquired (whether by exercise of a put or call, upon forfeiture of any award granted under any Equity Plan, automatically or by means of another arrangement) by the Special Limited Partner, then, immediately prior to such redemption, repurchase or acquisition of REIT Shares, the Partnership shall redeem a number of Partnership Common Units held by the Special Limited Partner equal to the quotient of (i) the number of REIT Shares so redeemed, repurchased or acquired, divided by (ii) the Adjustment Factor then in effect, such redemption, repurchase or acquisition to be upon the same terms and for the same price per Partnership Common Unit (after giving effect to application of the Adjustment Factor) as such REIT Shares are redeemed, repurchased or acquired.

Section 4.8 Other Contribution Provisions. Except as otherwise provided herein, a Partner shall have no obligation to restore any deficit in its Capital Account. Notwithstanding the foregoing, with the consent of the General Partner, a Partner (including the Special Limited Partner) may agree to restore, in whole or in part, any such deficit, or enter into a contribution agreement, guarantee arrangement or other arrangement with the Partnership and with respect to any liabilities of the Partnership, and the General Partner shall be entitled to amend this Agreement as and to the extent necessary to give effect to any such arrangement.

Section 4.9 Excluded Properties. The Special Limited Partner shall contribute each Excluded Property (or, if applicable, the net proceeds (after payment of all transfer taxes and other transaction costs) received by the Special Limited Partner from the sale, transfer or other disposition of an Excluded Property to a Person who is not a direct or indirect wholly owned Subsidiary of the Special Limited Partner) to the Partnership upon the earlier of (i) such time as it is commercially practicable to contribute such property to the Partnership without adverse tax or other economic consequence to the Special Limited Partner, and (ii) any sale, transfer or other disposition of an Excluded Property to a Person who is not a direct or indirect wholly owned Subsidiary of the Special Limited Partner. Upon any such contribution of an Excluded Property or the proceeds therefrom, the Special Limited Partner shall receive in exchange for such contribution, notwithstanding the actual value of such Excluded Property or the amount of such proceeds (as the case may be), the Specified Partnership Units applicable to such Excluded Property. The Partnership is expressly authorized to issue the Specified Partnership Units in the numbers specified in this Section 4.9 without any further act, approval or vote of any Partner or any other Persons.

ARTICLE 5 DISTRIBUTIONS

Section 5.1 Requirement and Characterization of Distributions.

A. Subject to the terms of any Partnership Unit Designation that provides for a class or series of Partnership Preferred Units with a preference with respect to the payment of distributions, the General Partner shall cause the Partnership to distribute quarterly all, or such portion as the General Partner may determine, of the Available Cash generated by the Partnership during such quarter to the Holders of Partnership Common Units in accordance with their respective Percentage Interests of Partnership Common Units on the Partnership Record Date established by the General Partner. Unless otherwise determined by the General Partner, distributions payable with respect to any Partnership Units that were not outstanding during the entire quarterly or other applicable period in respect of which any distribution is made (other than any Partnership Units issued to the Special Limited Partner in connection with the issuance of REIT Shares or Capital Shares by the Special Limited Partner) shall be prorated based on the portion of the period that such Partnership Units were outstanding. Notwithstanding the foregoing, the General Partner, in its sole and absolute discretion, may cause the Partnership to distribute Available Cash to the Holders on a more or less frequent basis than quarterly. The General Partner shall make reasonable efforts to cause the Partnership to distribute sufficient amounts to enable the Special Limited Partner, for so long as the Special Limited Partner has determined to qualify as a REIT, to pay stockholder dividends that will (a) satisfy the REIT Requirements, and (b) eliminate any U.S. federal income or excise tax liability of the Special Limited Partner.

B. Notwithstanding the foregoing, if any Excluded Property (or the proceeds therefrom) has not been contributed to the Partnership pursuant to Section 4.9, the distributions provided for above shall be calculated, to the extent possible, based on Adjusted Available Cash as if each Excluded Property had been

contributed to the Partnership in exchange for Partnership Common Units pursuant to Section 4.9; provided, however, that if any Excluded Property (or the proceeds therefrom) has not been contributed to the Partnership pursuant to Section 4.9, any distributions to be made with respect to the Special Limited Partner's Partnership Units shall in the aggregate be reduced to the extent of any REIT Available Cash.

Section 5.2 Distributions in Kind. No Holder may demand to receive property other than cash as provided in this Agreement. The General Partner may cause the Partnership to make a distribution in kind of Partnership assets or Partnership Interests to the Holders, and such assets or Partnership Interests shall be distributed in such a fashion as to ensure that the fair market value is distributed and allocated in accordance with Articles 5, 6 and 10 hereof.

Section 5.3 Amounts Withheld. All amounts withheld pursuant to the Code or any provisions of any state or local tax law and Section 10.4 hereof with respect to any allocation, payment or distribution to any Holder shall be treated as amounts paid or distributed to such Holder pursuant to Section 5.1 hereof for all purposes under this Agreement.

Section 5.4 Distributions upon Liquidation. Notwithstanding the other provisions of this Article 5, upon the occurrence of a Liquidating Event, the assets of the Partnership shall be distributed to the Holders in accordance with Section 13.2 hereof.

Section 5.5 Distributions to Reflect Additional Partnership Units. In the event that the Partnership issues additional Partnership Units pursuant to the provisions of Article 4 hereof, subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, the General Partner is hereby authorized to make such revisions to this Article 5 and to Article 6 as it determines are necessary or desirable to reflect the issuance of such additional Partnership Units, including, without limitation, making preferential distributions to certain classes of Partnership Units.

Section 5.6 Restricted Distributions. Notwithstanding any provision to the contrary contained in this Agreement, neither the Partnership nor the General Partner, on behalf of the Partnership, shall make a distribution to any Holder if such distribution would violate the Act or other applicable law.

ARTICLE 6 ALLOCATIONS

Section 6.1 General Allocations.

A. Net Income. After giving effect to the special allocations set forth in Section 6.2 and except as otherwise provided in this Agreement or any Partnership Unit Designation, Net Income of the Partnership for each Partnership Year or other applicable period shall be allocated to the Partners in the following order:

- (i) first, to the General Partner to the extent that Net Losses previously allocated to the General Partner pursuant to Section 6.1.B(iv) hereof, on a cumulative basis, exceed Net Income previously allocated to the General Partner pursuant to this Section 6.1.A(i), on a cumulative basis;
- (ii) second, to the holders of any Partnership Units that are entitled to any preference upon liquidation until the cumulative Net Income allocated under this Section 6.1.A(ii) equals the cumulative Net Losses allocated to such Partners under Section 6.1.B(iii) hereof;
- (iii) third, to the holders of any Partnership Units that are entitled to any preference in distribution in accordance with the rights of any other class of Partnership Units until each such Partnership Unit has been allocated, on a cumulative basis pursuant to this Section 6.1.A(iii), Net Income equal to the amount of distributions payable that are attributable to the preference of such class of Partnership Units whether or not paid (and, within such class, pro rata in proportion to

their respective Percentage Interests of such class as of the last day of the period for which such allocation is being made); and

(iv) finally, with respect to Partnership Units that are not entitled to any preference in distribution or with respect to which distributions are not limited to any preference in distribution, pro rata to each such class in accordance with the terms of such class (and, within such class, pro rata in proportion to their respective Percentage Interests of such class as of the last day of the period for which such allocation is being made).

B. Net Loss. After giving effect to the special allocations set forth in Section 6.2 and except as otherwise provided in this Agreement or any Partnership Unit Designation, Net Loss of the Partnership for each Partnership Year or other applicable period shall be allocated to the Partners in the following order:

(i) first, to the holders of Partnership Units, in proportion to, and to the extent that, their share of the Net Income previously allocated pursuant to Section 6.1.A(iv) exceeds, on a cumulative basis, the sum of (1) distributions with respect to such Partnership Units pursuant to Section 5.1 and (2) Net Losses allocated under this Section 6.1.B(i);

(ii) second, with respect to classes of Partnership Units that are not entitled to any preference in distribution upon liquidation, pro rata to each such class in accordance with the terms of such class (and, within such class, pro rata in proportion to their respective Percentage Interests of such class as of the last day of the period for which such allocation is being made); provided, however, that Net Losses shall not be allocated to any Partner pursuant to this Section 6.1.B(ii) to the extent that such allocation would cause such Partner to have an Adjusted Capital Account Deficit (or increase any existing Adjusted Capital Account Deficit) (determined in the case of a Partner who also holds classes of Partnership Units that are entitled to any preferences in distribution upon liquidation, by subtracting from such Partners' Adjusted Capital Account the amount of such preferred distribution to be made upon liquidation) at the end of such Partnership Year (or portion thereof);

(iii) third, with respect to classes of Partnership Units that are entitled to any preference in distribution upon liquidation, in reverse order of the priorities of each such class (and within each such class, pro rata in proportion to their respective Percentage Interests of such class as of the last day of the period for which such allocation is being made); provided, however, that Net Losses shall not be allocated to any Partner pursuant to this Section 6.1.B(iii) to the extent that such allocation would cause such Partner to have an Adjusted Capital Account Deficit (or increase any existing Adjusted Capital Account Deficit); and

(iv) thereafter, to the General Partner.

In making allocations pursuant to this Section 6.1, the General Partner may allocate constituent items of Net Income or Net Loss to the extent determined advisable by the General Partner in its discretion.

Section 6.2 Additional Allocation Provisions. Notwithstanding the foregoing provisions of this Article 6:

A. Special Allocations Regarding Partnership Preferred Units. If any Partnership Preferred Units are redeemed pursuant to Section 4.7.B hereof, for the Partnership Year that includes such redemption (and, if necessary, for subsequent Partnership Years) (a) gross income and gain (in such relative proportions as the General Partner shall determine) shall be allocated to the holder(s) of such Partnership Preferred Units to the extent that the Redemption amounts paid or payable with respect to the Partnership Preferred Units so redeemed (or treated as redeemed) exceeds the aggregate Capital Account balances (net of liabilities assumed or taken subject to by the Partnership) per Partnership Preferred Unit allocable to the Partnership Preferred Units so redeemed (or treated as redeemed) and (b) deductions and losses (in such relative proportions as the General Partner shall determine) shall

be allocated to the holder(s) of such Partnership Preferred Units to the extent that the aggregate Capital Account balances (net of liabilities assumed or taken subject to by the Partnership) per Partnership Preferred Unit allocable to the Partnership Preferred Units so redeemed (or treated as redeemed) exceeds the Redemption amount paid or payable with respect to the Partnership Preferred Units so redeemed (or treated as redeemed).

B. Regulatory Allocations.

(i) Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(f), notwithstanding the provisions of Section 6.1 hereof, or any other provision of this Article 6, if there is a net decrease in Partnership Minimum Gain during any Partnership Year, each Holder shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Holder's share of the net decrease in Partnership Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Holder pursuant thereto. The items to be allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 6.2.B(i) is intended to qualify as a "minimum gain chargeback" within the meaning of Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) Partner Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(i)(4) or in Section 6.2.B(i) hereof, if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership Year, each Holder who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Holder's respective share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Holder pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 6.2.B(ii) is intended to qualify as a "chargeback of partner nonrecourse debt minimum gain," within the meaning of Regulations Section 1.704-2(i), and shall be interpreted consistently therewith.

(iii) Nonrecourse Deductions and Partner Nonrecourse Deductions. Any Nonrecourse Deductions for any Partnership Year shall be specially allocated to the Holders in any permissible manner determined by the General Partner. Any Partner Nonrecourse Deductions for any Partnership Year shall be specially allocated to the Holder(s) who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable, in accordance with Regulations Section 1.704-2(i).

(iv) Qualified Income Offset. If any Holder unexpectedly receives an adjustment, allocation or distribution described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be allocated, in accordance with Regulations Section 1.704-1(b)(2)(ii)(d), to such Holder in an amount and manner sufficient to eliminate, to the extent required by such Regulations, the Adjusted Capital Account Deficit of such Holder as quickly as possible, provided that an allocation pursuant to this Section 6.2.B(iv) shall be made if and only to the extent that such Holder would have an Adjusted Capital Account Deficit after all other allocations provided in this Article 6 have been tentatively made as if this Section 6.2.B(iv) were not in the Agreement. It is intended that this Section 6.2.B(iv) qualify and be construed as a "qualified income offset," within the meaning of Regulations Section 1.704-1(b)(2)(ii)(d), and shall be interpreted consistently therewith.

(v) Gross Income Allocation. If any Holder has a deficit Capital Account at the end of any Partnership Year that is in excess of the sum of (1) the amount (if any) that such Holder is obligated to restore to the Partnership upon complete liquidation of such Holder's Partnership Interest (including the Holder's interest in outstanding Partnership Preferred Units and other Partnership Units), and (2) the amount that such Holder is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Holder shall be specially allocated items of Partnership income and gain in the amount of such excess to eliminate such deficit as quickly as possible, provided that an allocation pursuant to this Section 6.2.B(v) shall be made if and only to the extent that such Holder would have a deficit Capital Account in excess of such sum after all other allocations provided in this Article 6 have been tentatively made as if this Section 6.2.B(v) and Section 6.2.B(iv) hereof were not in the Agreement.

(vi) Limitation on Allocation of Net Loss. To the extent that any allocation of Net Loss would cause or increase an Adjusted Capital Account Deficit as to any Holder, such allocation of Net Loss shall be reallocated (x) first, among the other Holders of Partnership Common Units in accordance with their respective Percentage Interests, and (y) thereafter, among the Holders of other Partnership Units, as determined by the General Partner, subject to the limitations of this Section 6.2.B(vi).

(vii) Section 754 Adjustment. To the extent that an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) of the Code or Section 743(b) of the Code is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution to a Holder of Partnership Common Units in complete liquidation of its interest in the Partnership, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Holders of Partnership Common Units in accordance with their respective Percentage Interests in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Holder(s) to whom such distribution was made in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

(viii) Curative Allocations. The allocations set forth in Sections 6.2.B(i), (ii), (iii), (iv), (v), (vi) and (vii) hereof (the "Regulatory Allocations") are intended to comply with certain regulatory requirements, including the requirements of Regulations Sections 1.704-1(b) and 1.704-2. Notwithstanding the provisions of Section 6.1 hereof, the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss and deduction among the Holders of Partnership Units so that, to the extent possible without violating the requirements giving rise to the Regulatory Allocations, the net amount of such allocations of other items and the Regulatory Allocations to each Holder of a Partnership Unit shall be equal to the net amount that would have been allocated to each such Holder if the Regulatory Allocations had not occurred.

C. Special Allocations Upon Liquidation. Notwithstanding any provision in this Article 6 to the contrary, if the Partnership disposes of all or substantially all of its assets in a transaction that will lead to a liquidation of the Partnership pursuant to Article 13 hereof, then any Net Income or Net Loss (and, as and to the extent determined advisable by the General Partner, constituent items of income, gain, loss and deduction) realized in connection with such transaction and thereafter shall be specially allocated for such Partnership Year (and to the extent permitted by Section 761(c) of the Code, for the immediately preceding Partnership Year) among the Holders as required so as to cause liquidating distributions pursuant to Section 13.2.A(4) hereof to be made in the same amounts and proportions as would have resulted had such distributions instead been made pursuant to Article 5 hereof.

D. Allocation of Excess Nonrecourse Liabilities. The General Partner shall determine, in its discretion, each Holder's share of "excess nonrecourse liabilities" of the Partnership within the meaning of Regulations Section 1.752-3(a)(3), using any method permissible under the Regulations.

Section 6.3 Tax Allocations.

A. In General. Except as otherwise provided in this Section 6.3, for U.S. income tax purposes under the Code and the Regulations, each Partnership item of income, gain, loss and deduction (collectively, "Tax Items") shall be allocated among the Holders in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Sections 6.1 and 6.2 hereof.

B. Section 704(c) Allocations. Notwithstanding Section 6.3.A hereof, Tax Items with respect to Property that is contributed to the Partnership with a Gross Asset Value that varies from its basis in the hands of the contributing Partner immediately preceding the date of contribution shall be allocated among the Holders for income tax purposes pursuant to Regulations promulgated under Section 704(c) of the Code so as to take into account such variation. The Partnership shall account for such variation under any method approved under Section 704(c) of the Code and the applicable Regulations as chosen by the General Partner. If the Gross Asset Value of any partnership asset is adjusted pursuant to subsection (b) of the definition of "Gross Asset Value," subsequent allocations of Tax Items with respect to such asset shall take account of the variation, if any, between the adjusted basis of such asset and its Gross Asset Value in the same manner as under Section 704(c) of the Code and the applicable Regulations and using the method chosen by the General Partner.

ARTICLE 7 MANAGEMENT AND OPERATIONS OF BUSINESS

Section 7.1 Management.

A. Except as otherwise expressly provided in this Agreement, including any Partnership Unit Designation, all management powers over the business and affairs of the Partnership are and shall be exclusively vested in the General Partner, and no Limited Partner shall have any right to participate in or exercise control or management power over the business and affairs of the Partnership. No General Partner may be removed by the Partners, with or without cause, except with the consent of the General Partner. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or that are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to the other provisions hereof, including the terms of any Partnership Unit Designation, shall have full and exclusive power and authority, without the consent of any Limited Partner, to conduct or authorize the conduct of the business of the Partnership, to exercise or direct the exercise of all powers of the Partnership and the General Partner under the Act and this Agreement and to effectuate the purposes of the Partnership, including, without limitation, to cause the Partnership to enter into agreements or engage in transactions with affiliates of the Partnership or the General Partner, issue additional Partnership Interests, make distributions, sell, pledge, lease, mortgage or otherwise dispose of its assets, form and conduct all or any portion of its business and affairs through subsidiaries or joint ventures of any form, incur or guarantee debt for any purpose and obtain and maintain casualty, liability and other insurance on the Properties and liability insurance for the Indemnitees hereunder.

B. Except as otherwise provided in this Agreement and subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, the General Partner is authorized to execute and deliver any affidavit, agreement, certificate, consent, instrument, notice, power of attorney, waiver or other writing or document in the name and on behalf of the Partnership and to otherwise exercise any power of the General Partner under this Agreement and the Act without any further act, approval or vote of the Partners or any other Persons and, in the absence of any specific action on the part of the General Partner to the contrary, the taking of any action or the execution of any such document or writing by a manager, member, director or officer of the General Partner, in the name and on behalf of the General Partner, in its capacity as the general partner of the Partnership, shall conclusively evidence (1) the approval thereof by the General Partner, in its capacity as the general partner of the Partnership, (2) the General Partner's determination that such action, document or writing is necessary or

desirable to conduct the business and affairs of the Partnership, exercise the powers of the Partnership under the Act and this Agreement or effectuate the purposes of the Partnership, or any other determination by the General Partner required by this Agreement in connection with the taking of such action or execution of such document or writing, and (3) the authority of such manager, member, director or officer with respect thereto.

C. The determination as to any of the following matters, made by or at the direction of the General Partner consistent with the Act and this Agreement, shall be final and conclusive and shall be binding upon the Partnership and every Limited Partner: the amount of assets at any time available for distribution or the redemption of Common Units or Preferred Units; the amount and timing of any distribution; any determination to redeem Tendered Units; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Partnership; any matter relating to the acquisition, holding and disposition of any assets by the Partnership; or any other matter relating to the business and affairs of the Partnership or required or permitted by applicable law, this Agreement or otherwise to be determined by the General Partner.

D. At all times from and after the date hereof, the General Partner may cause the Partnership to establish and maintain working capital and other reserves in such amounts as the General Partner, in its sole and absolute discretion, deems appropriate and reasonable from time to time.

E. Notwithstanding any other provision of this Agreement or the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership, undertaken in the belief that such action or omission is necessary or advisable in order (i) to protect the ability of the Special Limited Partner to continue to qualify as a REIT, (ii) for the Special Limited Partner otherwise to satisfy the REIT Requirements, (iii) for the Special Limited Partner to avoid incurring any taxes under Section 857 of the Code or Section 4981 of the Code, or (iv) for any wholly owned Subsidiary of the Special Limited Partner to continue to qualify as a “qualified REIT subsidiary” (within the meaning of Section 856(i)(2) of the Code), is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners.

Section 7.2 Certificate of Limited Partnership. To the extent that such action is determined by the General Partner to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate and do all the things to maintain the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) under the laws of the State of Delaware and each other state, the District of Columbia or any other jurisdiction, in which the Partnership may elect to do business or own property. Subject to the terms of Section 8.5.A hereof, the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate or any amendment thereto to any Limited Partner. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents as may be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability to the extent provided by applicable law) in the State of Delaware and any other state, or the District of Columbia or other jurisdiction, in which the Partnership may elect to do business or own property.

Section 7.3 Reimbursement of the General Partner and the Special Limited Partner.

A. The General Partner shall not be compensated for its services as general partner of the Partnership except as provided in this Agreement (including the provisions of Articles 5 and 6 hereof regarding distributions, payments and allocations to which it may be entitled in its capacity as the General Partner).

B. Subject to Section 16.11, the Partnership shall be liable for, and shall reimburse the General Partner and the Special Limited Partner, as applicable, on a monthly basis, or such other basis as the General Partner may determine, for all sums expended in connection with the Partnership’s business, including, without limitation, (i) expenses relating to the ownership of interests in and management and operation of, or for the benefit of, the Partnership, (ii) compensation of officers and employees, including, without limitation, payments

under future compensation plans of the Special Limited Partner, the General Partner, or the Partnership that may provide for stock units, or phantom stock, pursuant to which employees of the Special Limited Partner, the General Partner or the Partnership will receive payments based upon dividends on or the value of REIT Shares, (iii) director fees and expenses, and (iv) all costs and expenses of the Special Limited Partner being a public company, including costs of filings with the SEC, reports and other distributions to its stockholders; provided, however, that the amount of any reimbursement shall be reduced by any interest earned by the General Partner or the Special Limited Partner with respect to bank accounts or other instruments or accounts held by it on behalf of the Partnership as permitted pursuant to Section 7.4. Such reimbursements shall be in addition to any reimbursement of the General Partner and the Special Limited Partner as a result of indemnification pursuant to Section 7.6 hereof.

Section 7.4 Outside Activities of the General Partner and the Special Limited Partner. Neither the General Partner nor the Special Limited Partner shall directly or indirectly enter into or conduct any business, other than in connection with (a) as to the General Partner, the ownership, acquisition and disposition of Partnership Interests, (b) as to the General Partner, the management of the business of the Partnership, (c) as to the Special Limited Partner, its operations as a REIT, including the employment of employees, directors and independent contractors providing services to or for the benefit of the Special Limited Partner, the General Partner and the Partnership, (d) as to the Special Limited Partner, the offering, sale, syndication, private placement or public offering of stock, bonds, securities or other interests, (e) financing or refinancing of any type related to the Partnership or its assets or activities, and (f) such activities as are incidental thereto; provided, however, that each of the General Partner and the Special Limited Partner may from time to time hold or acquire assets in its own name or otherwise other than through the Partnership so long as each of the General Partner and the Special Limited Partner takes commercially reasonable measures to ensure that the economic benefits and burdens of such Property are otherwise vested in the Partnership, whether by electing to treat such asset as an “Excluded Property” hereunder, through assignment, mortgage loan or otherwise or, if it is not commercially reasonable to vest such economic interests in the Partnership, the Partners shall negotiate in good faith to amend this Agreement, including, without limitation, the definition of “Adjustment Factor,” to reflect such activities and the direct ownership of assets by the General Partner or the Special Limited Partner, as applicable. Nothing contained herein shall be deemed to prohibit the General Partner or Special Limited Partner from executing guarantees of Partnership debt. Except as otherwise provided herein, the General Partner, the Special Limited Partner and all “qualified REIT subsidiaries” (within the meaning of Section 856(i)(2) of the Code), taken as a group, shall not own any assets or take title to assets (other than temporarily in connection with an acquisition prior to contributing such assets to the Partnership) other than (i) Excluded Properties, (ii) interests in “qualified REIT subsidiaries” (within the meaning of Section 856(i)(2) of the Code), (iii) Partnership Interests as the General Partner or Special Limited Partner (including indirectly through one or more subsidiary entities), (iv) assets necessary or appropriate to undertake the activities described in clause (c) or (d) above, and (v) such cash and cash equivalents, bank accounts or similar instruments or accounts as such group deems reasonably necessary, taking into account Section 7.1.D hereof and the requirements necessary for the Special Limited Partner to qualify as a REIT and for the General Partner and the Special Limited Partner to carry out their respective responsibilities contemplated under this Agreement and the Charter. The General Partner and any Affiliates of the General Partner may acquire Partnership Interests and shall be entitled to exercise all rights of a Limited Partner relating to such Partnership Interests.

Section 7.5 Transactions with Affiliates.

A. The Partnership may lend or contribute funds or other assets to the Special Limited Partner and its Subsidiaries or other Persons in which the Special Limited Partner has an equity investment, and such Persons may borrow funds from the Partnership, on terms and conditions no less favorable to the Partnership in the aggregate than would be available from unaffiliated third parties, as determined by the General Partner. The foregoing authority shall not create any right or benefit in favor of any Subsidiary or any other Person. It is expressly acknowledged and agreed by each Partner that the Special Limited Partner may (i) borrow funds from the Partnership in order to redeem, at any time or from time to time, options or warrants previously or hereafter issued by the Special Limited Partner, (ii) put to the Partnership, for cash, any rights, options, warrants or convertible or exchangeable securities that the Special Limited Partner may desire or be required to purchase or redeem, or (iii) borrow funds from the Partnership to acquire assets that become Excluded Properties or will be contributed to the Partnership for Partnership Units. If the Special Limited Partner acquires a corporation in which the Partnership

does not hold an interest, in whole or in part, with the proceeds (whether comprised of cash or other assets) of a loan from the Partnership to the Special Limited Partner, the Partnership shall issue to such corporation an interest in the Partnership that (i) entitles the holder thereof to receive distributions in amounts and at the same times as interest payments on such loan (with appropriate reductions in such distributions if any portion of the loan is repaid), (ii) entitles the holder thereof to receive, if and to the extent that any portion of such loan is repaid, a number of Partnership Units equal to the quotient obtained by dividing the principal amount of the loan repaid by the Value of REIT Shares at the date of repayment (it being understood and agreed that if the loan is repaid with funds contributed to such corporation by the Special Limited Partner from the proceeds of a sale of REIT Shares, the Value of REIT Shares at the date of repayment shall be deemed to be the net price per share at which such shares were sold), and (iii) is automatically redeemed for no consideration upon the repayment in full of such loan.

B. Except as provided in 7.4 hereof and subject to Section 3.1 hereof, the Partnership may transfer assets to joint ventures, limited liability companies, partnerships, corporations, business trusts or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions consistent with this Agreement and applicable law.

C. The General Partner, the Special Limited Partner and their respective Affiliates may sell, transfer or convey any property to the Partnership, directly or indirectly, on terms and conditions no less favorable to the Partnership, in the aggregate, than would be available from unaffiliated third parties, as determined by the General Partner.

D. The General Partner or the Special Limited Partner, without the approval of the Partners or any of them or any other Persons, may propose and adopt, on behalf of the Partnership, employee benefit plans funded by the Partnership for the benefit of employees of the General Partner, the Partnership, the Special Limited Partner, Subsidiaries of the Partnership or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of the General Partner, the Special Limited Partner, the Partnership or any of the Partnership's Subsidiaries.

Section 7.6 Indemnification.

A. To the fullest extent permitted by applicable law, the Partnership shall indemnify each Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including, without limitation, attorney's fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership ("Actions"), as set forth in this Agreement, in which such Indemnitee may be involved, or is threatened to be involved, as a party or otherwise; provided, however, that the Partnership shall not indemnify an Indemnitee (i) for any Action if it is established by a final judgment of a court of competent jurisdiction that the actions or omissions of the Indemnitee were material to the matter giving rise to the Action and were committed in bad faith, constituted fraud or were the result of active and deliberate dishonesty on the part of the Indemnitee, (ii) the Indemnitee actually received an improper personal benefit in money, property or services; (iii) for an Action initiated by the Indemnitee (other than an Action to enforce such Indemnitee's rights to indemnification or advance of expenses under this Section 7.6), or (iv) for a criminal proceeding if the Indemnitee had reasonable cause to believe that the Indemnitee's act or omission was unlawful. Without limitation, the foregoing indemnity shall extend to any liability of any Indemnitee, pursuant to a loan guaranty or otherwise, for any indebtedness of the Partnership or any Subsidiary of the Partnership (including, without limitation, any indebtedness which the Partnership or any Subsidiary of the Partnership has assumed or taken subject to), and the General Partner is hereby authorized and empowered, on behalf of the Partnership, to enter into one or more indemnity agreements consistent with the provisions of this Section 7.6 in favor of any Indemnitee having or potentially having liability for any such indebtedness. It is the intention of this Section 7.6.A that the Partnership indemnify each Indemnitee to the fullest extent permitted by law. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this Section 7.6.A. The termination of any proceeding by conviction of an Indemnitee or upon a plea of nolo contendere or its equivalent by an Indemnitee, or an entry of an order of probation against an Indemnitee prior to judgment, does not create a presumption that such Indemnitee acted in a manner contrary to that specified in this Section 7.6.A with respect to

the subject matter of such proceeding. Any indemnification pursuant to this Section 7.6 shall be made only out of the assets of the Partnership, and neither the General Partner nor any other Holder (including the Special Limited Partner) shall have any obligation to contribute to the capital of the Partnership or otherwise provide funds to enable the Partnership to fund its obligations under this Section 7.7.

B. To the fullest extent permitted by law, expenses incurred by an Indemnitee who is a party to a proceeding or otherwise subject to or the focus of or is involved in any Action shall be paid or reimbursed by the Partnership as incurred by the Indemnitee in advance of the final disposition of the Action upon receipt by the Partnership of (i) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership, as authorized in Section 7.6.A, has been met, and (ii) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met, provided that such undertaking need not be secured and shall be without reference to the financial ability for repayment.

C. The indemnification provided by this Section 7.6 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee unless otherwise provided in a written agreement with such Indemnitee or in the writing pursuant to which such Indemnitee is indemnified.

D. The Partnership may, but shall not be obligated to, purchase and maintain insurance, on behalf of any of the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

E. Any liabilities which an Indemnitee incurs as a result of acting on behalf of the Partnership, the General Partner or the Special Limited Partner (whether as a fiduciary or otherwise) in connection with the operation, administration or maintenance of an employee benefit plan or any related trust or funding mechanism (whether such liabilities are in the form of excise taxes assessed by the IRS, penalties assessed by the Department of Labor, restitutions to such a plan or trust or other funding mechanism or to a participant or beneficiary of such plan, trust or other funding mechanism, or otherwise) shall be treated as liabilities or judgments or fines under this Section 7.6, unless such liabilities arise as a result of fraud, intentional harm or gross negligence on the part of the Indemnitee.

F. In no event may an Indemnitee subject any of the Holders to personal liability by reason of the indemnification provisions set forth in this Agreement.

G. An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.6 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

H. The provisions of this Section 7.6 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this Section 7.6 or any provision hereof shall be prospective only and shall not in any way affect the Partnership's liability to any Indemnitee under this Section 7.6 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 7.7 Liability of the General Partner.

A. To the maximum extent permitted under the Act, the only duties that the General Partner owes to the Partnership, any Partner or any other Person (including any creditor of any Partner or assignee of any Partnership Interest), fiduciary or otherwise, are to perform its contractual obligations as expressly set forth in this Agreement consistently with the implied contractual covenant of good faith and fair dealing. The General Partner, in its capacity as such, shall have no other duty, fiduciary or otherwise, to the Partnership, any Partner or any other Person (including any creditor of any Partner or any assignee of Partnership Interest). The provisions of this Agreement shall create contractual obligations of the General Partner only, and no such provisions shall be interpreted to create any fiduciary duties of the General Partner.

B. The Limited Partners agree that: (i) the General Partner is acting for the benefit of the Partnership, the Limited Partners and the Special Limited Partner's stockholders, collectively; and (ii) in the event of a conflict between the interests of the Partnership or any Partner, on the one hand, and the separate interests of the Special Limited Partner or its stockholders, on the other hand, the General Partner may give priority to the separate interests of the Special Limited Partner and its stockholders (including, without limitation, with respect to the tax consequences to Limited Partners, Assignees or the Special Limited Partner's stockholders) and, in the event of such a conflict, any action or failure to act on the part of the General Partner that gives priority to the separate interests of the Special Limited Partner or its stockholders that does not result in a violation of the contract rights of the Limited Partners under this Agreement does not violate any duty owed by the General Partner to the Partnership or the Partners.

C. In exercising its authority under this Agreement, the General Partner may, but shall be under no obligation to, take into account the tax consequences to any Partner of any action taken (or not taken) by it. Except as otherwise agreed by the Partnership, the General Partner and the Partnership shall not have liability to a Limited Partner under any circumstances as a result of any income tax liability incurred by such Limited Partner as a result of an action (or inaction) by the General Partner or the Partnership pursuant to the General Partner's authority under this Agreement.

D. Subject to its obligations and duties as General Partner set forth in this Agreement and applicable law, the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its employees or agents. The General Partner shall not be responsible to the Partnership or any Partner for any misconduct or negligence on the part of any such employee or agent appointed by it in good faith.

E. In performing its duties under this Agreement and the Act, the General Partner shall be entitled to rely on the provisions of this Agreement and on any information, opinion, report or statement, including any financial statement or other financial data or the records or books of account of the Partnership or any subsidiary of the Partnership, prepared or presented by an officer, employee or agent of the General Partner or any agent of the Partnership or any such subsidiary, or by a lawyer, certified public accountant, appraiser or other person engaged by the Partnership as to any matter within such person's professional or expert competence, and any act taken or omitted to be taken in reliance upon any such information, opinion, report or statement as to matters that the General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion. The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties.

F. Notwithstanding any other provision of this Agreement or the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership, undertaken in the good faith belief that such action or omission is necessary or advisable in order (i) to protect the ability of the Special Limited Partner to continue to qualify as a REIT, (ii) for the Special Limited Partner otherwise to satisfy the REIT Requirements, (iii) to avoid the Special Limited Partner incurring any taxes under Section 857 of the Code or Section 4981 of the Code, or (iv) for any wholly owned Subsidiary of the Special Limited Partner to continue to qualify as a "qualified REIT subsidiary" (within the meaning of Section 856(i)(2) of

the Code), is expressly authorized under this Agreement, is deemed approved by all of the Limited Partners and does not violate any duty of the General Partner to the Partnership or any other Partner.

G. Notwithstanding anything herein to the contrary, except for fraud, willful misconduct or gross negligence, or pursuant to any express indemnities given to the Partnership by the General Partner pursuant to any other written instrument, the General Partner shall not have any personal liability whatsoever, to the Partnership or to the other Partners, for any action or omission taken in its capacity as the General Partner or for the debts or liabilities of the Partnership or the Partnership's obligations hereunder except pursuant to Section 15.1 hereof. Without limitation of the foregoing, and except for fraud, willful misconduct or gross negligence, or pursuant Section 15.1 hereof or any such express indemnity, no property or assets of the General Partner, other than its interest in the Partnership, shall be subject to levy, execution or other enforcement procedures for the satisfaction of any judgment (or other judicial process) in favor of any other Partner(s) and arising out of, or in connection with, this Agreement.

H. No manager, member, officer or agent of the General Partner, and no director, officer or agent of the Special Limited Partner shall have any duties directly to the Partnership or any Partner. No manager, member, officer or agent of the General Partner or any director, officer, or agent of the Special Limited Partner shall be directly liable to the Partnership for money damages by reason of their service as such.

I. Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability of the General Partner, or its managers, members, directors, officers or agents, to the Partnership and the Limited Partners under this Section 7.8, as in effect immediately prior to such amendment, modification or repeal, with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 7.8 Title to Partnership Assets. Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively with other Partners or Persons, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner. The General Partner hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner or any nominee or Affiliate of the General Partner shall be held by the General Partner for the use and benefit of the Partnership in accordance with the provisions of this Agreement. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which legal title to such Partnership assets is held.

Section 7.9 Reliance by Third Parties. Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority, without the consent or approval of any other Partner, or Person, to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and take any and all actions on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner as if it were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives any and all defenses or other remedies that may be available against such Person to contest, negate or disaffirm any action of the General Partner in connection with any such dealing. In no event shall any Person dealing with the General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expediency of any act or action of the General Partner or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (i) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (ii) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership, and (iii) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

Article 8
RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

Section 8.1 Limitation of Liability. No Limited Partner, in its capacity as such, shall have any duties or liability under this Agreement except as expressly provided in this Agreement (including, without limitation, Section 10.4 hereof) or under the Act. To the maximum extent permitted by law, no Limited Partner, including the Special Limited Partner, in its capacity as such, shall have any personal liability whatsoever, to the Partnership or to the other Partners, for any action or omission taken in its capacity as a limited partner or for the debts or liabilities of the Partnership or the Partnership's obligations hereunder except pursuant to any express indemnities given to the Partnership by such Limited Partner pursuant to any other written instrument and except for liabilities of the Special Limited Partner pursuant to Section 15.1 hereof. Without limitation of the foregoing, and except pursuant to any such express indemnity (and, in the case of the Special Limited Partner, pursuant to Section 15.1 hereof), no property or assets of a Limited Partner, other than its interest in the Partnership, shall be subject to levy, execution or other enforcement procedures for the satisfaction of any judgment (or other judicial process) in favor of any other Partner(s) and arising out of, or in connection with, this Agreement.

Section 8.2 Management of Business. No Limited Partner or Assignee (other than in its separate capacity as the General Partner, any of its Affiliates or any officer, director, manager, member, employee, partner, agent, representative or trustee of the General Partner, the Partnership or any of their Affiliates, in their capacity as such) shall take part in the operations, management or control (within the meaning of the Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any officer, director, manager, member, employee, partner, agent, representative or trustee of the General Partner, the Partnership or any of their Affiliates, in their capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

Section 8.3 Outside Activities of Limited Partners. Subject to any agreements entered into pursuant to Section 7.5 hereof and any other agreements entered into by a Limited Partner or any of its Affiliates with the General Partner, the Partnership or a Subsidiary (including, without limitation, any employment agreement), any Limited Partner and any Assignee, officer, director, employee, agent, representative, trustee, Affiliate, manager, member or stockholder of any Limited Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities that are in direct or indirect competition with the Partnership or that are enhanced by the activities of the Partnership. Neither the Partnership nor any Partner shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner or Assignee. Subject to such agreements, none of the Limited Partners nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any business ventures of any other Person (other than the General Partner or the Special Limited Partner, to the extent expressly provided herein), and such Person shall have no obligation pursuant to this Agreement, subject to Section 7.5 hereof and any other agreements entered into by a Limited Partner or its Affiliates with the General Partner, the Partnership or a Subsidiary, to offer any interest in any such business ventures to the Partnership, any Limited Partner, or any such other Person, even if such opportunity is of a character that, if presented to the Partnership, any Limited Partner or such other Person, could be taken by such Person.

Section 8.4 Return of Capital. Except pursuant to the rights of Redemption set forth in Section 15.1 hereof or in any Partnership Unit Designation, no Limited Partner shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent of distributions made pursuant to this Agreement or upon dissolution of the Partnership as provided herein. Except to the extent provided in Article 5 or Article 6 hereof or otherwise expressly provided in this Agreement or in any Partnership Unit Designation, no Limited Partner or Assignee shall have priority over any other Limited Partner or Assignee either as to the return of Capital Contributions or as to profits, losses or distributions.

Section 8.5 Rights of Limited Partners Relating to the Partnership.

A. In addition to other rights provided by this Agreement or by the Act, and subject to Section 8.5.C, the General Partner shall deliver to each Limited Partner a copy of any information mailed to all of the common stockholders of the Special Limited Partner as soon as practicable after such mailing.

B. The Partnership shall notify any Limited Partner that is a Qualifying Party, on request, of the then current Adjustment Factor or any change made to the Adjustment Factor.

C. Notwithstanding any other provision of this Section 8.5, the General Partner may keep confidential from the Limited Partners (or any of them), for such period of time as the General Partner determines to be reasonable, any information that (i) the General Partner believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or the Special Limited Partner or (ii) the Partnership or the General Partner is required by law or by agreement to keep confidential.

Section 8.6 Partnership Right to Call Partnership Interests. Notwithstanding any other provision of this Agreement, as soon as the aggregate Percentage Interests of the Limited Partners (other than the Special Limited Partner) equal or exceed one percent (1%), on and after the date on which the aggregate Percentage Interests of the Limited Partners (other than the Special Limited Partner) fall below one percent (1%) the Partnership shall have the right, but not the obligation, from time to time and at any time to redeem any and all outstanding Partnership Common Units (other than Partnership Common Units held by the General Partner or the Special Limited Partner or Partnership Common Units that were Partnership LTIP Units) by treating any Limited Partner as a Tendering Party who has delivered a Notice of Redemption pursuant to Section 15.1 hereof for the amount of Partnership Common Units to be specified by the General Partner by notice to such Limited Partner that the Partnership has elected to exercise its rights under this Section 8.6. Such notice given by the General Partner to a Limited Partner pursuant to this Section 8.6 shall be treated as if it were a Notice of Redemption delivered to the General Partner by such Limited Partner. For purposes of this Section 8.6, (a) any Limited Partner (whether or not otherwise a Qualifying Party) may be treated as a Qualifying Party that is a Tendering Party and (b) the provisions of Sections 15.1.D(1), 15.1.F(1) and 15.1.F(2) hereof shall not apply, but the remainder of Section 15.1 hereof shall apply, mutatis mutandis.

Section 8.7 No Rights as Objecting Partner. No Limited Partner and no Holder of a Partnership Interest shall be entitled to exercise any appraisal rights in connection with a merger, consolidation or conversion of the Partnership.

Section 8.8 No Right to Certificate Evidencing Units; Article 8 Securities. Partnership Units shall not be certificated. No Limited Partner shall be entitled to a certificate evidencing the Partnership Units held by such Limited Partner. Any certificate evidencing Partnership Units issued prior to the date hereof shall no longer evidence Partnership Units. The Partnership shall not elect to treat any Partnership Unit as a “security” governed by (x) Article 8 of the Delaware Uniform Commercial Code or (y) Article 8 of the Uniform Commercial Code of any other applicable jurisdiction.

ARTICLE 9 BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 9.1 Records and Accounting.

A. The General Partner shall keep or cause to be kept at the principal business office of the Partnership those records and documents, if any, required to be maintained by the Act and other books and records deemed by the General Partner to be appropriate with respect to the Partnership’s business, including, without limitation, all books and records necessary to provide to the Limited Partners any information, lists and copies of documents required to be provided pursuant to Section 8.5.A, Section 9.3 or Article 13 hereof. Any records maintained by or on behalf of the Partnership in the regular course of its business may be kept on any information storage device, provided that the records so maintained are convertible into clearly legible written form within a reasonable period of time.

B. The books of the Partnership shall be maintained, for financial and tax reporting purposes, on an accrual basis in accordance with generally accepted accounting principles, or on such other basis as the General Partner determines to be necessary or appropriate. To the extent permitted by sound accounting practices and principles, the Partnership and the General Partner may operate with integrated or consolidated accounting records, operations and principles.

Section 9.2 Partnership Year. The Partnership Year of the Partnership shall be the calendar year.

ARTICLE 10 TAX MATTERS

Section 10.1 Preparation of Tax Returns. The General Partner shall arrange for the preparation and timely filing of all returns with respect to Partnership income, gains, deductions, losses and other items required of the Partnership for U.S. federal and state income tax purposes and shall furnish the tax information reasonably required by Limited Partners and for U.S. federal and state income tax and any other tax reporting purposes. The Limited Partners shall promptly provide the General Partner with such information relating to any Contributed Properties contributed by such Limited Partners, including tax basis and other relevant information, as may be reasonably requested by the General Partner from time to time.

Section 10.2 Tax Elections. Except as otherwise provided herein, the General Partner shall determine whether to make any available election pursuant to the Code, including, but not limited to, the election under Section 754 of the Code and the election to use the “recurring item” method of accounting provided under Section 461(h) of the Code with respect to property taxes imposed on the Partnership’s Properties. The General Partner shall have the right to seek to revoke any such election (including, without limitation, any election under Sections 461(h) and 754 of the Code).

Section 10.3 Partnership Representative.

A. The General Partner shall act as or appoint the “partnership representative” (the “Partnership Representative”) within the meaning of Section 6223(a) of the Code (as amended by the Bipartisan Budget Act of 2015) and in any similar capacity under provisions of any state, local or non-U.S. tax law. As the Partnership Representative, the General Partner (or its appointee) shall have full discretion to represent and bind the Partnership in each audit conducted by any taxing authority, including without limitation the power and authority (1) to make an election under Section 6226 of the Code and any Regulations promulgated in accordance therewith and (2) to take, and to cause the Partnership to take, all actions necessary or convenient to give effect to such an election. Each Partner agrees to take all actions that the Partnership Representative informs it are reasonably necessary to effect a decision of the Partnership Representative in its capacity as such, including without limitation (w) providing any information reasonably requested in connection with any tax audit or related proceeding (which information may be freely disclosed to the IRS or other relevant taxing authorities), (x) paying all liabilities attributable to such Partner as the result of an election under Section 6226 of the Code, (y) filing any amended returns that the Partnership Representative determines to be necessary or appropriate to reduce an imputed underpayment under Section 6225(c) of the Code and/or (z) paying all liabilities associated with such an amended return. The General Partner (or its appointee) shall have the right to retain professional assistance in respect of any audit of the Partnership by the IRS and all out-of-pocket expenses and fees incurred by the General Partner (or its appointee) on behalf of the Partnership as the Partnership Representative shall constitute Partnership expenses.

B. With respect to any tax audit or other proceeding not conducted under the BBA Rules, the Partnership Representative and each Partner shall, to the extent permissible under applicable law, have rights, powers, privileges and obligations analogous to those described above.

C. If any tax audit under the BBA Rules or similar foreign, state, or local laws or regulations results in the imposition of a tax liability on the Partnership (including indirectly through such an imposition on one or more subsidiaries of the Partnership) and the General Partner determines, in its sole discretion, that any portion of such liability is attributable to a Partner then, at the General Partner’s election, such amount shall, without

duplication, (1) be deemed an amount withheld pursuant to Section 10.4, or (2) be contributed by such Partner to the Partnership. Any amount contributed under the preceding sentence shall be taken into account for purposes of maintaining Capital Account balances to the extent required by applicable Regulations, but shall not be treated as a Capital Contribution or otherwise increase the contributing Partner's rights to any Partnership Units, distributions or other amounts from the Partnership.

D. Each Partner and its successor-in-interest shall indemnify and hold harmless each Indemnitee with respect to all liabilities attributed to such Partner under this Section 10.3.

E. Each Partner promptly shall notify the General Partner upon becoming aware of the commencement of any tax audit or similar proceeding with respect to such Partner or its affiliates if such audit or proceeding relates (or reasonably could be expected to relate) to the Partnership or any income, gain, loss, or deduction derived from a Partnership Interest.

F. Notwithstanding any provision of this Agreement to the contrary, each Partner agrees that its obligations to comply with the Partnership Representative's decisions and to make payments under, and to otherwise comply with, this Section 10.3 shall survive any transfer of its Partnership Interest and the termination of the Partnership.

G. No Partnership Representative (or "designated individual") shall be liable, in damages or otherwise, to the Partnership, any Partner, or any other Person for any loss that arises out of any act performed or omitted to be performed by the Partnership Representative or designated individual with respect to which the Partnership Representative would be entitled to indemnification hereunder. The Partnership Representative and any designated individual shall be entitled to rely on the advice or services of any such professionals in discharging its duties as a Partnership Representative and designated individual and in doing so shall not be liable for any damages, loss, cost or expense, or diminution in value to any person as a result of such reliance; provided, that such reliance is not finally determined by a court of competent jurisdiction to have constituted gross negligence, fraud, bad faith or willful misconduct.

H. The Partnership Representative (and any designated individual) shall receive no compensation for its services. All third-party costs and expenses incurred by the foregoing in performing its duties as such (including legal and accounting fees and expenses) shall be borne by the Partnership. Nothing herein shall be construed to restrict the Partnership Representative, the General Partner or the Partnership from engaging an accounting firm, law firm or other advisor to assist the Partnership Representative in discharging its duties hereunder, so long as the compensation paid by the Partnership for such services is reasonable.

Section 10.4 Withholding. Each Limited Partner hereby authorizes the Partnership to withhold from or pay on behalf of or with respect to such Limited Partner any amount of U.S. federal, state, local or foreign taxes that the General Partner determines that the Partnership is required to withhold or pay with respect to any amount distributable or allocable to such Limited Partner pursuant to this Agreement, including, without limitation, any taxes required to be withheld or paid by the Partnership pursuant to Section 1441 of the Code, Section 1442 of the Code, Section 1445 of the Code or Section 1446 of the Code. Any amount paid on behalf of or with respect to a Limited Partner shall constitute a loan by the Partnership to such Limited Partner, which loan shall be repaid by such Limited Partner within fifteen (15) days after notice from the General Partner that such payment must be made unless (i) the Partnership withholds such payment from a distribution that would otherwise be made to the Limited Partner or (ii) the General Partner determines that such payment may be satisfied out of the Available Cash of the Partnership that would, but for such payment, be distributed to the Limited Partner. Each Limited Partner hereby unconditionally and irrevocably grants to the Partnership a security interest in such Limited Partner's Partnership Interest to secure such Limited Partner's obligation to pay to the Partnership any amounts required to be paid pursuant to this Section 10.4. In the event that a Limited Partner fails to pay any amounts owed to the Partnership pursuant to this Section 10.4 when due, the General Partner may elect to make the payment to the Partnership on behalf of such defaulting Limited Partner, and in such event shall be deemed to have loaned such amount to such defaulting Limited Partner and shall succeed to all rights and remedies of the Partnership as against such defaulting Limited Partner (including, without limitation, the right to receive distributions). Any amounts payable by a Limited

Partner hereunder shall bear interest at the base rate on corporate loans at large United States money center commercial banks, as published from time to time in the Wall Street Journal, plus four (4) percentage points (but not higher than the maximum lawful rate) from the date such amount is due (i.e., fifteen (15) days after demand) until such amount is paid in full. Each Limited Partner shall take such actions as the Partnership or the General Partner shall request in order to perfect or enforce the security interest created hereunder.

Section 10.5 Organizational Expenses. The General Partner may cause the Partnership to elect to deduct expenses, if any, incurred by it in organizing the Partnership ratably over a 180-month period as provided in Section 709 of the Code.

ARTICLE 11 PARTNER TRANSFERS AND WITHDRAWALS

Section 11.1 Transfer.

A. No part of the interest of a Partner shall be subject to the claims of any creditor, to any spouse for alimony or support, or to legal process, and may not be voluntarily or involuntarily alienated or encumbered except as may be specifically provided for in this Agreement.

B. No Partnership Interest shall be Transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article 11. Any Transfer or purported Transfer of a Partnership Interest not made in accordance with this Article 11 shall be null and void *ab initio*.

Section 11.2 Transfer of General Partner's Partnership Interest.

A. Except as provided in Section 11.2.B, and subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, the General Partner may not Transfer all or any portion of its Partnership Interest without the Consent of the Partners.

B. Subject to compliance with the other provisions of this Article 11, the General Partner may Transfer all or part of its Partnership Interest at any time to the Special Limited Partner or any Person that is, at the time of such Transfer, a direct or indirect wholly owned Subsidiary of the Special Limited Partner, including any "qualified REIT subsidiary" (within the meaning of Section 856(i)(2) of the Code), without the Consent of any Partner, and may designate the transferee to become a new General Partner under Section 12.1.

C. The General Partner may not voluntarily withdraw as a general partner of the Partnership without the Consent of the Limited Partners, except in connection with a Transfer of the General Partner's entire Partnership Interest permitted in this Article 11 and the admission of the Transferee as a successor General Partner of the Partnership pursuant to the Act and this Agreement.

D. It is a condition to any Transfer of the entire Partnership Interest of a sole General Partner otherwise permitted hereunder that (i) concurrently with or prior to such Transfer, the transferee is admitted as a General Partner pursuant to the Act and this Agreement; (ii) the transferee assumes by operation of law or express agreement all of the obligations of the transferor General Partner under this Agreement with respect to such Transferred Partnership Interest; and (iii) the transferee has executed such instruments as may be necessary to effectuate such admission and to confirm the agreement of such transferee to be bound by all the terms and provisions of this Agreement applicable to the General Partner and the admission of such transferee as a General Partner.

Section 11.3 Limited Partners' Rights to Transfer.

A. General. Except to the extent expressly permitted in Sections 11.3.B and 11.3.C or in connection with the exercise of a Redemption Right pursuant to Section 8.6, a Limited Partner may not transfer all or a portion of its Partnership Interest, or any of such Limited Partner's rights as a Limited Partner, without the prior

written consent of the General Partner, which consent may be withheld in the General Partner's sole and absolute discretion. Any Transfer otherwise permitted under Sections 11.3.B and 11.3.C shall be subject to the conditions set forth in Section 11.3.D and 11.3.E, and all permitted transfers shall be subject to Section 11.4, Section 11.5 and Section 11.6.

B. Incapacity. If a Limited Partner is subject to Incapacity, the executor, administrator, trustee, committee, guardian, conservator or receiver of such Limited Partner's estate shall have all the rights of a Limited Partner, but not more rights than those enjoyed by other Limited Partners, for the purpose of settling or managing the estate, and such power as the Incapacitated Limited Partner possessed to Transfer all or any part of its interest in the Partnership. The Incapacity of a Limited Partner, in and of itself, shall not dissolve or terminate the Partnership.

C. Permitted Transfers. A Limited Partner may transfer, with or without the consent of the General Partner, all or a portion of its Partnership Interest (i) in the case of a Limited Partner who is an individual, to a member of his or her Immediate Family, any trust formed for the benefit of himself or herself and/or members of his or her Immediate Family, or any partnership, limited liability company, joint venture, corporation or other business entity the ownership interests in which are held only by himself or herself and/or members of his or her Immediate Family and entities the ownership interests in which are owned by or for the benefit of himself or herself and/or members of his or her Immediate Family, (ii) in the case of a Limited Partner which is a trust, to the beneficiaries of such trust, (iii) in the case of a Limited Partner which is a partnership, limited liability company, joint venture, corporation or other business entity to which Units were transferred pursuant to clause (i) above, to its partners, owners or stockholders, as the case may be, who are members of the Immediate Family of or are actually the Person(s) who transferred Partnership Units to it pursuant to clause (i) above, (iv) in the case of a Limited Partner which is a partnership, limited liability company, joint venture, corporation or other business entity other than any of the foregoing described in clause (iii), in accordance with the terms of any agreement between such Limited Partner and the Partnership pursuant to which such Partnership Interest was issued, (v) pursuant to a gift or other transfer without consideration, (vi) pursuant to applicable laws of descent or distribution, (vii) to another Limited Partner and (viii) pursuant to a grant of security interest or other encumbrance effectuated in a bona fide transaction or as a result of the exercise of remedies related thereto, subject to the provisions of Section 11.3.E hereof. A trust or other entity will be considered formed "for the benefit" of a Partner's Immediate Family even though some other Person has a remainder interest under or with respect to such trust or other entity.

D. No Transfers Violating Securities Laws. The General Partner may prohibit any transfer of Partnership Units by a Limited Partner unless it receives a written opinion of legal counsel (which opinion and counsel shall be reasonably satisfactory to the Partnership) to such Limited Partner to the effect that such transfer would not require filing of a registration statement under the Securities Act or would not otherwise violate any federal or state securities laws or regulations applicable to the Partnership or the Partnership Unit or, at the option of the Partnership, an opinion of legal counsel to the Partnership to the same effect.

E. No Transfers to Holders of Nonrecourse Liabilities. No pledge or transfer of any Partnership Units may be made to a lender to the Partnership or any Person who is related (within the meaning of Section 1.752-4(b) of the Regulations) to any lender to the Partnership whose loan otherwise constitutes a Nonrecourse Liability unless (i) the General Partner is provided prior written notice thereof and (ii) the lender enters into an arrangement with the Partnership and the General Partner to exchange or redeem for the Redemption Amount any Partnership Units in which a security interest is held simultaneously with the time at which such lender would be deemed to be a partner in the Partnership for purposes of allocating liabilities to such lender under Section 752 of the Code.

Section 11.4 Substituted Limited Partners.

A. A transferee of the interest of a Limited Partner may be admitted as a Substituted Limited Partner only with the consent of the General Partner; provided, however, that a Permitted Transferee may be admitted as a Substituted Limited Partner pursuant to a Permitted Transfer without the consent of the General Partner. The failure or refusal by the General Partner to permit a transferee of any such interests to become a

Substituted Limited Partner shall not give rise to any cause of action against the Partnership or the General Partner. Subject to the foregoing, an Assignee shall not be admitted as a Substituted Limited Partner until and unless it furnishes to the General Partner (i) evidence of acceptance, in form and substance satisfactory to the General Partner, of all the terms, conditions and applicable obligations of this Agreement, (ii) a counterpart signature page to this Agreement executed by such Assignee and (iii) such other documents and instruments as the General Partner may require to effect such Assignee's admission as a Substituted Limited Partner.

B. Concurrently with, and as evidence of, the admission of a Substituted Limited Partner, the General Partner shall amend the Register and the books and records of the Partnership to reflect the name, address and number of Partnership Units of such Substituted Limited Partner and to eliminate or adjust, if necessary, the name, address and number of Partnership Units of the predecessor of such Substituted Limited Partner.

C. A transferee who has been admitted as a Substituted Limited Partner in accordance with this Article 11 shall have all the rights and powers and be subject to all the restrictions and liabilities of a Limited Partner under this Agreement.

Section 11.5 Assignees. If the General Partner's consent is required for the admission of any permitted transferee under Section 11.3 hereof as a Substituted Limited Partner, as described in Section 11.4 hereof, and the General Partner withholds such consent, such transferee shall be considered an Assignee for purposes of this Agreement. An Assignee shall be entitled to all the rights of an assignee of a limited partnership interest under the Act, including the right to receive distributions from the Partnership and the share of Net Income, Net Losses and other items of income, gain, loss, deduction and credit of the Partnership attributable to the Partnership Units assigned to such transferee and the rights to Transfer the Partnership Units provided in this Article 11, but shall not be deemed to be a holder of Partnership Units for any other purpose under this Agreement (other than as expressly provided in Section 15.1 hereof with respect to a Qualifying Party that becomes a Tendering Party), and shall not be entitled to effect a Consent or vote with respect to such Partnership Units on any matter presented to the Limited Partners for approval (such right to Consent or vote, to the extent provided in this Agreement or under the Act, fully remaining with the transferor Limited Partner). In the event that any such transferee desires to make a further assignment of any such Partnership Units, such transferee shall be subject to all the provisions of this Article 11 to the same extent and in the same manner as any Limited Partner desiring to make an assignment of Partnership Units. For the avoidance of doubt, any other purported Transfer of a Partnership Interest to which the General Partner does not consent or that otherwise is prohibited hereunder shall be void ab initio.

Section 11.6 General Provisions.

A. No Limited Partner may withdraw from the Partnership other than: (i) as a result of a permitted Transfer of all of such Limited Partner's Partnership Interest in accordance with this Article 11 with respect to which the transferee becomes a Substituted Limited Partner; (ii) pursuant to a redemption (or acquisition by the General Partner or the Special Limited Partner) of all of its Partnership Interest pursuant to a Redemption under Section 15.1 hereof and/or pursuant to any Partnership Unit Designation; or (iii) as a result of the acquisition by the General Partner or the Special Limited Partner of all of such Limited Partner's Partnership Interest, whether or not pursuant to Section 15.1.B hereof.

B. Any Limited Partner who shall Transfer all of its Partnership Units in a Transfer (i) permitted pursuant to this Article 11 where such transferee was admitted as a Substituted Limited Partner, (ii) pursuant to the exercise of its rights to effect a redemption of all of its Partnership Units pursuant to a Redemption under Section 15.1 hereof and/or pursuant to any Partnership Unit Designation, or (iii) to the General Partner or Special Limited Partner, whether or not pursuant to Section 15.1.B hereof, shall cease to be a Limited Partner.

C. If any Partnership Unit is Transferred in compliance with the provisions of this Article 11, or is redeemed by the Partnership, or acquired by the Special Limited Partner pursuant to Section 15.1 hereof, on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items of income, gain, loss, deduction and credit attributable to such Partnership Unit for such Partnership Year shall be allocated to the transferor Partner or the Tendering Party (as the case may be) and, in the case of a Transfer or

assignment other than a Redemption, to the transferee Partner, by taking into account their varying interests during the Partnership Year in accordance with Section 706(d) of the Code, using the “interim closing of the books” method or another permissible method selected by the General Partner. Solely for purposes of making such allocations, each of such items for the calendar month in which a Transfer occurs shall be allocated to the transferee Partner and none of such items for the calendar month in which a Transfer or a Redemption occurs shall be allocated to the transferor Partner, or the Tendering Party (as the case may be) if such Transfer occurs on or before the fifteenth (15th) day of the month, otherwise such items shall be allocated to the transferor. All distributions of Available Cash attributable to such Partnership Unit with respect to which the Partnership Record Date is before the date of such Transfer, assignment or Redemption shall be made to the transferor Partner or the Tendering Party (as the case may be) and, in the case of a Transfer other than a Redemption, all distributions of Available Cash thereafter attributable to such Partnership Unit shall be made to the transferee Partner.

D. In addition to any other restrictions on Transfer herein contained, in no event may any Transfer or assignment of a Partnership Interest by any Partner (including any Redemption, any acquisition of Partnership Units by the Special Limited Partner or any other acquisition of Partnership Units by the Partnership) be made (i) to any person or entity who lacks the legal right, power or capacity to own a Partnership Interest; (ii) in violation of applicable law; (iii) of any component portion of a Partnership Interest, such as the Capital Account, or rights to distributions, separate and apart from all other components of a Partnership Interest; (iv) in the event that such Transfer would cause either the Special Limited Partner to cease to comply with the REIT Requirements or any wholly owned Subsidiary of the Special Limited Partner to cease to qualify as a “qualified REIT subsidiary” (within the meaning of Section 856(i)(2) of the Code); (v) if such Transfer would cause a material risk that the Partnership fail to be classified as a partnership for U.S. federal income tax purposes (except as a result of the Redemption (or acquisition by the Special Limited Partner) of all Partnership Units held by all Limited Partners (other than the Special Limited Partner)); (vi) if such Transfer would cause the Partnership to become, with respect to any employee benefit plan subject to Title I of ERISA, a “party-in-interest” (as defined in ERISA Section 3(14)) or a “disqualified person” (as defined in Section 4975(c) of the Code); (viii) if such Transfer would, in the opinion of legal counsel to the Partnership, cause any portion of the assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.2-101; (ix) if such Transfer requires the registration of the transfer of such Partnership Interest pursuant to any applicable U.S. federal or state securities laws; (x) if such Transfer would create a material risk that the Partnership would become a “publicly traded partnership,” as such term is defined in Section 469(k)(2) of the Code or Section 7704(b) of the Code; (xi) if such Transfer would cause the Partnership to have more than one hundred (100) partners for tax purposes (including as partners those persons indirectly owning an interest in the Partnership through a partnership, limited liability company, subchapter S corporation or grantor trust); (xii) if such Transfer causes the Partnership to become a reporting company under the Exchange Act; or (xiii) if such Transfer subjects the Partnership to regulation under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or ERISA, each as amended.

E. No Transfer by a Limited Partner of its Partnership Interests (including any Redemption, any acquisition of Partnership Units by the General Partner or Special Limited Partner or any other acquisition of Partnership Units by the Partnership and including any Permitted Transfer) may be made to or by any Person if the General Partner determines, in its discretion, (i) such Transfer would create a material risk of the Partnership being treated as an association taxable as a corporation for U.S. federal income tax purposes, (ii) there would be a material risk such Transfer would result in the Partnership having more than one hundred (100) partners for tax purposes (including as partners those persons indirectly owning an interest in the Partnership through a partnership, limited liability company, subchapter S corporation or grantor trust), (iii) there would be a material risk that such Transfer would be treated as effectuated through an “established securities market” or a “secondary market (or the substantial equivalent thereof),” within the meaning of Section 7704 of the Code or (iv) there would be a material risk that such Transfer otherwise could cause the Partnership to be treated as a “publicly traded partnership” under Section 7704 of the Code. The General Partner shall be entitled to impose conditions or limits on the ability of the Partners to Transfer their Partnership Interests if the General Partners determines, in its reasonable discretion, such conditions or limits are necessary or advisable to protect against the risks described in the preceding sentence.

F. Transfers pursuant to this Article 11, other than a Permitted Transfer to a Permitted Transferee pursuant to the exercise of remedies under a Pledge, may only be made on the first day of a fiscal quarter of the Partnership, unless the General Partner otherwise agrees.

Section 11.7 Restrictions on Termination Transactions. Neither the Special Limited Partner nor the General Partner shall engage in, or cause or permit, a Termination Transaction, unless:

A. the Consent of the Limited Partners is obtained;

B. in connection with any such Termination Transaction, each holder of Partnership Common Units (other than the Special Limited Partner and its wholly owned Subsidiaries) will receive, or will have the right to elect to receive, for each Partnership Common Unit, an amount of cash, securities or other property equal to the product of the Adjustment Factor and the greatest amount of cash, securities or other property paid to a holder of one REIT Share in consideration of one REIT Share pursuant to the terms of such Termination Transaction; provided, that if, in connection with such Termination Transaction, a purchase, tender or exchange offer shall have been made to and accepted by the holders of a majority of the outstanding REIT Shares, each holder of Partnership Common Units (other than the Special Limited Partner and its wholly owned subsidiaries) will receive, or will have the right to elect to receive, the greatest amount of cash, securities or other property which such holder of Partnership Common Units would have received had it exercised its right to Redemption pursuant to Article 15 hereof and received REIT Shares in exchange for its Partnership Common Units immediately prior to the expiration of such purchase, tender or exchange offer and had thereupon accepted such purchase, tender or exchange offer and then such Termination Transaction shall have been consummated (the fair market value, at the time of the Termination Transaction, of the amount specified herein with respect to each Partnership Common Unit is referred to as the “Transaction Consideration”); or

C. all of the following conditions are met: (i) substantially all of the assets directly or indirectly owned by the Partnership prior to the Termination Transaction are, immediately after the Termination Transaction, owned directly or indirectly by the Partnership or another limited partnership or limited liability company which is the survivor of a merger, consolidation or combination of assets with the Partnership (in each case, the “Surviving Partnership”); (ii) the Surviving Partnership is classified as a partnership for U.S. federal income tax purposes; (iii) the Limited Partners (other than the Special Limited Partner) that held Partnership Common Units immediately prior to the consummation of such Termination Transaction own a percentage interest of the Surviving Partnership based on the relative fair market value of the net assets of the Partnership and the other net assets of the Surviving Partnership immediately prior to the consummation of such transaction; and (iv) the rights of such Limited Partners with respect to the Surviving Partnership include: (x) if the Special Limited Partner or its successor is a REIT with a class of Publicly Traded common equity securities, the right to redeem their interests in the Surviving Partnership, subject to commercially reasonable restrictions, for either: (1) a number of such REIT’s Publicly Traded common equity securities with a fair market value, as of the date of consummation of such Termination Transaction, equal to the Transaction Consideration, subject to antidilution adjustments comparable to those set forth in the definition of “Adjustment Factor” herein (the “Successor Shares Amount”); or (2) cash in an amount equal to the fair market value of the Successor Shares Amount at the time of such redemption, determined in a manner consistent with the definition of “Value” herein; or (y) if the Special Limited Partner or its successor is not a REIT with a single class of Publicly Traded common equity securities, the right to redeem their interests in the Surviving Partnership, subject to commercially reasonable restrictions, for cash in an amount equal to the Transaction Consideration.

ARTICLE 12 ADMISSION OF PARTNERS

Section 12.1 Admission of Successor General Partner. A successor to all or a portion of the General Partner’s Partnership Interest pursuant to Section 11.2.B hereof who the General Partner has designated to become a successor General Partner shall be admitted to the Partnership as the General Partner, effective immediately upon the Transfer of such Partnership Interest to it. Upon any such Transfer and the admission of any such transferee as a successor General Partner in accordance with this Section 12.1, the transferor General Partner

shall be relieved of its obligations under this Agreement and shall cease to be a general partner of the Partnership without any separate Consent of the Partners or the Consent or approval of any Partner. Any such successor shall carry on the business of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission. In the event that the General Partner withdraws from the Partnership, or transfers its entire Partnership Interest, in violation of this Agreement, or otherwise dissolves or terminates or ceases to be the general partner of the Partnership, a Majority in Interest of the Partners may elect to continue the Partnership by selecting a successor General Partner in accordance with Section 13.1.A hereof.

Section 12.2 Admission of Additional Limited Partners.

A. A Person (other than an existing Partner) who makes a Capital Contribution to the Partnership in exchange for Partnership Units and in accordance with this Agreement shall be admitted to the Partnership as an Additional Limited Partner only upon furnishing to the General Partner (i) evidence of acceptance, in form and substance satisfactory to the General Partner, of all of the terms and conditions of this Agreement, including, without limitation, the power of attorney granted in Section 2.4 hereof, (ii) a counterpart signature page to this Agreement executed by such Person, and (iii) such other documents or instruments as may be required by the General Partner in order to effect such Person's admission as an Additional Limited Partner. Concurrently with, and as evidence of, the admission of an Additional Limited Partner, the General Partner shall amend the Register and the books and records of the Partnership to reflect the name, address, number and type of Partnership Units of such Additional Limited Partner.

B. Notwithstanding anything to the contrary in this Section 12.2, no Person shall be admitted as an Additional Limited Partner without the consent of the General Partner. The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the name of such Person is recorded on the books and records of the Partnership, following the consent of the General Partner to such admission and the satisfaction of all the conditions set forth in Section 12.2.A.

C. If any Additional Limited Partner is admitted to the Partnership on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items of income, gain, loss, deduction and credit allocable among Holders for such Partnership Year shall be allocated among such Additional Limited Partner and all other Holders by taking into account their varying interests during the Partnership Year in accordance with Section 706(d) of the Code, using the "interim closing of the books" method or another permissible method selected by the General Partner. Solely for purposes of making such allocations, each of such items for the calendar month in which an admission of any Additional Limited Partner occurs shall be allocated among all the Holders including such Additional Limited Partner, in accordance with the principles described in Section 11.6.C hereof.

Section 12.3 Amendment of Agreement and Certificate of Limited Partnership. For the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Act to amend the Register and the books and records of the Partnership and, if necessary, to prepare as soon as practical an amendment of this Agreement and, if required by law, shall prepare and file an amendment to the Certificate and may for this purpose exercise the power of attorney granted pursuant to Section 2.4 hereof.

Section 12.4 Limit on Number of Partners. Unless otherwise permitted by the General Partner, no Person shall be admitted to the Partnership as an Additional Limited Partner if the effect of such admission would be to cause the Partnership to have a number of Partners (including as Partners for this purpose those Persons indirectly owning an interest in the Partnership through another partnership, a limited liability company, a subchapter S corporation or a grantor trust) that would cause the Partnership to become a reporting company under the Exchange Act.

Section 12.5 Admission. A Person shall be admitted to the Partnership as a limited partner of the Partnership or a general partner of the Partnership only upon strict compliance, and not upon substantial compliance, with the requirements set forth in this Agreement for admission to the Partnership as a Limited Partner or a General Partner.

ARTICLE 13 DISSOLUTION, LIQUIDATION AND TERMINATION

Section 13.1 Dissolution. The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners, or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the withdrawal of the General Partner, any successor General Partner shall continue the business of the Partnership without dissolution. However, the Partnership shall dissolve, and its affairs shall be wound up, upon the first to occur of any of the following (each a "Liquidating Event"):

- A. an event of withdrawal, as defined in the Act, with respect to a General Partner, unless (i) at the time of the occurrence of such event, there is at least one remaining General Partner of the Partnership who is authorized to and shall carry on the business of the Partnership, or (ii) within ninety (90) days after the withdrawal, a Majority in Interest of the Partners agree in writing to continue the Partnership and to the appointment, effective as of the date of withdrawal, of a successor General Partner;
- B. an election to dissolve the Partnership made by the General Partner, with or without the Consent of the Partners; or
- C. entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Act.

Section 13.2 Winding Up.

A. Upon the occurrence of a Liquidating Event, the Partnership shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors and the Holders. After the occurrence of a Liquidating Event, no Holder shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Partnership's business and affairs. The General Partner (or, in the event that there is no remaining General Partner or the General Partner has dissolved, become bankrupt or ceased to operate, any Person elected by a Majority in Interest of the Partners (the General Partner or such other Person being referred to herein as the "Liquidator")) shall be responsible for overseeing the winding up and dissolution of the Partnership and shall take full account of the Partnership's liabilities and property, and the Partnership property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom (which may, to the extent determined by the General Partner, include shares of stock in the Special Limited Partner) shall be applied and distributed in the following order:

- (1) First, to the satisfaction of all of the Partnership's debts and liabilities to creditors other than the Holders (whether by payment or the making of reasonable provision for payment thereof);
- (2) Second, to the satisfaction of all of the Partnership's debts and liabilities to the General Partner and the Special Limited Partner (whether by payment or the making of reasonable provision for payment thereof), including, but not limited to, amounts due as reimbursements under Section 7.4 hereof;
- (3) Third, to the satisfaction of all of the Partnership's debts and liabilities to the other Holders (whether by payment or the making of reasonable provision for payment thereof); and

(4) Subject to the terms of any Partnership Unit Designation, the balance, if any, to the Holders in accordance with and in proportion to their positive Capital Account balances, after giving effect to all contributions, distributions and allocations for all periods.

The General Partner shall not receive any additional compensation for any services performed pursuant to this Article 13.

B. Notwithstanding the provisions of Section 13.2.A hereof that require liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership, the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Holders, the Liquidator may, in its sole and absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including to those Holders as creditors) and/or distribute to the Holders, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.2.A hereof, undivided interests in such Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Holders, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

C. In the event that the Partnership is "liquidated," within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made pursuant to this Article 13 to the Holders that have positive Capital Accounts in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(2) to the extent of, and in proportion to, positive Capital Account balances. If any Holder has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs), unless previously agreed to by such Holder and the General Partner, such Holder shall have no obligation to make any contribution to the capital of the Partnership with respect to such deficit, and such deficit shall not be considered a debt owed to the Partnership or to any other Person for any purpose whatsoever. In the sole and absolute discretion of the General Partner or the Liquidator, a pro rata portion of the distributions that would otherwise be made to the Holders pursuant to this Article 13 may be:

(1) distributed to a trust established for the benefit of the General Partner and the Holders for the purpose of liquidating Partnership assets, collecting amounts owed to the Partnership, and paying any contingent or unforeseen liabilities or obligations of the Partnership or of the General Partner arising out of or in connection with the Partnership and/or Partnership activities. The assets of any such trust shall be distributed to the Holders, from time to time, in the reasonable discretion of the General Partner, in the same proportions and amounts as would otherwise have been distributed to the Holders pursuant to this Agreement; or

(2) withheld or escrowed to provide a reasonable reserve for Partnership liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Partnership, provided that such withheld or escrowed amounts shall be distributed to the Holders in the manner and order of priority set forth in Section 13.2.A hereof as soon as practicable.

Section 13.3 Deemed Contribution and Distribution. Notwithstanding any other provision of this Article 13, in the event that the Partnership is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), but no Liquidating Event has occurred, the Partnership's Property shall not be liquidated, the Partnership's liabilities shall not be paid or discharged and the Partnership's affairs shall not be wound up. Instead, for U.S. federal income tax purposes the Partnership shall be deemed to have contributed all of its assets and liabilities to a new partnership in exchange for an interest in the new partnership; and immediately thereafter, distributed Partnership Units to the Partners in the new partnership in accordance with their respective Capital Accounts in liquidation of the Partnership, and the new partnership is deemed to continue the business of the

Partnership. Nothing in this Section 13.3 shall be deemed to have constituted any Assignee as a Substituted Limited Partner without compliance with the provisions of Section 11.4 hereof.

Section 13.4 Rights of Holders. Except as otherwise provided in this Agreement and subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, (a) each Holder shall look solely to the assets of the Partnership for the return of its Capital Contribution, (b) no Holder shall have the right or power to demand or receive property other than cash from the Partnership, and (c) no Holder shall have priority over any other Holder as to the return of its Capital Contributions, distributions or allocations.

Section 13.5 Notice of Dissolution. In the event that a Liquidating Event occurs or an event occurs that would, but for an election or objection by one or more Partners pursuant to Section 13.1 hereof, result in a dissolution of the Partnership, the General Partner or Liquidator shall, within thirty (30) days thereafter, provide written notice thereof to each of the Holders and, in the sole and absolute discretion of the General Partner or the Liquidator, or as required by the Act, to all other parties with whom the Partnership regularly conducts business (as determined in the sole and absolute discretion of the General Partner or Liquidator), and the General Partner or Liquidator may, or, if required by the Act, shall, publish notice thereof in a newspaper of general circulation in each place in which the Partnership regularly conducts business (as determined in the sole and absolute discretion of the General Partner or Liquidator).

Section 13.6 Cancellation of Certificate of Limited Partnership. Upon the completion of the liquidation of the Partnership cash and property as provided in Section 13.2 hereof, the Partnership shall be terminated, a certificate of cancellation shall be filed with the State of Delaware, all qualifications of the Partnership as a foreign limited partnership or association in jurisdictions other than the State of Delaware shall be cancelled, and such other actions as may be necessary to terminate the Partnership shall be taken.

Section 13.7 Reasonable Time for Winding-Up. A reasonable time shall be allowed for the orderly winding-up of the business and affairs of the Partnership and the liquidation of its assets pursuant to Section 13.2 hereof, in order to minimize any losses otherwise attendant upon such winding-up, and the provisions of this Agreement shall remain in effect between and among the Partners during the period of liquidation.

ARTICLE 14 PROCEDURES FOR ACTIONS AND CONSENTS OF PARTNERS; AMENDMENTS; MEETINGS

Section 14.1 Actions and Consents of Partners. The actions requiring Consent of any Partner pursuant to this Agreement, or otherwise pursuant to applicable law, are subject to the procedures set forth in this Article 14.

Section 14.2 Amendments. The General Partner's consent shall be required for any amendment to this Agreement. The General Partner, without the consent of the Limited Partners, may amend this Agreement in any respect; provided, however, unless otherwise provided in this Agreement or a Partnership Unit Designation, the following amendments shall require the consent of a Majority in Interest of the Limited Partners affected thereby:

- A. Any amendment affecting the operation of the Adjustment Factor or any Partnership Common Unit's Redemption right (except as otherwise provided herein) in a manner that disproportionately and adversely affects the Limited Partners in a material respect;
- B. Any amendment that would disproportionately and adversely affect the rights of the Limited Partners to receive the distributions payable to them under Section 5.1 in a material respect, other than with respect to the issuance of additional Partnership Units pursuant to Section 4.2 hereof;
- C. Any amendment that would impose on the Limited Partners any obligation to make additional Capital Contributions to the Partnership; or

D. Any amendment to this Article 14.

Section 14.3 Procedures for Meetings and Actions of the Partners.

A. Meetings of the Partners may be called only by the General Partner. The call shall state the nature of the business to be transacted. Notice of any such meeting shall be given to all Partners entitled to act at the meeting not less than ten (10) days nor more than ninety (90) days prior to the date of such meeting. Partners may vote in person or by proxy at such meeting. Unless approval by a different number or proportion of the Partners is required by this Agreement, or any Partnership Unit Designation, the affirmative vote of a Majority in Interest of the Partners shall be sufficient to approve such proposal at a meeting of the Partners. Whenever the Consent of any Partners is permitted or required under this Agreement, such Consent may be given at a meeting of Partners or in accordance with the procedure prescribed in Section 14.3.B hereof.

B. Each Partner entitled to act at a meeting of Partners may authorize any Person or Persons to act for it by proxy on all matters in which a Partner is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Each proxy must be signed by the Partner or its attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy (or there is receipt of a proxy authorizing a later date). Every proxy shall be revocable at the pleasure of the Partner executing it, such revocation to be effective upon the Partnership's receipt of written notice of such revocation from the Partner executing such proxy, unless such proxy states that it is irrevocable and is coupled with an interest.

C. The General Partner may set, in advance, a record date for the purpose of determining the Partners (i) entitled to Consent to any action, (ii) entitled to receive notice of or vote at any meeting of the Partners or (iii) in order to make a determination of Partners for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than ninety (90) days and, in the case of a meeting of the Partners, not less than ten (10) days, before the date on which the meeting is to be held. If no record date is fixed, the record date for the determination of Partners entitled to notice of or to vote at a meeting of the Partners shall be at the close of business on the day on which the notice of the meeting is sent, and the record date for any other determination of Partners shall be the effective date of such Partner action, distribution or other event. When a determination of the Partners entitled to vote at any meeting of the Partners has been made as provided in this section, such determination shall apply to any adjournment thereof.

D. Each meeting of Partners shall be conducted by the General Partner or such other Person as the General Partner may appoint pursuant to such rules for the conduct of the meeting as the General Partner or such other Person deems appropriate in its sole and absolute discretion. Without limitation, meetings of Partners may be conducted in the same manner as meetings of the Special Limited Partner's stockholders and may be held at the same time as, and as part of, the meetings of the Special Limited Partner's stockholders.

E. Notwithstanding the foregoing, none of the Partnership or the General Partner shall be required to call or hold any meeting of the Partners. Any action requiring the Consent of any Partner or a group of Partners pursuant to this Agreement, or that is required or permitted to be taken at a meeting of the Partners, may be taken without a meeting if a Consent in writing or by electronic transmission setting forth the action so taken or consented to is given by Partners whose affirmative vote would be sufficient to approve such action or provide such Consent at a meeting of the Partners. Such Consent may be in one instrument or in several instruments, and shall have the same force and effect as the affirmative vote of such Partners at a meeting of the Partners. Such Consent shall be filed with the General Partner. An action so taken shall be deemed to have been taken at a meeting held on the effective date so filed. For purposes of obtaining a Consent in writing or by electronic transmission, the General Partner may require a response within a reasonable specified time, and failure to respond in such time period shall constitute a Consent that is consistent with the General Partner's recommendation with respect to the proposal; provided, however, that an action shall become effective at such time as requisite Consents are received even if prior to such specified time.

ARTICLE 15
REDEMPTIONS

Section 15.1 Redemption Rights of Qualifying Parties.

A. After the Restricted Period applicable to such Partnership Common Units, a Qualifying Party shall have the right (subject to the terms and conditions set forth herein) to require the Partnership to redeem all or a portion of the Partnership Common Units held by such Tendering Party (Partnership Common Units that have in fact been tendered for redemption being hereafter referred to as “Tendered Units”) in exchange (a “Redemption”) for the Cash Amount payable on the Specified Redemption Date. The Partnership may, in the General Partner’s sole and absolute discretion, redeem Tendered Units at the request of the Holder thereof prior to the end of the applicable Restricted Period (subject to the terms and conditions set forth herein and such other terms and conditions required by the General Partner) (a “Special Redemption”). Any Redemption shall be exercised pursuant to a Notice of Redemption delivered to the General Partner by the Qualifying Party when exercising the Redemption right (the “Tendering Party”). The Partnership’s obligation to effect a Redemption, however, shall not arise or be binding against the Partnership (i) until and unless the Special Limited Partner declines or fails to exercise its purchase rights pursuant to Section 15.1.B hereof following receipt of a Notice of Redemption (a “Declination”) and (ii) until the Business Day following the Cut-Off Date. In the event of a Redemption, the Cash Amount shall be delivered as a certified or bank check payable to the Tendering Party or, in the General Partner’s sole and absolute discretion, in immediately available funds on or before the Specified Redemption Date.

B. Notwithstanding the provisions of Section 15.1.A hereof, on or before the close of business on the Cut-Off Date, the Special Limited Partner may, in its sole and absolute discretion, elect to acquire some or all (such percentage being referred to as the “Applicable Percentage”) of the Tendered Units from the Tendering Party in exchange for the REIT Shares Amount calculated based on the portion of Tendered Units it elects to acquire in exchange for REIT Shares. If the Special Limited Partner so elects, on the Specified Redemption Date the Tendering Party shall sell such number of the Tendered Units to the Special Limited Partner in exchange for a number of REIT Shares equal to the product of the REIT Shares Amount and the Applicable Percentage. The Tendering Party shall submit (i) such information, certification or affidavit as the Special Limited Partner may reasonably require in connection with the application of the Ownership Limit to any such acquisition and (ii) such written representations, investment letters, legal opinions or other instruments necessary, in the Special Limited Partner’s view, to effect compliance with the Securities Act. In the event of a purchase of the Tendered Units by the Special Limited Partner pursuant to this Section 15.1.B, the Tendering Party shall no longer have the right to cause the Partnership to effect a Redemption of such Tendered Units, and, upon notice to the Tendering Party by the Special Limited Partner, given on or before the close of business on the Cut-Off Date, that the Special Limited Partner has elected to acquire some or all of the Tendered Units pursuant to this Section 15.1.B, the obligation of the Partnership to effect a Redemption of the Tendered Units as to which the Special Limited Partner’s notice relates shall not accrue or arise. A number of REIT Shares equal to the product of the Applicable Percentage and the REIT Shares Amount, if applicable, shall be delivered by the Special Limited Partner as duly authorized, validly issued, fully paid and non-assessable REIT Shares and, if applicable, Rights, free of any pledge, lien, encumbrance or restriction, other than the Ownership Limit and other restrictions provided in the Charter, the Securities Act and relevant state securities or “blue sky” laws. Neither any Tendering Party whose Tendered Units are acquired by the Special Limited Partner pursuant to this Section 15.1.B, any Partner, any Assignee nor any other interested Person shall have any right to require or cause the Special Limited Partner to register, qualify or list any REIT Shares owned or held by such Person, whether or not such REIT Shares are issued pursuant to this Section 15.1.B, with the SEC, with any state securities commissioner, department or agency, under the Securities Act or the Exchange Act or with any stock exchange; provided, however, that this limitation shall not be in derogation of any registration or similar rights granted pursuant to any other written agreement between the Special Limited Partner and any such Person. REIT Shares issued upon an acquisition of the Tendered Units by the Special Limited Partner pursuant to this Section 15.1.B may contain such legends regarding restrictions under the Securities Act and applicable state securities laws as the Special Limited Partner in good faith determines to be necessary or advisable in order to ensure compliance with such laws.

C. Notwithstanding the provisions of Sections 15.1.A and 15.1.B hereof, (i) no Person shall be entitled to effect a Redemption for cash or an exchange for REIT Shares to the extent the ownership or right to acquire REIT Shares pursuant to such exchange on the Specified Redemption Date could cause such Person (or any other Person) to violate the restrictions on ownership and transfer of REIT Shares set forth in the Charter, after giving effect to any waivers or modifications of such restrictions by the Board of Directors, and (ii) no Person shall have any rights under this Agreement to acquire REIT Shares which would otherwise be prohibited under the Charter, after giving effect to any waivers or modifications of such restrictions by the Board of Directors. To the extent that any attempted Redemption or acquisition of the Tendered Units by the Special Limited Partner pursuant to Section 15.1.B hereof would be in violation of this Section 15.1.C, it shall be null and void *ab initio*, and the Tendering Party shall not acquire any rights or economic interests in the Cash Amount otherwise payable upon such Redemption or the REIT Shares otherwise issuable by the Special Limited Partner under Section 15.1.B hereof.

D. In the event of a Declination:

(1) The Special Limited Partner shall give notice of such Declination to the Tendering Party on or before the close of business on the Cut-Off Date. The failure of the Special Limited Partner to give notice of such Declination by the close of business on the Cut-Off Date shall be deemed to be an election by the Special Limited Partner to acquire the Tendered Units in exchange for REIT Shares.

(2) The Partnership may elect to raise funds for the payment of the Cash Amount from any source available to the Partnership, including, but not limited to (a) the contribution by the Special Limited Partner to the Partnership of funds from the proceeds of a registered public offering by the Special Limited Partner of REIT Shares sufficient to purchase the Tendered Units, (b) the sale of any Property and (c) the incurrence of additional Debt.

(3) If the Cash Amount is not paid on or before the Specified Redemption Date, interest shall accrue with respect to the Cash Amount from the day after the Specified Redemption Date to and including the date on which the Cash Amount is paid at a rate equal to the Applicable Federal Short-Term Rate as published monthly by the IRS.

E. Notwithstanding the provisions of Section 15.1.B hereof, if the Special Limited Partner's acquisition of Tendered Units in exchange for the REIT Shares Amount would be prohibited under the Charter, then (i) the Special Limited Partner shall not elect to acquire such Tendered Units, and (ii) the Partnership shall not be obligated to effect a Redemption of such Tendered Units.

F. Notwithstanding anything herein to the contrary (but subject to Section 15.1.C hereof), with respect to any Redemption (or any tender of Partnership Common Units for Redemption if the Tendered Units are acquired by the Special Limited Partner pursuant to Section 15.1.B hereof) pursuant to this Section 15.1:

(1) Without the consent of the General Partner, no Tendering Party may effect a Redemption for less than two thousand (2,000) Partnership Common Units or, if such Tendering Party holds less than two thousand (2,000) Partnership Common Units, all of the Partnership Common Units held by such Tendering Party, and no Tendering Party may tender Partnership Common Units for Redemption more than once per calendar quarter.

(2) If (i) a Tendering Party surrenders Tendered Units during the period after the Partnership Record Date with respect to a distribution payable to Holders of Partnership Common Units, and before the record date established by the Special Limited Partner for a dividend to its stockholders of some or all of its portion of such Partnership distribution, and (ii) the Special Limited Partner elects to acquire any of such Tendered Units in exchange for REIT Shares pursuant to Section 15.1.B, then such Tendering Party shall pay to the Special Limited Partner on the Specified Redemption Date an amount in cash equal to the Partnership distribution paid or payable in respect of such Tendered Units.

(3) The consummation of such Redemption (or an acquisition of Tendered Units by the Special Limited Partner pursuant to Section 15.1.B hereof, as the case may be) shall be subject to the expiration or termination of the applicable waiting period, if any, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

(4) The Tendering Party shall continue to own (subject, in the case of an Assignee, to the provisions of Section 11.5 hereof) all Partnership Common Units subject to any Redemption, and be treated as a Limited Partner or an Assignee, as applicable, with respect to such Partnership Common Units for all purposes of this Agreement, until the Specified Redemption Date and until such Tendered Units are either paid for by the Partnership pursuant to Section 15.1.A hereof or transferred to the Special Limited Partner and paid for, by the issuance of REIT Shares, pursuant to Section 15.1.B. Until a Specified Redemption Date and an acquisition of the Tendered Units by the Special Limited Partner pursuant to Section 15.1.B hereof, the Tendering Party shall have no rights as a stockholder of the Special Limited Partner with respect to the REIT Shares issuable in connection with such acquisition.

G. In connection with an exercise of Redemption rights pursuant to this Section 15.1, unless waived by the Special Limited Partner, the Tendering Party shall submit the following to the Special Limited Partner, in addition to the Notice of Redemption:

(1) A written affidavit, dated the same date as the Notice of Redemption, (a) disclosing the actual and constructive ownership, as determined for purposes of Sections 856(a)(6) and 856(h) of the Code, of REIT Shares by (i) such Tendering Party and (ii) to the best of such Tendering Party's knowledge, any Related Party, and (b) representing that, after giving effect to an acquisition of the Tendered Units by the Special Limited Partner pursuant to Section 15.1.B hereof, neither the Tendering Party nor, to the best of such Tendering Party's knowledge, any Related Party, will own REIT Shares in excess of the Ownership Limit;

(2) A written representation that neither the Tendering Party nor, to the best of such Tendering Party's knowledge, any Related Party, has any intention to acquire any additional REIT Shares prior to the Specified Redemption Date; and

(3) An undertaking to certify, at and as a condition to the closing of (i) the Redemption or (ii) the acquisition of the Tendered Units by the Special Limited Partner pursuant to Section 15.1.B hereof on the Specified Redemption Date, that either (a) the actual and constructive ownership of REIT Shares by the Tendering Party and, to the best of such Tendering Party's knowledge, any Related Party, remain unchanged from that disclosed in the affidavit required by Section 15.1.G(1), or (b) after giving effect to the Redemption or an acquisition of the Tendered Units by the Special Limited Partner pursuant to Section 15.1.B hereof, neither the Tendering Party nor, to the best of such Tendering Party's knowledge, any Related Party, shall own REIT Shares in violation of the Ownership Limit.

(4) In connection with any Special Redemption, the Special Limited Partner shall have the right to receive an opinion of counsel reasonably satisfactory to it to the effect that the proposed Special Redemption will not cause the Partnership, the General Partner or the Special Limited Partner to violate any U.S. federal or state securities laws or regulations applicable to the Special Redemption or the issuance and sale of REIT Shares to the Tendering Party pursuant to Section 15.1.B of this Agreement.

ARTICLE 16 GENERAL PROVISIONS

Section 16.1 Addresses and Notice. Any notice, demand, request or report required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or

made when delivered in person or when sent by first class United States mail or by other means of written or electronic communication (including by telecopy, facsimile, electronic mail or commercial courier service) to the Partner, or Assignee at the address for such Partner set forth in the Register, or such other address of which the Partner shall notify the General Partner in accordance with this Section 16.1.

Section 16.2 Titles and Captions. All article or Section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to “Articles” or “Sections” are to Articles and Sections of this Agreement.

Section 16.3 Pronouns and Plurals. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

Section 16.4 Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 16.5 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 16.6 Waiver.

A. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

B. The restrictions, conditions and other limitations on the rights and benefits of the Limited Partners contained in this Agreement, and the duties, covenants and other requirements of performance or notice by the Limited Partners, are for the benefit of the Partnership and, except for an obligation to pay money to the Partnership, may be waived or relinquished by the General Partner, in its sole and absolute discretion, on behalf of the Partnership in one or more instances from time to time and at any time; provided, however, that any such waiver or relinquishment may not be made if it would have the effect of (i) creating liability for any other Limited Partner, (ii) causing the Partnership to cease to qualify as a limited partnership, (iii) reducing the amount of cash otherwise distributable to the Limited Partners (other than any such reduction that affects all of the Limited Partners holding the same class or series of Partnership Units on a uniform or pro rata basis, if approved by a Majority in Interest of the Limited Partners holding such class or series of Partnership Units), (iv) resulting in the classification of the Partnership as an association or publicly traded partnership taxable as a corporation or (v) violating the Securities Act, the Exchange Act or any state “blue sky” or other securities laws; provided, further, that any waiver relating to compliance with the Ownership Limit or other restrictions in the Charter shall be made and shall be effective only as provided in the Charter.

Section 16.7 Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

Section 16.8 Applicable Law; Consent to Jurisdiction; Jury Trial.

A. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law. In the event of a conflict between any provision of this Agreement and any non-mandatory provision of the Act, the provisions of this Agreement shall control and take precedence.

B. Each Partner hereby (i) submits to the non-exclusive jurisdiction of any state or federal court sitting in the State of Delaware (collectively, the “Delaware Courts”), with respect to any dispute arising out of this Agreement or any transaction contemplated hereby to the extent such courts would have subject matter jurisdiction with respect to such dispute, (ii) irrevocably waives, and agrees not to assert by way of motion, defense, or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of any of the Delaware Courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, or that the venue of the action is improper, (iii) agrees that notice or the service of process in any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby shall be properly served or delivered if delivered to such Partner at such Partner’s last known address as set forth in the Partnership’s books and records, and (iv) IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 16.9 Entire Agreement. This Agreement contains all of the understandings and agreements between and among the Partners with respect to the subject matter of this Agreement and the rights, interests and obligations of the Partners with respect to the Partnership. Notwithstanding any provision in this Agreement or any Partnership Unit Designation to the contrary, including any provisions relating to amending this Agreement, the Partners hereby acknowledge and agree that the General Partner, without the approval of any Limited Partner, may enter into side letters or similar written agreements with Limited Partners that are not Affiliates of the General Partner or the Special Limited Partner, executed contemporaneously with the admission of such Limited Partner to the Partnership, which may have the effect of establishing rights under, or altering or supplementing the terms of, this Agreement or any Partnership Unit Designation, as negotiated with such Limited Partner and which the General Partner in its sole discretion deems necessary, desirable or appropriate. The parties hereto agree that any terms, conditions or provisions contained in such side letters or similar written agreements with a Limited Partner shall govern with respect to such Limited Partner notwithstanding the provisions of this Agreement.

Section 16.10 Invalidity of Provisions. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 16.11 Limitation to Preserve REIT Status. Notwithstanding anything else in this Agreement, with respect to any period in which the Special Limited Partner has elected to be treated as a REIT for U.S. federal income tax purposes, to the extent that the amount paid, credited, distributed or reimbursed by the Partnership to any REIT Partner or its officers, directors, employees or agents, whether as a reimbursement, fee, expense or indemnity (a “REIT Payment”), would constitute gross income to the REIT Partner for purposes of Section 856(c)(2) of the Code or Section 856(c)(3) of the Code, then, notwithstanding any other provision of this Agreement, the amount of such REIT Payments, as selected by the General Partner in its discretion from among items of potential distribution, reimbursement, fees, expenses and indemnities, shall be reduced for any Partnership Year so that the REIT Payments, as so reduced, for or with respect to such REIT Partner shall not exceed the lesser of:

- (i) an amount equal to the excess, if any, of (a) four and nine-tenths percent (4.9%) of the REIT Partner’s total gross income (but excluding the amount of any REIT Payments) for the Partnership Year that is described in subsections (A) through (I) of Section 856(c)(2) of the Code over (b) the amount of gross income (within the meaning of Section 856(c)(2) of the Code) derived by the REIT Partner from sources other than those described in subsections (A) through (I) of Section 856(c)(2) of the Code (but not including the amount of any REIT Payments); or
- (ii) an amount equal to the excess, if any, of (a) twenty-four percent (24%) of the REIT Partner’s total gross income (but excluding the amount of any REIT Payments) for the Partnership Year that is described in subsections (A) through (I) of Section 856(c)(3) of the Code over (b) the amount of gross income (within the meaning of Section 856(c)(3) of the Code)

derived by the REIT Partner from sources other than those described in subsections (A) through (I) of Section 856(c)(3) of the Code (but not including the amount of any REIT Payments);

provided, however, that REIT Payments in excess of the amounts set forth in clauses (i) and (ii) above may be made if the General Partner, as a condition precedent, obtains an opinion of tax counsel that the receipt of such excess amounts should not adversely affect the REIT Partner's ability to qualify as a REIT. To the extent that REIT Payments may not be made in a Partnership Year as a consequence of the limitations set forth in this Section 16.11, such REIT Payments shall carry over and shall be treated as arising in the following Partnership Year if such carry over does not adversely affect the REIT Partner's ability to qualify as a REIT. The purpose of the limitations contained in this Section 16.11 is to prevent any REIT Partner from failing to qualify as a REIT under the Code by reason of such REIT Partner's share of items, including distributions, reimbursements, fees, expenses or indemnities, receivable directly or indirectly from the Partnership, and this Section 16.11 shall be interpreted and applied to effectuate such purpose.

Section 16.12 No Partition. No Partner nor any successor-in-interest to a Partner shall have the right while this Agreement remains in effect to have any property of the Partnership partitioned, or to file a complaint or institute any proceeding at law or in equity to have such property of the Partnership partitioned, and each Partner, on behalf of itself and its successors and assigns hereby waives any such right. It is the intention of the Partners that the rights of the parties hereto and their successors-in-interest to Partnership property, as among themselves, shall be governed by the terms of this Agreement, and that the rights of the Partners and their respective successors-in-interest shall be subject to the limitations and restrictions as set forth in this Agreement.

Section 16.13 No Third-Party Rights Created Hereby. The provisions of this Agreement are solely for the purpose of defining the interests of the Holders, inter se; and no other person, firm or entity (i.e., a party who is not a signatory hereto or a permitted successor to such signatory hereto) shall have any right, power, title or interest by way of subrogation or otherwise, in and to the rights, powers, title and provisions of this Agreement. No creditor or other third party having dealings with the Partnership (other than as expressly set forth herein with respect to Indemnitees) shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans to the Partnership or to pursue any other right or remedy hereunder or at law or in equity. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an asset of the Partnership for any purpose by any creditor or other third party, nor may any such rights or obligations be sold, Transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or any of the Partners.

Section 16.14 No Rights as Stockholders. Nothing contained in this Agreement shall be construed as conferring upon the Holders of Partnership Units any rights whatsoever as stockholders of the Special Limited Partner, including without limitation any right to receive dividends or other distributions made to stockholders of the Special Limited Partner or to vote or to consent or receive notice as stockholders in respect of any meeting of stockholders for the election of directors of the Special Limited Partner or any other matter.

IN WITNESS WHEREOF, the undersigned Partners have duly executed this Agreement as of the day and year first above written.

GENERAL PARTNER

CARETRUST GP, LLC

By: CareTrust REIT, Inc.
Sole Member

By: /s/ David M. Sedgwick
Name: David M. Sedgwick
Title: President and
Chief Executive Officer

LIMITED PARTNER

CARETRUST REIT, LLC

By: /s/ David M. Sedgwick
Name: David M. Sedgwick
Title: President and
Chief Executive Officer

EXHIBIT A: EXAMPLES REGARDING ADJUSTMENT FACTOR

For purposes of the following examples, it is assumed that (a) the Adjustment Factor in effect on December 31, 2014 is 1.0 and (b) on January 1, 2015 (the “Partnership Record Date” for purposes of these examples), prior to the events described in the examples, there are 100 REIT Shares issued and outstanding.

Example 1

On the Partnership Record Date, the Special Limited Partner declares a dividend on its outstanding REIT Shares in REIT Shares. The amount of the dividend is one REIT Share paid in respect of each REIT Share owned. Pursuant to Paragraph (i) of the definition of “Adjustment Factor,” the Adjustment Factor shall be adjusted on the Partnership Record Date, effective immediately after the stock dividend is declared, as follows:

$$1.0 * 200/100 = 2.0$$

Accordingly, the Adjustment Factor after the stock dividend is declared is 2.0.

Example 2

On the Partnership Record Date, the Special Limited Partner distributes options to purchase REIT Shares to all holders of its REIT Shares. The amount of the distribution is one option to acquire one REIT Share in respect of each REIT Share owned. The strike price is \$4.00 a share. The Value of a REIT Share on the Partnership Record Date is \$5.00 per share. Pursuant to Paragraph (ii) of the definition of “Adjustment Factor,” the Adjustment Factor shall be adjusted on the Partnership Record Date, effective immediately after the options are distributed, as follows:

$$1.0 * (100 + 100)/(100 + [100 * \$4.00/\$5.00]) = 1.1111$$

Accordingly, the Adjustment Factor after the options are distributed is 1.1111. If the options expire or become no longer exercisable, then the retroactive adjustment specified in Paragraph (ii) of the definition of “Adjustment Factor” shall apply.

Example 3

On the Partnership Record Date, the Special Limited Partner distributes assets to all holders of its REIT Shares. The amount of the distribution is one asset with a fair market value (as determined by the General Partner) of \$1.00 in respect of each REIT Share owned. It is also assumed that the assets do not relate to assets received by the General Partner pursuant to a pro rata distribution by the Partnership. The Value of a REIT Share on the Partnership Record Date is \$5.00 a share. Pursuant to Paragraph (iii) of the definition of “Adjustment Factor,” the Adjustment Factor shall be adjusted on the Partnership Record Date, effective immediately after the assets are distributed, as follows:

$$1.0 * \$5.00/(\$5.00 - \$1.00) = 1.25$$

Accordingly, the Adjustment Factor after the assets are distributed is 1.25.

EXHIBIT B: NOTICE OF REDEMPTION

CareTrust GP, LLC
24901 Dana Point Harbor Drive
Dana Point, California 92629

The undersigned Limited Partner or Assignee hereby irrevocably tenders for Redemption Partnership Common Units in CTR Partnership, L.P. in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of CTR Partnership, L.P., dated as of November __, 2025, as amended (the “Agreement”), and the Redemption rights referred to therein. All capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to them in the Agreement. The undersigned Limited Partner or Assignee:

(a) undertakes (i) to surrender such Partnership Common Units at the closing of the Redemption and (ii) to furnish to the Special Limited Partner, prior to the Specified Redemption Date, the documentation, instruments and information required under Section 15.1.G of the Agreement;

(b) directs that the certified check representing the Cash Amount, or the REIT Shares Amount, as applicable, deliverable upon the closing of such Redemption be delivered to the address specified below;

(c) represents, warrants, certifies and agrees that: (i) the undersigned Limited Partner or Assignee is a Qualifying Party; (ii) the undersigned Limited Partner or Assignee has, and at the closing of the Redemption will have, good, marketable and unencumbered title to such Partnership Common Units, free and clear of the rights or interests of any other person or entity; (iii) the undersigned Limited Partner or Assignee has, and at the closing of the Redemption will have, the full right, power and authority to tender and surrender such Common Units as provided herein; (iv) the undersigned Limited Partner or Assignee, and the tender and surrender of such Common Units for Redemption as provided herein complies with all conditions and requirements for redemption of Partnership Common Units set forth in the Agreement; and (v) the undersigned Limited Partner or Assignee has obtained the consent or approval of all persons and entities, if any, having the right to consent to or approve such tender and surrender; and

(d) acknowledges that the undersigned will continue to own such Partnership Common Units unless and until either (1) such Partnership Common Units are acquired by the Special Limited Partner pursuant to Section 15.1.B of the Agreement or (2) such redemption transaction closes.

Dated: _____

Name of Limited Partner or Assignee:

Signature of Limited Partner or Assignee

Street Address

City, State and Zip Code

Social security or identifying number

Signature Medallion Guaranteed by:

Issue Check Payable to (or shares in the name of):

EXHIBIT C

**PARTNERSHIP UNIT DESIGNATION
OF THE
LTIP UNITS
OF**

SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF CTR PARTNERSHIP, L.P.

1. Defined Terms.

The following defined terms used in this Exhibit C shall have the meaning specified below. Capitalized terms used, but not otherwise defined herein, shall have the respective meanings ascribed thereto in the Second Amended and Restated Agreement of Limited Partnership of CTR Partnership, L.P., as amended (the “Agreement”). References to the “Agreement”, “herein” and similar such references shall be deemed to include the Agreement as supplemented by this Exhibit C and any other Exhibit or other schedule or supplement to the Agreement, as the context requires.

“Adjustment Event” has the meaning set forth in Section 6.

“AO LTIP Unit” has the meaning provided in Section 2.

“AO LTIP Unit Conversion Notice” has the meaning provided in Section 12(c) hereof.

“AO LTIP Unit Conversion Right” has the meaning provided in Section 12(a) hereof.

“AO LTIP Unit Value” means, for any AO LTIP Unit as of any date, the excess of the REIT Share Value on such date over the Issue Price for such AO LTIP Unit.

“Auto Conversion” has the meaning set forth in Section 11(a) hereof.

“Auto Conversion Notice” has the meaning set forth in Section 11(d) hereof.

“Basic LTIP Units” has the meaning set forth in Section 2 hereof.

“Basic AO LTIP Units” has the meaning set forth in Section 2 hereof.

“Capital Account Limitation” has the meaning set forth in Section 11(a) hereof.

“Capital Transaction” means a liquidation of the Partnership, a sale of all or substantially all the assets of the Partnership, or a similar transaction.

“Constituent Person” has the meaning set forth in Section 11(g) hereof.

“Conversion Date” means, as applicable, (i) with respect to Basic LTIP Units or Performance LTIP Units, the date of an Auto Conversion or the date set forth in a Forced Conversion Notice, and (ii) with respect to AO LTIP Units, the date set forth in an AO LTIP Unit Conversion Notice or a Forced AO LTIP Unit Conversion Notice or the date of an Expiration Conversion.

“Economic Capital Account Balance” means, with respect to a holder of LTIP Units, its Capital Account balance, plus the amount of its share of any Partner Minimum Gain or Partnership Minimum Gain, in either case to the extent attributable to its ownership of LTIP Units.

“Expiration Conversion” has the meaning set forth in Section 12(g) hereof.

“Expiration Conversion Notice” has the meaning set forth in Section 12(g) hereof.

“Expiration Date” means, for any Performance LTIP Unit, the date specified in the LTIP Agreement or other documentation pursuant to which such Performance LTIP Unit is granted.

“Forced AO LTIP Unit Conversion” has the meaning set forth in Section 12(e) hereof.

“Forced AO LTIP Unit Conversion Notice” has the meaning set forth in Section 12(e) hereof.

“Forced Conversion” has the meaning set forth in Section 11(c) hereof.

“Forced Conversion Notice” has the meaning set forth in Section 11(c) hereof.

“Foregone Distributions” mean, with respect to a Performance LTIP Unit, the amount of distributions that have not been distributed on such Performance LTIP as a result of the application of Section 7(b).

“Full Distribution Participation Date” means, (i) for any Performance LTIP Unit, the date specified in the LTIP Agreement pursuant to which such Performance LTIP Unit (or AO LTIP Units that converted into such Performance LTIP Unit) was granted, and (ii) for any AO LTIP Unit, the date upon which such AO LTIP Unit is converted into Basic LTIP Units pursuant to Section 12 hereof or such other date as may be specified in the LTIP Agreement or other documentation pursuant to which such AO LTIP Unit is granted.

“Initial Sharing Percentage” means, (i) for any Performance LTIP Unit, ten percent (10%) or such other percentage specified in the LTIP Agreement pursuant to which such Performance LTIP Unit is granted, and (ii) for any AO LTIP Unit, two percent (2%) or such other percentage specified in the LTIP Agreement pursuant to which such AO LTIP Unit is granted.

“Issue Price” means, for any AO LTIP Unit, the amount specified in the LTIP Agreement or other documentation pursuant to which such AO LTIP Unit is granted.

“Liquidating Gains” means any net gain realized in connection with the actual or hypothetical sale of all or substantially all of the assets of the Partnership (including upon liquidation of the Partnership), including but not limited to net gain realized in connection with a revaluation of the Partnership’s property pursuant to Section 6.1 of the Agreement. The General Partner shall be entitled, in its discretion, to modify the determination of Liquidating Gains (and determine and separately allocate Liquidating Gains with respect to a specific asset or assets) to give effect to the economic intent of the Agreement and to preserve the treatment of any LTIP Units as “profits interests” for U.S. income tax purposes.

“Liquidating Losses” means any net loss realized in connection with the actual or hypothetical sale of all or substantially all of the assets of the Partnership (including upon liquidation of the Partnership), including but not limited to net loss realized in connection with a revaluation of the Partnership’s property pursuant to Section 6.1 of the Agreement. The General Partner shall be entitled, in its discretion, to modify the determination of Liquidating Losses (and determine and separately allocate Liquidating Losses with respect to a specific asset or assets) to give effect to the economic intent of the Agreement and to preserve the treatment of any LTIP Units as “profits interests” for U.S. income tax purposes.

“LTIP Agreement” has the meaning set forth in Section 5(a) hereof.

“LTIP Unit Distribution Payment Date” has the meaning set forth in Section 7(c) hereof.

“LTIP Unit Redemption Threshold” means a threshold that will be met with respect to one or more LTIP Units if, when and to the extent, such LTIP Units have satisfied the Capital Account Limitation. For the avoidance of doubt, AO LTIP Units cannot meet the LTIP Unit Redemption Threshold prior to their conversion into Basic LTIP Units.

“LTIP Units” means the Partnership Units designated as such having the rights, powers, privileges, restrictions, qualifications and limitations set forth herein, in any applicable Equity Plan and in an applicable LTIP Agreement. LTIP Units may be issued in one or more classes, or one or more series of any such classes bearing such relationship to one another as to allocations, distributions, and other rights as the General Partner shall determine in its sole and absolute discretion subject to Delaware law and the Agreement. For the avoidance of doubt, the AO LTIP Units are LTIP Units.

“LTIP Unitholder” means a Limited Partner that holds LTIP Units, including any Substituted Limited Partner or Additional Limited Partner with respect to such LTIP Units, in such Person’s capacity as an LTIP Unitholder in the Partnership.

“Performance AO LTIP Units” has the meaning set forth in Section 2 hereof.

“Performance LTIP Units” has the meaning set forth in Section 2 hereof.

“Post-Conversion Period AO LTIP Unit” means an AO LTIP Unit that was not converted on or prior to its Expiration Date pursuant to Section 12 hereof.

“Proposed Section 83 Safe Harbor Regulation” has the meaning set forth in Section 14 hereof.

“REIT Share Value” means, as of the date of valuation, the fair market value of a REIT Share, determined as follows: (i) if the REIT Share is listed or admitted to trading on any securities exchange or The New York Stock Exchange, the closing price, regular way, of a REIT Share on such day or, if no sale takes place on such day, the average of the closing bid and asked prices of a REIT Share on such day, (ii) if the REIT Share is not listed or admitted to trading on any securities exchange or The New York Stock Exchange but is regularly quoted by a recognized quotation source, the last reported sale price of a REIT Share on such day or, if no sale takes place on such day, the average of the closing bid and asked prices of a REIT Share on such day, as reported by a recognized quotation source designated by the Partnership, or (iii) if the REIT Share is not listed or admitted to trading on any securities exchange or The New York Stock Exchange but is regularly quoted by a recognized quotation source and no such last reported sale price or closing bid and asked prices are available, the average of the reported high bid and low asked prices of a REIT Share on such day, as reported by a recognized quotation source designated by the General Partner, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, of a REIT Share on the most recent day (not more than twenty (20) days prior to the date in question) for which prices have been so reported; provided, that if there are no bid and asked prices reported during the twenty (20) days prior to the date in question, the value of a REIT Share shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate. In the event that a REIT Share includes any additional rights the value of which is not included within such price, then the value of such rights shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate, and included in determining the “REIT Share Value” of such REIT Share.

“Section 83 Safe Harbor” has the meaning set forth in Section 14 hereof.

“Target Economic Capital Account Balance” means, as of any date and with respect to any LTIP Unit, the Capital Account balance attributable to a Partnership Common Unit and computed on a hypothetical basis after taking into account all allocations through the date on which any allocation is being made, but prior to the realization of any Liquidating Gains. The General Partner shall be entitled, in its discretion, to adjust the Target Economic Capital Account Balance to give effect to the economic intent of the Agreement.

“Transaction” has the meaning set forth in Section 11(g) hereof.

“Unvested LTIP Units” has the meaning set forth in Section 5(a) hereof.

“Vested LTIP Units” has the meaning set forth in Section 5(a) hereof.

2. Designation. Pursuant to the Agreement, a general class of Partnership Units in the Partnership designated as the “LTIP Units” is hereby established. The number of LTIP Units that may be issued is not limited by the Agreement. Four specific classes of LTIP Units in the Partnership are hereby designated as the Basic LTIP Units, the Basic AO LTIP Units, the Performance LTIP Units, and the Performance AO LTIP Units (each Basic AO LTIP Unit and Performance AO LTIP Unit, also an “AO LTIP Unit”). The numbers of Basic LTIP Units, Basic AO LTIP Units, Performance LTIP Units, and Performance AO LTIP Units shall be determined from time to time by the General Partner in accordance with the terms of any applicable Equity Plan.

3. Issuances of LTIP Units. From time to time, the General Partner is hereby authorized to issue LTIP Units, including Basic LTIP Units, Basic AO LTIP Units, Performance LTIP Units, and Performance AO LTIP Units, to Persons providing services to or for the benefit of the Partnership for such consideration or for no consideration as the General Partner may determine to be appropriate and on such terms and conditions as shall be established by the General Partner, and admit such Persons as Limited Partners. Except to the extent that a Capital Contribution is made with respect to an LTIP Unit, each LTIP Unit is intended to qualify as a “profits interest” in the Partnership within the meaning of the Code, the Regulations, and any published guidance by the Internal Revenue Service with respect thereto. Except as may be provided from time to time by the General Partner with respect to one or more classes or series of LTIP Units, and except as provided in an applicable LTIP Agreement, LTIP Units shall have the terms set forth in this Exhibit C. Pursuant to the terms of the Agreement or an applicable LTIP Agreement, an LTIP Unit may be convertible, exchangeable or otherwise transmutable, in substance, into another type of LTIP Unit or other type of Unit.

4. Admission to Partnership. A Person (other than an existing Partner) who is issued LTIP Units in accordance with the terms hereof shall be admitted to the Partnership as an additional Limited Partner only upon the satisfactory completion of the requirements an assignee is required to complete pursuant to the Agreement.

5. Vesting.

(a) Vesting, Generally. LTIP Units may, in the sole discretion of the General Partner, be issued subject to vesting, forfeiture and additional restrictions on Transfer pursuant to the terms of an award, vesting or other similar agreement, any applicable Equity Plan or any other applicable compensatory arrangement or incentive program pursuant to which such LTIP Units are issued (an “LTIP Agreement”). The terms of any LTIP Agreement may be modified by the General Partner from time to time in its sole discretion, subject to any restrictions on amendment imposed by the relevant LTIP Agreement. LTIP Units that were fully vested when issued or that have vested and are no longer subject to forfeiture under the terms of an LTIP Agreement are referred to as “Vested LTIP Units”; all other LTIP Units shall be treated as “Unvested LTIP Units”.

(b) Forfeiture. Unless otherwise specified in an applicable LTIP Agreement, upon the occurrence of any event specified in such LTIP Agreement that results in either the right of the Partnership or the General Partner to repurchase LTIP Units at a specified purchase price or any other forfeiture of any LTIP Units, if the Partnership, the General Partner or any affiliate or designee thereof exercises such right to repurchase or upon the occurrence of the event causing forfeiture in accordance with the applicable LTIP Agreement, the relevant LTIP Units shall immediately, and without any further action, be treated as cancelled and no longer outstanding for any purpose. Unless otherwise specified in the applicable LTIP Agreement, no consideration or other payment shall be due with respect to any LTIP Units that have been forfeited, other than any distributions declared with respect to a Partnership Record Date and with respect to such LTIP Units prior to the effective date of the forfeiture.

6. Correspondence with Partnership Common Units; Adjustments.

(a) The Partnership shall maintain at all times a one-to-one correspondence between LTIP Units (excluding AO LTIP Units before their conversion) and Partnership Common Units for conversion, distributions, allocations and other purposes, including without limitation complying with the following procedures;

provided, that the foregoing is not intended to alter the express differences between distributions and allocations with respect to LTIP Units and Partnership Common Units set forth herein.

(b) If an Adjustment Event (as defined below) occurs, then the General Partner shall take any action reasonably necessary, including any amendment to the Agreement or update to the books and records of the Partnership, adjusting the number of outstanding LTIP Units or subdividing or combining outstanding LTIP Units, to maintain a one-for-one conversion and economic equivalence ratio between Partnership Common Units and LTIP Units (excluding AO LTIP Units before their conversion and taking into account express differences in distributions and allocations hereunder). The following shall be “Adjustment Events”: (i) the Partnership makes a distribution on all outstanding Partnership Common Units in Partnership Units; (ii) the Partnership subdivides the outstanding Partnership Common Units into a greater number of Partnership Units or combines the outstanding Partnership Common Units into a smaller number of Partnership Units; or (iii) the Partnership issues any Partnership Units in exchange for its outstanding Partnership Common Units by way of a reclassification or recapitalization of its Partnership Common Units. If more than one Adjustment Event occurs, any adjustment to the LTIP Units need be made only once using a single formula that takes into account each and every Adjustment Event as if all Adjustment Events occurred simultaneously. For the avoidance of doubt, the following shall not be Adjustment Events: (x) the issuance of Partnership Units in a financing, reorganization, acquisition or other similar business transaction; (y) the issuance of Partnership Units pursuant to any applicable Equity Plan, any other employee benefit or compensation plan or a distribution reinvestment plan; or (z) the issuance of any Partnership Units to the General Partner or Special Limited Partner in respect of a Capital Contribution to the Partnership.

(c) If the Partnership takes an action affecting the Partnership Common Units other than actions specifically described above as Adjustment Events and in the opinion of the General Partner such action would require an action to maintain the one-to-one correspondence described above, the General Partner shall have the right to take such action, to the extent permitted by law or any applicable LTIP Agreement, in such manner and at such time as the General Partner, in its sole discretion, may determine reasonably appropriate under the circumstances.

(d) Notwithstanding the foregoing, if any Adjustment Event or any other action described in the preceding clause occurs, the General Partner may independently adjust the number of AO LTIP Units outstanding or held by a particular holder of AO LTIP Units, the Issue Price of any AO LTIP Unit, or the number of Basic LTIP Units or Performance LTIP Units (as applicable) into which any AO LTIP Unit may be converted, or may undertake any combination of the foregoing, in such manner as the General Partner determines in good faith to be equitable.

(e) Any adjustment to the number of outstanding LTIP Units pursuant to this Section 6 shall be binding on the Partnership and every Limited Partner.

7. Distributions.

(a) Distributions Generally. Except as otherwise provided herein, any applicable LTIP Agreement or by the General Partner with respect to any particular class or series of LTIP Units, each holder of LTIP Units shall be entitled to receive, if, when and as authorized by the General Partner out of funds or other property legally available for the payment of distributions, regular, special, extraordinary or other distributions, which may be made from time to time, in an amount per LTIP Unit equal to the amount of any such distributions that would have been payable to such holder if its LTIP Units had been Partnership Common Units of the same number. Notwithstanding the foregoing, the General Partner shall be entitled to adjust distributions payable with respect to an LTIP Unit that was not outstanding during the entire quarterly or other applicable period in respect of which a distribution is made, including by assuming, in the alternative, such LTIP Unit was held for the entire period to which such distribution relates or by pro rating such distribution with respect to such LTIP Unit, in any event in a manner intended to preserve the economic intent of the parties and the treatment of such LTIP Unit as a “profits interest” for U.S. income tax purposes.

(b) Distributions with respect to Performance and AO LTIP Units. Notwithstanding Section 7(a) and Section 5.1 of the Agreement, prior to the occurrence of the applicable Full Distribution Participation Date, a holder of a Performance LTIP Unit or AO LTIP Unit shall be entitled to receive an amount equal to the product of the Initial Sharing Percentage for such LTIP Unit and the amount otherwise distributable with respect to such LTIP Unit pursuant to Section 7(a).

(c) Foregone Distributions with respect to Performance LTIP Units. Notwithstanding Sections 7(a) and (b) or Section 5.1 of the Agreement, the General Partner shall be entitled, in its discretion, to enter into such arrangements as the General Partner determines appropriate with respect to the amount of Foregone Distributions that otherwise would have been distributed on a Performance LTIP Unit that becomes a Vested Performance LTIP. Such arrangements may include, without limitation, causing the issuance by the Partnership of additional LTIP Units to the holder of such Vested Performance LTIP Unit, the payment of additional distributions by the Partnership to the holder of such Vested Performance LTIP Unit, or a combination of the foregoing. In the event the General Partner determines to cause the Partnership to pay additional distributions pursuant to the foregoing, upon any Unvested Performance LTIP Unit becoming a Vested Performance LTIP Unit, the Partnership shall pay to the holder of such Vested Performance LTIP Unit one or more special distributions out of Available Cash with respect to such Vested Performance LTIP Unit up to the amount of Foregone Distributions on such Vested Performance LTIP Unit; provided, however, the General Partner may (i) reduce the amount of distributions payable to a holder pursuant to the preceding clause by up to the amount of distributions made on any Unvested Performance LTIP Units that have been forfeited by such holder pursuant to the terms of an applicable LTIP Agreement, and (ii) determine a given Performance LTIP Unit shall be entitled to an amount less than the full amount of Foregone Distributions on such Performance LTIP Unit (the amount so payable, "Make-Whole Distributions"). Any such distribution or distributions otherwise shall be subject to the Agreement, Section 7(e), the terms of an applicable LTIP Agreement and any applicable legal or contractual restrictions (including with respect to restrictions on the payment of distributions under loan covenants or the terms of Units ranking senior to the Performance LTIP Units). Subject to the provisions herein, the General Partner may pay such distribution or distributions in preference to distributions otherwise payable to the Partners hereunder. The provisions of this Section 7(c) shall continue to apply to any Partnership Common Units into which Vested Performance LTIP Units have converted if such Vested Performance LTIP Units have not received the full amount of Make-Whole Distributions to which they became entitled prior to such conversion.

(d) Limitations on Distributions. Notwithstanding any provision herein to the contrary, in the General Partner's sole and absolute discretion, distributions on an LTIP Unit may be adjusted (including deferred or permanently reduced) as necessary to (i) ensure the amount apportioned to each such LTIP Unit does not exceed the amount attributable to Partnership net income or gain allocated with respect to such LTIP Unit and realized after the date such LTIP Unit was issued by the Partnership and (ii) otherwise preserve the treatment of such LTIP Unit as a "profits interest" for U.S. federal income tax purposes. The intent of this Section 7(e) is to ensure that any such LTIP Units qualify as "profits interests" for U.S. federal income tax purposes, and this Agreement shall be interpreted and applied consistently therewith. The General Partner at its sole and absolute discretion may amend this Section 7(e) to ensure that any such LTIP Units qualify as "profits interests" under any existing and any future U.S. federal income tax laws and IRS guidance.

(e) Distributions Generally. Distributions on the LTIP Units, if authorized, shall be payable on such dates and in such manner as may be authorized by the General Partner (any such date, an "LTIP Unit Distribution Payment Date"). Absent a contrary determination by the General Partner, the LTIP Unit Distribution Payment Date shall be the same as the corresponding date relating to the corresponding distribution on the Partnership Common Units, and the record date for determining which holders of LTIP Units are entitled to receive distributions shall be the Partnership Record Date. A holder of LTIP Units will be entitled to distributions with respect to an LTIP Unit only as set forth in this Exhibit C and, in making distributions pursuant to Section 5.1 of the Agreement, the General Partner of the Partnership shall take into account the provisions of this Section 7.

(f) Discretionary Tax Distributions. Notwithstanding the other provisions of this Section 7, the General Partner shall be entitled, but not obligated, to make additional distributions on the LTIP Units of a holder up to the excess of (i) an estimate, as determined in the sole discretion of the General Partner, of the net U.S. federal and applicable state and local income tax liability incurred by such holder on the amounts of net taxable

income or gain allocated with respect to their LTIP Units (including LTIP Units that have been forfeited) as a result of the allocations pursuant to Section 8 hereof, over (ii) the amount of distributions paid or payable with respect to their LTIP Units (including LTIP Units that have been forfeited) under the other provisions of this Section 7. Any such distributions shall reduce any subsequent distributions to which such holder otherwise.

8. Allocations.

(a) General. Section 6.1 and Section 6.2 of the Agreement shall not apply, and the subsequent subsections of this Section 8 shall apply in lieu thereof, to holders of LTIP Units with respect to such LTIP Units prior to their conversion into Partnership Common Units. In addition, the General Partner may apply, in whole or in part, the provisions of this Section 8 to Partnership Common Units into which Vested LTIP Units have converted, (A) to take into account a conversion that occurs after the beginning but before the end of a period during which allocations are being made, (B) to take into account distributions pursuant to Section 7 (including, in particular, distributions that occur during such period or distributions that occur after such period pursuant to Section 7(c)), and (C) to apply Sections 8(d) and (e). Net Income, Net Loss and any other items of income, gain, loss, deduction and credit of the Partnership allocable under Section 6.1 of the Agreement shall be recomputed after taking into account the allocations made pursuant to this Section 8 (other than Section 8(b)).

(b) Regular Allocations. Except as otherwise provided herein, any applicable LTIP Agreement or by the General Partner with respect to any particular class or series of LTIP Units, each holder of an LTIP Unit shall be allocated Net Income and Net Loss (or constituent items thereof, as applicable) pursuant to Section 6.1 and Section 6.2 of the Agreement as though such LTIP Unit was a Partnership Common Unit; provided, however, prior to the occurrence of the applicable Full Distribution Participation Date, a Performance LTIP Unit or AO LTIP Unit shall be treated as a fraction of a Partnership Common Unit equal to its Initial Sharing Percentage of such Partnership Common Unit.

(c) Allocations of Liquidating Gains and Losses.

(i) After giving effect to the special allocations set forth in Section 6.2 of the Agreement and Section 8(e) hereof, Liquidating Gains first shall be allocated to the holders of LTIP Units until the Economic Capital Account Balances of such holders, to the extent attributable to their ownership of LTIP Units, are equal to (A) the Target Economic Capital Account Balance (with respect to LTIP Units other than AO LTIP Units prior to their conversion) or AO LTIP Unit Value (with respect to AO LTIP Units prior to their conversion), multiplied by (B) the corresponding number of their LTIP Units. In addition, if any Capital Account balance attributable to an AO LTIP Unit exceeds its applicable AO LTIP Unit Value, then Liquidating Losses (or, to the extent determined appropriate by the General Partner, items of expense or loss) shall be allocated to each holder of such an AO LTIP Unit until each such holder's Capital Account, to the extent attributable to such holder's AO LTIP Units, is equal (on a per-Unit basis) to the applicable AO LTIP Unit Value.

(ii) Notwithstanding the foregoing, (A) the special allocations of Liquidating Gains and Liquidating Losses pursuant to the preceding provisions of this Section 8(c) shall cease to apply to any LTIP Unit (other than an AO LTIP Unit prior to its conversion) once such LTIP Unit has met the LTIP Unit Redemption Threshold and any Post-Conversion Period AO LTIP Unit once it becomes a Post-Conversion Period AO LTIP Unit, and (B) the General Partner may adjust future allocations with respect to any holder of a Post-Conversion Period AO LTIP Unit in any manner it determines in its sole discretion necessary or convenient to cause the Capital Account balance of such holder to (I) equal the balance that would have obtained had no allocations of Liquidating Gains or Liquidating Losses been made with respect to such Post-Conversion Period AO LTIP Unit pursuant to the preceding provisions of this Section 8(c), and (II) otherwise equitably reflect the intended economic entitlements of such holder.

(iii) For purposes of the foregoing allocations of this Section 8(c), unless and to the extent otherwise determined by the General Partner, (A) calculations shall be made separately with respect to the applicable LTIP Units, including LTIP Units that are AO LTIP Units with different AO LTIP Unit Values, and (B) as and to the extent relevant, allocations shall be made with respect to LTIP Units in the order in which such LTIP Units were granted and, with respect to LTIP Units granted at the same time, in proportion to the amounts to which such LTIP Units are entitled under this Section 8(c), such that, for example, in the event there are insufficient Liquidating Gains to allocate to holders of LTIP Units (that are Basic or Performance LTIP Units) to cause the Economic Capital Account Balances attributable to such LTIP Units to equal their Target Economic Capital Account Balances, such Liquidating Gains shall be allocated first to the first-granted LTIP Units until their Economic Capital Account Balances equal their Target Economic Capital Account Balances.

(d) Additional Special Allocations.

(i) Notwithstanding and prior to any allocations pursuant to Section 8(b) and Section 8(c), Net Income (and, as and to the extent determined by the General Partner, constituent items thereof) for any period in which a holder of Partnership Units receives a Make-Whole Distribution pursuant to Section 7(c) shall be allocated to such holder in an amount equal to such Make-Whole Distribution.

(ii) For any period in which distributions are actually made to holders of LTIP Units, the General Partner, in its sole and absolute discretion, may allocate appropriate items of income or gain accrued and realized following the issuance of the relevant LTIP Units to the holders of such LTIP Units to avoid causing the Capital Accounts relating to such LTIP Units to become negative as a result of such distribution (after taking into account all other allocations tentatively made pursuant to this Agreement) and otherwise to preserve the treatment of such LTIP Units as “profits interests.” To the extent such a holder receives a distribution with respect to any such LTIP Units in excess of the portion of its Capital Account attributable to such LTIP Units, such excess may be treated by the Partnership, in the sole and absolute discretion of the General Partner, as a “guaranteed payment” within the meaning of Section 707(c) of the Code.

(iii) Notwithstanding any provision herein to the contrary, allocations of Liquidating Gains, Net Income and Net Loss and other items of income, gain, loss, deduction and credit with respect to LTIP Units may be restricted or otherwise adjusted by the General Partner to ensure such allocations consist only of income and gain arising after the issuance of such LTIP Units and otherwise to the extent the General Partner determines, in its sole and absolute discretion, necessary or appropriate to preserve the treatment of such LTIP Units as “profits interests” for U.S. federal income tax purposes and to comply with any applicable IRS guidance (including “safe harbor” guidance). Pursuant to and without limiting the foregoing, the General Partner shall be entitled, but not obligated, to limit allocations of Liquidating Gains to an LTIP Unit (other than an AO LTIP Unit) pursuant to Section 8(c)(i) to the extent, since the date of issuance of such LTIP Unit, such Liquidating Gain when aggregated with other Liquidating Gains realized since the date of issuance of such LTIP Unit exceeds Liquidating Losses realized since the date of issuance of such LTIP Unit.

(e) Capital Account Adjustments and Allocations upon Forfeiture. Except as otherwise provided in the Agreement or any applicable LTIP Agreement, in connection with any repurchase or forfeiture of LTIP Units pursuant to Section 5(b) hereof, the balance of the portion of the Capital Account of the holder of such LTIP Units that is attributable to all of their LTIP Units shall be reduced, to the greatest extent possible, by the amount, if any, by which it exceeds the target balance contemplated by Section 8(c) hereof, calculated with respect to such holder’s remaining LTIP Units, if any. Such reduction shall be accomplished in such manner as the General Partner determines, in its sole and absolute discretion, including a reduction with or without a reallocation of such amount among other Partners, special allocations of items of income, gain, loss or deduction (including pursuant to finalized Treasury Regulations), a “book down” in the value of Partnership assets in the amount of such reduction, or a combination of the foregoing.

9. Transfers.

(a) Subject to the terms of any LTIP Agreement, a holder of LTIP Units shall be entitled to transfer their LTIP Units to the same extent, and subject to the same restrictions, as holders of Partnership Common Units are entitled to Transfer their Partnership Common Units pursuant to Article 11 of the Agreement; provided, however, a holder of an LTIP Unit may not Transfer such LTIP Unit (and any Partnership Unit into which such LTIP Unit converts) prior to the second anniversary of the grant of such LTIP Unit without the prior consent of the General Partner.

(b) Neither a conversion of an LTIP Unit into Partnership Common Units, a conversion of an AO LTIP Unit pursuant to Section 12 hereof, nor a conversion or other transmutation of an LTIP Unit into another type, in substance, of Unit, pursuant to the terms of this Agreement or an applicable LTIP Agreement, is a “Transfer” for purposes of Section 9(a) and the Agreement.

10. Legend. Any certificate evidencing an LTIP Unit shall bear an appropriate legend indicating that additional terms, conditions and restrictions on transfer, including without limitation any LTIP Agreement, apply to the LTIP Unit.

11. Conversion of Basic LTIP Units and Performance LTIP Units into Partnership Common Units.

(a) Except as otherwise provided in an applicable LTIP Agreement, immediately after each such time that either (i) LTIP Units become Vested LTIP Units or (ii) the assets of the Partnership are revalued pursuant to the Agreement, all Vested LTIP Units not previously converted into Partnership Common Units automatically shall be converted (an “Auto Conversion”) into an equal number of Partnership Common Units, giving effect to all adjustments (if any) made pursuant to Section 6 hereof; provided, however, unless otherwise determined by the General Partner, the number of Vested LTIP Units of a holder that converts pursuant to an Auto Conversion shall not exceed (i) the Economic Capital Account Balance of such Limited Partner, to the extent attributable to their ownership of Vested LTIP Units, divided by (ii) the Target Economic Capital Account Balance applicable to such Vested LTIP Units, in each case as determined as of a date on which satisfaction of the LTIP Unit Redemption Threshold is being determined (in either case, the “Capital Account Limitation”). Notwithstanding the foregoing, after one or more LTIP Units have satisfied the LTIP Unit Redemption Threshold, such Units shall forever have satisfied such threshold and the Capital Account Limitation shall thereafter apply only to any LTIP Units that have not previously satisfied such threshold with the result that, for the avoidance of doubt but subject to the following sentence, Unvested LTIP Units that previously have satisfied the LTIP Unit Redemption Threshold automatically shall convert into Partnership Common Units upon vesting. Notwithstanding the foregoing, only Vested LTIP Units that are free and clear of all liens shall be converted pursuant to an Auto Conversion.

(b) Following an Auto Conversion, the Partnership shall deliver a notice (an “Auto Conversion Notice”) in the form attached hereto as Annex I to the applicable holder of LTIP Units as soon as reasonably possible following the Conversion Date (provided that the failure to deliver an Auto Conversion Notice will not affect the Auto Conversion or subject the General Partner or the Partnership to any liability).

(c) The Partnership, at any time at the election of the General Partner, may cause any number of Vested LTIP Units to be converted (a “Forced Conversion”) into an equal number of Partnership Common Units, giving effect to all adjustments (if any) made pursuant to Section 6 hereof; provided, however, unless otherwise determined by the General Partner, that the Partnership may not cause a Forced Conversion of any LTIP Units that would not at the time be eligible for conversion pursuant to Section 11(a) hereof. In order to exercise its right of Forced Conversion, the Partnership shall deliver a notice (a “Forced Conversion Notice”) in the form attached hereto as Annex II to the applicable holder of LTIP Units not less than ten (10) nor more than sixty (60) days prior to the Conversion Date specified in such Forced Conversion Notice. A Forced Conversion Notice shall be provided in the manner provided in Section 16.1 of the Agreement.

(d) A conversion of Vested LTIP Units shall occur automatically after the close of business on the applicable Conversion Date without any action on the part of such holder of LTIP Units, other than the surrender of any certificate or certificates evidencing such Vested LTIP Units, as of which time such holder of LTIP Units shall be credited on the books and records of the Partnership as of the opening of business on the next day with the number of Partnership Common Units into which such LTIP Units were converted. After the conversion of LTIP Units as aforesaid, the Partnership shall deliver to such holder of LTIP Units, upon their written request, a certificate of the General Partner certifying the number of Partnership Common Units and remaining LTIP Units, if any, held by such person immediately after such conversion. The assignee of any Limited Partner pursuant to Article 11 of the Agreement may exercise the rights of such Limited Partner pursuant to this Section 11 and such Limited Partner shall be bound by the exercise of such rights by the assignee.

(e) For purposes of making future allocations under Section 8(c) hereof and applying the Capital Account Limitation, the portion of the Economic Capital Account Balance of the applicable holder of LTIP Units that is treated as attributable to their LTIP Units shall be reduced, as of the date of conversion, by the product of the number of LTIP Units converted and the Target Economic Capital Account Balance determined for each such LTIP Unit as of the date on which satisfaction of the LTIP Unit Redemption Threshold for such LTIP Unit was determined.

(f) If the Partnership or the General Partner shall be a party to any transaction (including without limitation a merger, consolidation, unit exchange, self-tender offer for all or substantially all Partnership Common Units or other business combination or reorganization, or sale of all or substantially all of the Partnership’s assets, but excluding any transaction which constitutes an Adjustment Event) in each case as a result of which

Partnership Common Units shall be exchanged for or converted into the right, or the holders shall otherwise be entitled, to receive cash, securities or other property or any combination thereof (each of the foregoing being referred to herein as a “Transaction”), then the General Partner shall, immediately prior to the Transaction, exercise its right to cause a Forced Conversion with respect to the maximum number of LTIP Units then eligible for conversion (or that will become eligible for conversion as a result of a contemporaneous or prior Forced AO LTIP Unit Conversion), taking into account any allocations that occur in connection with the Transaction or that would occur in connection with the Transaction if the assets of the Partnership were sold at the Transaction price or the portion thereof attributable to the Partnership as determined by the General Partner in good faith, or if applicable, at a value for the Partnership assets determined by the General Partner in good faith using the value attributed to the Partnership Common Units in the context of the Transaction (in which case the Conversion Date shall be the effective date of the Transaction and the conversion shall occur immediately prior to the effectiveness of the Transaction). In anticipation of such Forced Conversion and the consummation of the Transaction, the Partnership shall use commercially reasonable efforts to cause each holder of LTIP Units to be afforded the right to receive in connection with such Transaction in consideration for the Partnership Common Units into which their LTIP Units will be converted the same kind and amount of cash, securities and other property (or any combination thereof) receivable upon the consummation of such Transaction by a holder of the same number of Partnership Common Units, assuming such holder is not a Person with which the Partnership consolidated or into which the Partnership merged or which merged into the Partnership or to which such sale or transfer was made, as the case may be (a “Constituent Person”), or an affiliate of a Constituent Person. In the event that holders of Partnership Common Units have the opportunity to elect the form or type of consideration to be received upon consummation of the Transaction, prior to such Transaction the General Partner shall give prompt written notice to each holder of LTIP Units of such opportunity, and shall use commercially reasonable efforts to afford the holder of LTIP Units the right to elect, by written notice to the General Partner, the form or type of consideration to be received upon conversion of each LTIP Unit held by such holder into Partnership Common Units in connection with such Transaction. If a holder of LTIP Units fails to make such an election, such holder (and any of its transferees) shall receive upon conversion of each LTIP Unit held by him or her (or by any of their transferees) the same kind and amount of consideration that a holder of Partnership Common Units would receive if such holder of Partnership Common Units failed to make such an election. Subject to the rights of the Partnership and the General Partner under any LTIP Agreement and the relevant terms of any applicable Equity Plan or any other applicable equity plan, the Partnership shall use commercially reasonable effort to cause the terms of any Transaction to be consistent with the provisions of this Section 11(f) and to enter into an agreement with the successor or purchasing entity, as the case may be, for the benefit of any holder of LTIP Units whose LTIP Units will not be converted into Partnership Common Units in connection with the Transaction that will (i) contain provisions enabling the LTIP Unitholders that remain outstanding after such Transaction to convert their LTIP Units into securities as comparable as reasonably possible under the circumstances to the Partnership Common Units and (ii) preserve as far as reasonably possible under the circumstances the distribution, special allocation, conversion, and other rights set forth in the Agreement, including this Exhibit C, for the benefit of the holder of LTIP Units.

(g) No conversion of LTIP Units into Partnership Common Units, or Partnership Units that are not LTIP Units, may be made by a Person if, based on the advice of the Partnership’s counsel or accounting firm, the Partnership believes there is a material risk that such conversion could (i) result in the Partnership’s being treated as an association taxable as a corporation (other than a qualified REIT subsidiary within the meaning of Section 856(i) of the Code), (ii) adversely affect the ability of the Special Limited Partner to continue to qualify as a REIT or subject the Special Limited Partner to any additional taxes under Section 857 or Section 4981 of the Code, or (iii) be effectuated through an “established securities market” or a “secondary market (or the substantial equivalent thereof)” within the meaning of Section 7704 of the Code or cause the Partnership to fail to qualify for a safe harbor from such treatment which the Partnership desires to preserve.

(h) Notwithstanding the foregoing, nothing in this Section 11 shall apply to an AO LTIP Unit (including, for the avoidance of doubt, the Capital Account balance attributable to such AO LTIP Unit), other than with respect to Vested LTIP Units into which an AO LTIP Unit has been converted pursuant to Section 12 hereof.

12. Conversion of AO LTIP Units to Basic LTIP Units or Performance LTIP Units.

(a) The holder of a Basic AO LTIP Unit or a Performance AO LTIP Unit may convert such Unit into a Basic LTIP Unit at any time (i) on or after such AO LTIP Unit becomes a Vested LTIP Unit, and (ii) before the Expiration Date of such AO LTIP Unit (the “AO LTIP Unit Conversion Right”); provided, however, that an AO LTIP Unit holder may not exercise an AO LTIP Unit Conversion Right with respect to the lesser of (i) one thousand (1,000) AO LTIP Units and (ii) 100% of the AO LTIP Units held by such person that are Vested LTIP Units. If an AO LTIP Unit holder is notified of the expected occurrence of an event that will cause their Unvested LTIP Units to become Vested LTIP Units, such holder may give the Partnership an AO LTIP Unit Conversion Notice conditioned upon and effective as of the time of vesting and such AO LTIP Unit Conversion Notice, unless subsequently revoked by such person, shall be accepted by the Partnership subject to such condition. In all cases, the conversion of any AO LTIP Units into a Basic LTIP Unit shall be subject to the conditions and procedures set forth in this Section 12.

(b) Any AO LTIP Units being converted pursuant to an AO LTIP Unit Conversion Notice, a Forced AO LTIP Unit Conversion, or an Expiration Conversion will convert to a number of Basic LTIP Units equal to (i) the applicable AO LTIP Unit Value, multiplied by (ii) the number of AO LTIP Units being converted, and divided by (iii) the REIT Share Value on the Conversion Date. For the avoidance of doubt, the foregoing calculation shall be adjusted as necessary to take into account any differences in the AO LTIP Unit Values of the AO LTIP Units being converted. A conversion of AO LTIP Units under this Section 12 shall occur automatically after the close of business on the applicable Conversion Date without any action on the part of such holder of AO LTIP Units, other than the surrender of any certificate or certificates evidencing such AO LTIP Units, as of which time such holder of AO LTIP Units shall be credited on the books and records of the Partnership as of the opening of business on the next day with the number of Basic LTIP Units into which such LTIP Units were converted. After the conversion of AO LTIP Units as aforesaid, the Partnership shall deliver to such holder of LTIP Units, upon their written request, a certificate of the General Partner certifying the number of Basic LTIP Units and remaining AO LTIP Units, if any, held by such person immediately after such conversion. Notwithstanding the preceding two sentences, if (x) an AO LTIP Unit is converted under this Section 12, (y) the corresponding Basic LTIP Units are converted into Partnership Common Units pursuant to Section 11 hereof as of the same Conversion Date, and (z) such Partnership Common Units are not redeemed as of the same date, the relevant holder shall be reflected as a holder of Partnership Common Units (rather than as a holder of LTIP Units) as of the opening of the business day following such conversions and may be provided a certificate certifying the number of Partnership Common Units (rather than LTIP Units) owned by such holder based on such conversions. The assignee of any Limited Partner pursuant to Article 11 of the Agreement may exercise the rights of such Limited Partner pursuant to this Section 12 and such Limited Partner shall be bound by the exercise of such rights by the assignee.

(c) To exercise their AO LTIP Unit Conversion Right, an AO LTIP Unit holder shall deliver a notice (an “AO LTIP Unit Conversion Notice”) in the form attached hereto as Annex III to the Partnership (with a copy to the General Partner) not less than three (3) nor more than ten (10) days prior to the Conversion Date specified in such AO LTIP Unit Conversion Notice; provided, however, that if the General Partner has not given to the holder notice of a proposed or upcoming Transaction (as defined above) at least thirty (30) days prior to the effective date of such Transaction, then the holder shall have the right to deliver an AO LTIP Unit Conversion Notice until the earlier of (x) the tenth (10th) day after such notice from the General Partner of a Transaction or (y) the third Business Day immediately preceding the effective date of such Transaction. Each LTIP Unitholder seeking to convert AO LTIP Units covenants and agrees with the Partnership that all Units to be converted pursuant to this Section 12 shall be free and clear of all liens.

(d) Notwithstanding anything herein to the contrary, if the AO LTIP Units have been held for at least two years, subject to any restrictions set forth herein or in an applicable LTIP Agreement, an LTIP Unitholder may deliver a Notice of Redemption pursuant to Section 15.1 of the Agreement relating to the Partnership Common Units into which the Basic LTIP Units receivable on conversion of such AO LTIP Units ultimately are convertible in advance of the Conversion Date; provided, however, that the redemption of such Partnership Common Units by the Partnership shall in no event take place until on or after the Conversion Date. For clarity, it is noted that the objective of this paragraph is to put an AO LTIP Unit holder in a position where, if the AO LTIP Unit holder so wishes, (i) the Basic LTIP Units into which their AO LTIP Units convert can be converted into Partnership Common Units simultaneously by the Partnership, and (ii) the Partnership Common Units into

which such Basic LTIP Units convert can be redeemed by the Partnership pursuant to Section 15.1 of the Agreement simultaneously, with the further consequence that, if the General Partner elects to assume the Partnership's redemption obligation with respect to such Partnership Common Units under Section 15.1 of the Agreement by delivering to such AO LTIP Unit holder REIT Shares rather than cash, then such holder can have such REIT Shares issued to him or her simultaneously with the conversion of their AO LTIP Units into Basic LTIP Units and corresponding conversion of such LTIP Units into Partnership Common Units, in all events subject to any restrictions on conversion or redemption set forth herein or in an applicable LTIP Agreement. The General Partner shall cooperate with a holder of AO LTIP Units to coordinate the timing of the different events described in the foregoing sentence.

(e) No conversion of AO LTIP Units may be made by a Person if, based on the advice of the Partnership's counsel or accounting firm, the Partnership believes there is a material risk that such conversion could (i) result in the Partnership's being treated as an association taxable as a corporation (other than a qualified REIT subsidiary within the meaning of Section 856(i) of the Code), (ii) adversely affect the ability of the Special Limited Partner to continue to qualify as a REIT or subject the Special Limited Partner to any additional taxes under Section 857 or Section 4981 of the Code, or (iii) be effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code or cause the Partnership to fail to qualify for a safe harbor from such treatment which the Partnership desires to preserve.

(f) If the Partnership or the General Partner shall be a party to any Transaction, then the General Partner shall, immediately before the Transaction, be entitled to cause a conversion of AO LTIP Units (a "Forced AO LTIP Unit Conversion") with respect to the maximum number of AO LTIP Units then eligible for conversion under this Section 12, taking into account any allocations that occur in connection with the Transaction or that would occur in connection with the Transaction if the assets of the Partnership were sold at the Transaction price or the portion thereof attributable to the Partnership as determined by the General Partner in good faith, or if applicable, at a value for the Partnership assets determined by the General Partner in good faith using the value attributed to the Partnership Common Units in the context of the Transaction (in which case the Conversion Date shall be the effective date of the Transaction and the conversion shall occur immediately prior to the effectiveness of the Transaction). In anticipation of such Forced AO LTIP Unit Conversion and the consummation of the Transaction, the Partnership shall use commercially reasonable efforts to cause each holder of AO LTIP Units to be afforded the right to receive in connection with such Transaction in consideration for the Partnership Common Units into which their AO LTIP Units ultimately will be converted (based on the conversion ratios set forth herein) the same kind and amount of cash, securities and other property (or any combination thereof) receivable upon the consummation of such Transaction by a holder of the same number of Partnership Common Units, assuming such holder is not a Constituent Person or an affiliate of a Constituent Person. In the event that holders of Partnership Common Units have the opportunity to elect the form or type of consideration to be received upon consummation of the Transaction, prior to such Transaction the General Partner shall give prompt written notice to each holder of AO LTIP Units of such opportunity, and shall use commercially reasonable efforts to afford the holder of AO LTIP Units the right to elect, by written notice to the General Partner, the form or type of consideration to be received upon conversion of each AO LTIP Unit held by such holder into Basic LTIP Units and corresponding conversion of such LTIP Units into Partnership Common Units in connection with such Transaction. If a holder of LTIP Units fails to make such an election, such holder (and any of its transferees) shall receive the same kind and amount of consideration (determined after taking into account the conversion ratios herein) that a holder of Partnership Common Units would receive if such holder of Partnership Common Units failed to make such an election. Subject to the rights of the Partnership and the General Partner under any LTIP Agreement and the relevant terms of any applicable Equity Plan or any other applicable incentive equity plan, the Partnership shall use commercially reasonable effort to cause the terms of any Transaction to be consistent with the provisions of this Section 12(f) and to enter into an agreement with the successor or purchasing entity, as the case may be, for the benefit of any holder of LTIP Units whose LTIP Units will not be converted into Partnership Common Units in connection with the Transaction that will (i) contain provisions enabling the holders of AO LTIP Units that remain outstanding after such Transaction to convert their AO LTIP Units into securities as comparable as reasonably possible under the circumstances to the Partnership Common Units (taking into account the conversion ratio derived from Section 12(b) hereof) and (ii) preserve as far as reasonably possible under the circumstances the distribution, special allocation, conversion, and other rights set forth in the Agreement, including this Exhibit C, for the benefit of the

holders of AO LTIP Units with respect to the AO LTIP Units under this Section 12(f). To exercise its right of Forced AO LTIP Unit Conversion, the Partnership shall deliver a notice (a “Forced AO LTIP Unit Conversion Notice”) in the form attached hereto as Annex IV to the applicable holder of AO LTIP Units not less than ten (10) nor more than sixty (60) days prior to the Conversion Date specified in such Forced AO LTIP Unit Conversion Notice.

(g) Except as otherwise provided in an applicable LTIP Agreement, and subject to the express limitations and restrictions of this Section 12, any AO LTIP Unit that would have an AO LTIP Unit Value greater than zero upon becoming a Post-Conversion Period AO LTIP Unit, instead of becoming a Post-Conversion Period AO LTIP Unit, automatically and without any action of any party shall be converted into a number of Basic LTIP Units calculated in accordance with Section 12(b) hereof. Each such conversion (each, an “Expiration Conversion”) shall be effective immediately upon the close of business on the applicable Expiration Date and all calculations under Section 12(b) hereof shall be made based on the relevant AO LTIP Unit Value as of such time. Following an Expiration Conversion, the Partnership shall deliver a notice (an “Expiration Conversion Notice”) in the form attached hereto as Annex V to the applicable holder of LTIP Units as soon as reasonably practical (provided that the failure to deliver an Expiration Conversion Notice will not affect the Expiration Conversion or subject the General Partner or the Partnership to any liability).

(h) For the avoidance of doubt, any Basic LTIP Unit resulting from a conversion under this Section 12, (i) is not an AO LTIP Unit and (ii) is a Vested LTIP Unit that may be converted (including, if applicable, simultaneously with the conversion of the applicable AO LTIP Unit) into a Partnership Common Unit under (and subject to the limitations of) Section 11 hereof. Upon conversion into Basic LTIP Units under this Section 12, an AO LTIP Unit shall cease to be treated as outstanding.

13. Redemption of LTIP Units. Holders of LTIP Units shall not be entitled to the Redemption provided for in Section 15.1 of the Agreement unless, until and to the extent such LTIP Units have been converted into Partnership Common Units in accordance with their terms and prior to the second anniversary of the grant of such LTIP Units. For purposes of Article 15 of the Agreement, a Partnership Common Unit issued upon conversion of an LTIP Unit shall be deemed to have been issued when the LTIP Unit originally was issued. The General Partner shall cooperate with an LTIP Unitholder to coordinate the timing of a conversion of LTIP Units into Partnership Common Units, or the conversion of AO LTIP Units into Basic LTIP Units that are then converted into Partnership Common Units, in order to put an LTIP Unitholder in a position where, if the LTIP Unitholder so wishes, the Partnership Common Units into which their Vested LTIP Units will be converted can be redeemed by the Partnership pursuant to Section 15.1 of the Agreement as promptly as possible following such conversion, with the further consequence that, if the General Partner elects to assume the Partnership’s redemption obligation with respect to such Partnership Common Units under Section 15.1 of the Agreement by delivering to such LTIP Unitholder REIT Shares rather than cash, then such LTIP Unitholder can have such REIT Shares issued to them as promptly as possible following the conversion of their Vested LTIP Units into Partnership Common Units.

14. Voting. Each LTIP Unit shall convey the same consent or other voting rights as a Partnership Common Unit.

15. Section 83 Safe Harbor. Each Partner authorizes the General Partner to elect to apply the safe harbor (the “Section 83 Safe Harbor”) set forth in proposed Regulations Section 1.83-3(l) and proposed Internal Revenue Service Revenue Procedure published in Notice 2005- 43 (together, the “Proposed Section 83 Safe Harbor Regulation”) (under which the fair market value of a Partnership Interest that is Transferred in connection with the performance of services is treated as being equal to the liquidation value of the interest), or in similar Regulations or guidance, if such Proposed Section 83 Safe Harbor Regulation or similar Regulations are promulgated as final or temporary Regulations. If the General Partner determines that the Partnership should make such election, the General Partner is hereby authorized to amend the Agreement without the consent of any other Partner to provide that (i) the Partnership is authorized and directed to elect the Section 83 Safe Harbor, (ii) the Partnership and each of its Partners (including any Person to whom a Partnership Interest, including an LTIP Unit, is Transferred in connection with the performance of services) will comply with all requirements of the Section 83 Safe Harbor with respect to all Partnership Interests Transferred in connection with the performance of services while such election

remains in effect and (iii) the Partnership and each of its Partners will take all actions necessary, including providing the Partnership with any required information, to permit the Partnership to comply with the requirements set forth or referred to in the applicable Regulations for such election to be effective until such time (if any) as the General Partner determines, in its sole discretion, that the Partnership should terminate such election. The General Partner is further authorized to amend the Agreement to modify Section 6.1 of the Agreement to the extent the General Partner determines in its discretion that such modification is necessary or desirable as a result of the issuance of any applicable law, Regulations, notice or ruling relating to the tax treatment of the transfer of a Partnership Interests in connection with the performance of services. Notwithstanding anything to the contrary in the Agreement, each Partner expressly confirms that it will be legally bound by any such amendment.

16. Amendment. Notwithstanding any provision herein or in the Agreement to the contrary, the General Partner shall be entitled, but not obligated, to amend this Exhibit C and the Agreement to (i) enable the grantees of LTIP Units to receive and hold, directly or indirectly, such LTIP Units through one or more entities established by the General Partner, its Affiliates or such grantees, and (ii) resolve ambiguities, correct scrivener's errors and otherwise conform the terms of this Exhibit C and the Agreement to the intentions of the Partnership, the General Partner and the Partners with respect to the matters addressed herein.

ANNEX I

NOTICE OF AUTOMATIC CONVERSION OF LTIP UNITS INTO PARTNERSHIP COMMON UNITS

CTR Partnership, L.P. (the “Partnership”) hereby gives you notice that the number of LTIP Units held by the LTIP Unit holder set forth below have been converted into Partnership Common Units in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of the Partnership, as amended, effective as of the Conversion Date set forth below.

Name of LTIP Unit Holder: ____

Name as Registered with Partnership

Number of LTIP Units to be Converted: ____

Conversion Date: ____

ANNEX II

NOTICE OF ELECTION BY PARTNERSHIP TO FORCE CONVERSION OF LTIP UNITS INTO PARTNERSHIP COMMON UNITS

CTR Partnership, L.P. (the “Partnership”) hereby irrevocably elects to cause as of the Conversion Date set forth below the number of LTIP Units held by the LTIP Unit holder set forth below to be converted into Partnership Common Units in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of the Partnership, as amended.

Name of LTIP Unit Holder: ____

Name as Registered with Partnership

Number of LTIP Units to be Converted: ____

Conversion Date: ____

ANNEX III

AO LTIP UNIT CONVERSION NOTICE

The undersigned holder of AO LTIP Units hereby irrevocably elects to convert as of the Conversion Date set forth below the number of AO LTIP Units in CTR Partnership, L.P. (the "Partnership") set forth below into Basic LTIP Units or Performance LTIP Units (as applicable) in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of the Partnership, as amended. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has title to such AO LTIP Units, free and clear of the rights or interests of any other person or entity other than the Partnership; (b) has the full right, power, and authority to cause the conversion of such AO LTIP Units as provided herein; and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consent or approve such conversion.

Name of AO LTIP Unit Holder: ____

Please Print Name as Registered with Partnership

Number of Basic AO LTIP Units to be Converted: ____

Number of Performance AO LTIP Units to be Converted: ____

Date of Award of Basic AO LTIP Units to be Converted: ____

Date of Award of Performance AO LTIP Units to be Converted: ____

Conversion Date: ____

(Signature of LTIP Unit Holder)

(Street Address)

(City) (State) (Zip Code)

Please insert social security
or identifying number:

ANNEX IV

NOTICE OF ELECTION BY PARTNERSHIP TO FORCE CONVERSION OF AO LTIP UNITS

CTR Partnership, L.P. (the “Partnership”) hereby irrevocably elects to cause as of the Conversion Date set forth below the number of AO LTIP Units held by the LTIP Unit holder set forth below to be converted into Basic LTIP Units or Performance LTIP Units (as specified below) in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of the Partnership, as amended.

Name of LTIP Unit Holder: ____
Name as Registered with Partnership

Number of Basic AO LTIP Units to be Converted: ____

Number of Performance AO LTIP Units to be Converted: ____

Date of Award of Basic AO LTIP Units to be Converted: ____

Date of Award of Performance AO LTIP Units to be Converted: ____

Basic LTIP Units Resulting From Conversion: ____

Performance LTIP Units Resulting From Conversion: ____

Conversion Date: ____

ANNEX V

EXPIRATION CONVERSION NOTICE

CTR Partnership, L.P. (the "Partnership") hereby gives you notice that the number of AO LTIP Units held by the LTIP Unit holder set forth below have been converted into Basic LTIP Units or Performance LTIP Units, as applicable, in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of the Partnership, as amended, effective as of the Conversion Date set forth below.

Name of AO LTIP Unit Holder: ___
Name as Registered with Partnership

Number of Basic AO LTIP Units Converted: ___

Number of Performance AO LTIP Units Converted: ___

Date of Award of Basic AO LTIP Units Converted: ___

Date of Award of Performance AO LTIP Units Converted: ___

Basic LTIP Units Resulting From Conversion: ___

Performance LTIP Units Resulting From Conversion: ___

Conversion Date: ___

**CARETRUST REIT, INC.
AND CTR PARTNERSHIP, L.P.
INCENTIVE AWARD PLAN**

**BASIC RESTRICTED STOCK UNIT AWARD GRANT NOTICE
(Time/Service-Based)**

CareTrust REIT, Inc., a Maryland corporation (the “Company”), pursuant to the CareTrust REIT, Inc. and CTR Partnership, L.P. Incentive Award Plan (as it may be amended, the “Plan”), hereby grants to the individual listed below (the “Participant”) an award of Restricted Stock Units (as such term is defined in the Plan; and for purposes of this Basic Restricted Stock Unit Award Grant Notice (this “Grant Notice”) and the Agreement (as defined below), each a “Basic Stock Unit” and, together, the “Basic Stock Units”) on the terms and conditions set forth below. This Basic Stock Unit award is subject to all of the terms and conditions set forth herein, in the Basic Restricted Stock Unit Award Agreement attached hereto as Exhibit A (the “Agreement”), and in the Plan, each of which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Agreement.

Participant:

Grant Date:

Number of Basic Stock Units:

Vesting Commencement Date:

Vesting Schedule:

Termination: Except as otherwise set forth in the Agreement, if the Participant experiences a Termination of Service on or before the applicable vesting date of the Basic Stock Units, all Basic Stock Units that have not become vested prior to the date of such Termination of Service (after taking into consideration any vesting that may occur in connection with such Termination of Service pursuant to the Agreement) will thereupon terminate and be automatically forfeited by the Participant without payment of any consideration therefor.

By his or her signature and the Company’s signature below, the Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and this Grant Notice. The Participant has reviewed the Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Agreement, and the Plan. The Participant

hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

CARETRUST REIT, INC.

PARTICIPANT

By: _____
[]
[]

By: _____
[]
Grantee & Participant

EXHIBIT A
TO
BASIC RESTRICTED STOCK UNIT AWARD GRANT NOTICE
BASIC RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to the Basic Restricted Stock Unit Award Grant Notice (the “Grant Notice”) to which this Basic Restricted Stock Unit Award Agreement (this “Agreement”) is attached, CareTrust REIT, Inc., a Maryland corporation (the “Company”), pursuant to the CareTrust REIT, Inc. and CTR Partnership, L.P. Incentive Award Plan (as it may be amended, the “Plan”), hereby grants to the Participant identified in the Grant Notice (the “Participant”) an award of Restricted Stock Units (each a “Basic Stock Unit” and, together, the “Basic Stock Units”; and the award of Restricted Stock Units evidenced by this Agreement and the Grant Notice, this “Award”).

ARTICLE I.
GENERAL

1.1 Incorporation of Terms of Plan and Grant Notice. This Award is subject to all of the terms and conditions set forth in this Agreement and in the Grant Notice and the Plan, each of which is incorporated herein by reference. Capitalized terms not specifically defined in this Agreement shall have the meanings specified in the Grant Notice or the Plan, as applicable. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II.
AWARD OF BASIC STOCK UNITS

2.1 Basic Stock Units. A Basic Stock Unit is a non-voting unit of measurement which is deemed solely for purposes of calculating the amount of payment under the Plan and this Agreement to be equivalent to one outstanding share of the Common Stock (subject to adjustment in accordance with this Agreement). Basic Stock Units are used solely as a device for the determination of the payment to eventually be paid to the Participant if such Basic Stock Units vest pursuant to this Agreement. Basic Stock Units shall not be treated as property or as a trust fund of any kind.

2.2 Vesting Conditions.

2.2.1 Vesting Generally. Subject to the following provisions of this Section 2.2, the total number of Basic Stock Units subject to this Award (as set forth in the Grant Notice) shall vest and become nonforfeitable (in a lump sum or in installments, as the case may be) with respect to the applicable portion thereof according to the vesting schedule set forth in the Grant Notice; provided that any fractional Basic Stock Unit that would otherwise vest on a particular vesting date shall be ignored but shall be carried forward and eligible to vest on any successive vesting date under this Award if, together with any other similar fractional Basic Stock Unit subject to this Award, sufficient to produce a whole Basic Stock Unit.

2.2.2 Employment/Service Condition. Except as otherwise provided below in Section 2.2.3, vesting of the Basic Stock Units subject to this Award that are scheduled to vest on a particular vesting date provided for in the Grant Notice is expressly conditioned upon the Participant not having a Termination of Service on or prior to such vesting date.

2.2.3 Effect of Termination of Employment/Service.

(a) Termination Generally. Except as otherwise provided below in this Section 2.2.3, if the Participant has a Termination of Service on or before a particular vesting date specified in the Grant Notice, for any or no reason, all Basic Stock Units subject to this Award which have not vested prior to such Termination of Service shall thereupon terminate and be forfeited immediately and without any further action by the Company, and the Participant's rights in such Basic Stock Units and such portion of this Award shall thereupon lapse and expire. Except as may otherwise be provided below in this Section 2.2.3, the Participant will have no right to any proportionate vesting for employment or service for only a portion of the applicable vesting period.

(b) Change in Control and Severance Agreement or Employment Agreement. If the Participant is a party to any written Change in Control and Severance Agreement or Employment Agreement between the Participant and the Company (an "Applicable Agreement") and, in connection with a termination of the Participant's employment or other service the Participant is entitled to accelerated vesting of all or a portion of the Participant's Basic Stock Units subject to this Award in connection with such termination of employment or other service pursuant to the Applicable Agreement, the Basic Stock Units subject to this Award shall vest as of the date of such termination of employment or other service to the extent provided for in the Applicable Agreement. All Basic Stock Units which have not vested prior to or in connection with the Participant's Termination of Service (after taking into consideration any accelerated vesting which may occur in connection with or prior to such Termination of Service pursuant to the preceding sentence) shall thereupon terminate and be forfeited immediately and without any further action by the Company, and the Participant's rights in such Basic Stock Units and such portion of this Award shall thereupon lapse and expire.

2.3 Payment.

2.3.1 Dividend Equivalents. This Award also includes a Dividend Equivalent award as set forth in this Section 2.3.1. As to each regular cash dividend paid by the Company on the Common Stock while any Basic Stock Units subject to this Award are outstanding (and not terminated or paid in accordance with this Agreement), the Participant shall be entitled to a cash payment (as a Dividend Equivalent), to be made not later than the end of such calendar quarter, equal (subject to Section 2.3.2(i)) to: (a) the amount of such cash dividend, multiplied by (b) the number of Basic Stock Units subject to this Award that are outstanding (and not terminated or paid in accordance with this Agreement) on the ex-dividend date for such dividend. For clarity, no such Dividend Equivalent payment shall be made as to any dividend the ex-dividend date of which occurs before the Grant Date, or as to any Basic Stock Units that are paid or that terminate or are forfeited in accordance with this Agreement on or before the applicable ex-dividend date.

2.3.2 Time and Form of Payment.

(a) Time of Payment. Subject to the other provisions of this Section 2.3.2, payment with respect to Basic Stock Units subject to this Agreement that correspond to a particular vesting date set forth on the Grant Notice shall, to the extent vested, be paid to the Participant on or within sixty (60) days following the first to occur of: (i) that particular vesting date set forth on the Grant Notice corresponding to such Basic Stock Units; or (ii) the date of the Participant's "separation from service" within the meaning of Section 409A of the Code (a "Separation from Service"; and the applicable payment date pursuant to clause (i) or (ii), the "Payment Date").

(b) Form of Payment. Subject to Sections 2.3.2(c) and 2.4 below, each Basic Stock Unit that vests pursuant to the terms hereof will be payable in one share of Common Stock. To the extent that any fractional share of Common Stock is payable in respect of this Award on a Payment Date, the fraction shall be rounded up to the next whole share. The Participant shall have no further rights with respect to the Award with respect to any Basic Stock Units that are paid, or that terminate or are forfeited, in accordance with this Agreement.

(c) Changes in Control. In connection with any Change in Control transaction or any other event in connection with which the Company will not survive or will not survive as a public company in respect of the Common Stock, the Administrator may (without limiting the adjustment authority of Section 2.4) provide that payment for each Basic Stock Unit that is otherwise outstanding on the date of such event and that becomes vested may be made in the form of cash in an amount equal to the last closing market price for a share of Common Stock on the principal exchange on which such stock is traded immediately prior to such event or the price paid for a share of the Common Stock in the related transaction, as the Administrator may determine (and, in the event the Administrator provides for such a cash settlement, in no event will Dividend Equivalents be credited or paid pursuant to Section 2.3.1 as to any dividend the record date of which occurs after the date of such Change in Control). In addition, the Administrator may provide for the termination of the Basic Stock Units subject to this Award in connection with the occurrence of a Change in Control in connection with which the Administrator has not made a provision for the substitution, assumption, exchange, or other continuation of this Award; provided that (A) in such event, the portion of this Award that is outstanding immediately prior to such termination shall vest and become payable, and (B) such acceleration, termination, and payment of this Award satisfies the requirements of Treas. Reg. Section 1.409A-3(j)(4)(ix) (in which case, the date of the corresponding Change in Control shall also be a "Payment Date" for purposes of this Award).

(d) Possible Section 409A Delay. Notwithstanding anything herein to the contrary, no distribution hereunder shall be made to the Participant during the six (6)-month period following the Participant's Separation from Service (i) if the Participant is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the Participant's Separation from Service, (ii) to the extent this Award constitutes deferred compensation under Section 409A of the Code, and (iii) to the extent that paying such amounts at the time otherwise set forth in this Section 2.3.2 would be a prohibited distribution under Section 409A(a)(2)(B) (i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on or within sixty (60) days after the first day following the end of such six (6)-month period (or such earlier date upon which such amount can be paid under Section 409A of the Code without resulting in a prohibited distribution, including as a result of the Participant's death), the Company shall pay the Participant the cumulative amounts (without interest) that would have otherwise been payable to the Participant during such period.

(e) Changes in Time of Payment. Notwithstanding anything else in this Agreement or the Plan to the contrary, the time of payment provided for under this Agreement may not be changed except as may be permitted by the Administrator in accordance with the Plan and Section 409A of the Code (so as to not result in any tax, penalty or interest thereunder).

(f) Special Rule if the Release Requirement Applies. In the event any release requirement pursuant to any Applicable Agreement is applicable in connection with the Participant's Termination of Service and the period of time the Participant has to consider and deliver the applicable release in connection therewith, and the expiration of any revocation rights

provided therein or pursuant to applicable law, spans two taxable years, any payment conditioned on such release in connection with such Termination of Service shall be made within the period of time otherwise provided for but in the later of such two tax years.

(g) Delivery of Common Stock; Brokerage Accounts. Common Stock may be paid either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Company in its discretion. The Participant acknowledges that the Company may use a broker or other third party to facilitate its recordkeeping for awards granted under the Plan and agrees to comply with any administrative rules and procedures regarding such awards as may be in place from time to time. The Participant acknowledges and agrees that the Company may require that any Common Stock received under this Award be deposited in a brokerage account (in the name of the Participant) with a broker designated by the Company, and the Participant agrees to take such reasonable steps as the Company may require to open and maintain such an account.

(h) Compliance With Law. In the event shares of Common Stock are otherwise payable to the Participant in accordance with this Agreement, the Company shall not be required to record any shares of stock in the name of the Participant in the books and records of the Company's transfer agent, and the Company shall not be required to issue or deliver any certificate or certificates for any shares of stock (or deposit any such shares in a brokerage account for the Participant's benefit) prior to the fulfillment of all of the following conditions: (a) the admission of such shares to listing on all stock exchanges on which the Common Stock is then listed, (b) the completion of any registration or other qualification of such shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Company shall, in its sole and absolute discretion, deem necessary and advisable, or (c) the obtaining of any approval or other clearance from any state or federal governmental agency that the Company shall, in its discretion, determine to be necessary or advisable. In the event that the Company delays a distribution or payment because it determines that the issuance of shares of stock in settlement of Basic Stock Units would violate federal securities laws or other applicable law, such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii). No payment shall be delayed under this Section 2.3.2(h) if such delay would result in any tax, penalty or interest under Section 409A of the Code.

(i) Tax Withholding. As a condition precedent to any payment obligation of the Company under this Agreement, the Participant agrees to pay to the Company, at such times as the Company shall determine, such amounts as the Company shall deem necessary to satisfy any withholding taxes due on income that the Participant recognizes (or will recognize, as the case may be) in respect of this Award or any payment to be made in respect of this Award. The obligations of the Company under this Agreement and the Plan shall be conditional on such payment or arrangements, and the Company, its Affiliates and Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Participant (including, in respect of Dividend Equivalent payments, from any amount otherwise payable in respect of the Dividend Equivalents). In addition, the Participant may elect, unless otherwise determined by the Administrator, to satisfy the withholding requirement by having the Company withhold shares of Common Stock otherwise to be delivered pursuant to this Award in connection with an applicable Payment Date with a Fair Market Value (as hereinafter defined), as of the date of such withholding, sufficient to satisfy the withholding obligations arising in connection with the payment of this Award to be made in connection with such Payment Date.

For purposes of this Section 2.3.2(i), if the Common Stock is then listed or admitted to trade on a national securities exchange, the “Fair Market Value” of a share of Common Stock shall be equal to the closing market price of the Common Stock on the last trading day immediately preceding the applicable withholding date (otherwise, Fair Market Value will have the meaning given to such term in the Plan).

2.4 Changes in Capital Structure. This Award (including the Basic Stock Units subject to this Award, related Dividend Equivalent rights, and provisions for payment of Common Stock in respect thereof) is subject to adjustment pursuant to Section 13.2 of the Plan; provided, however, that no adjustment shall be made to the Basic Stock Units as to any regular cash dividend. Any action taken pursuant to this Section 2.4, or pursuant to Section 13.2 of the Plan, with respect to this Award is subject to compliance with Section 409A of the Code so as to not result in any tax, penalty or interest thereunder.

ARTICLE III. OTHER PROVISIONS

3.1 Tax Matters. It is intended that this Award will not result in the imposition of any tax liability pursuant to Section 409A of the Code. The Dividend Equivalent rights subject to this Agreement shall be treated, for purposes of and to the extent permitted by Section 409A of the Code, as an award separate from the award of Basic Stock Units. This Agreement, the Grant Notice, and the Plan shall be construed and interpreted consistent with that intent. However, except for the Company’s withholding right pursuant to Section 2.3.2(i), the Participant is solely responsible for any and all tax liability that may arise in respect of this Award.

3.2 Restrictions on Transfer. This Award, the Basic Stock Units, and any related Dividend Equivalent rights, are subject to the restrictions on transfer set forth in the Plan, and no transfer shall be permitted (notwithstanding anything in the Plan to the contrary) to the extent such transfer would result in any tax, penalty or interest under Section 409A of the Code. During the lifetime of the Participant, the Basic Stock Units and related Dividend Equivalent Rights may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution or as otherwise provided in the Plan and consistent with Section 409A of the Code so as to not result in any tax, penalty or interest thereunder.

3.3 Not a Contract of Employment or Service. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue to serve as an employee or other service provider of the Company or any of its Affiliates or shall interfere with or restrict in any way the rights of the Company and its Affiliates, which rights are hereby expressly reserved, to discharge or terminate the services of the Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or an Affiliate and the Participant.

3.4 Headings and Titles. Headings and titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.5 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.6 Conformity to Securities Laws. The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, as well as all applicable state securities laws and regulations, and the Participant shall, if required by the Company, make such written representations as are deemed necessary or appropriate by the Company and/or its counsel. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Basic Stock Units are granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

3.7 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board; provided, however, that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the Basic Stock Units in any material way without the prior written consent of the Participant.

3.8 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to the Participant shall be addressed to the Participant at the Participant's last address reflected on the Company's records. Any notice shall be deemed duly given when sent via email or when sent by reputable overnight courier or by certified mail (return receipt requested) through the United States Postal Service.

3.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in this Agreement and the Plan, this Agreement shall be binding upon the Participant and his or her heirs, executors, administrators, successors and assigns.

3.10 No Rights of Stockholder. The Basic Stock Units (including any associated Dividend Equivalent rights) represent the Company's unfunded and unsecured promise to issue shares of Common Stock (or, in the case of Dividend Equivalents, to make the applicable cash payment), at a future date subject to the terms of this Agreement. The Participant has no rights with respect to this Award other than rights of a general creditor of the Company. The Participant shall not have any of the rights of a stockholder with respect to the Basic Stock Units or any associated Dividend Equivalent rights.

3.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if the Participant is subject to Section 16 of the Exchange Act, then the Plan, the Basic Stock Units and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.12 Entire Agreement. The Plan, the Grant Notice and this Agreement (including all Exhibits and Appendices thereto, if any) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof.

3.13 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. The Plan, in and of itself, has no assets.

3.14 Clawback Policy. The Basic Stock Units and related Dividend Equivalent rights are subject to the terms of the Company's compensation recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of the Basic Stock Units, related Dividend Equivalent rights, or any Shares or other cash or property received with respect to this Award (including any value received from a disposition of any such Shares received with respect to this Award). The Participant hereby agrees to promptly repay to the Corporation any amounts that are required to be repaid pursuant to such policy.

3.15 Counterparts; Electronic Signature. This Agreement may be signed and/or transmitted in one or more counterparts by facsimile, e-mail of a .PDF, .TIF, .GIF, .JPG or similar attachment or using electronic signature technology (e.g., via DocuSign or similar electronic signature technology), all of which will be considered one and the same agreement and (if more than one party is required to sign such document) will become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other parties, it being understood that all parties need not sign the same counterpart, and that any such signed electronic record shall be valid and as effective to bind the party so signing as a paper copy bearing such party's hand-written signature. To the extent a party signs this Agreement using electronic signature technology, by clicking "sign," "accept," or similar acknowledgement of acceptance, such party is signing this Agreement electronically, and electronic signatures appearing on this Agreement (or entered as to this Agreement using electronic signature technology) shall be treated, for purposes of validity, enforceability and admissibility, the same as hand-written signatures.

**CARETRUST REIT, INC.
AND CTR PARTNERSHIP, L.P.
INCENTIVE AWARD PLAN**

**TSR RESTRICTED STOCK UNIT AWARD GRANT NOTICE
(Performance-Based)**

CareTrust REIT, Inc., a Maryland corporation (the “Company”), pursuant to the CareTrust REIT, Inc. and CTR Partnership, L.P. Incentive Award Plan (as it may be amended, the “Plan”), hereby grants to the individual listed below (the “Participant”) an award of performance-based Restricted Stock Units (as such term is defined in the Plan; and for purposes of this TSR Restricted Stock Unit Award Grant Notice (this “Grant Notice”) and the Agreement (as defined below), each a “Performance Stock Unit” and, together, the “Performance Stock Units”) on the terms and conditions set forth below. This Performance Stock Unit award is subject to all of the terms and conditions set forth herein, in the TSR Restricted Stock Unit Award Agreement attached hereto as Exhibit A (the “Agreement”), and in the Plan, each of which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Agreement.

Participant:

Grant Date:

**Target Number of Performance Stock
Units:**

Performance Period

Termination: As set forth in and subject to the Agreement, vesting of the Performance Stock Units subject to this award is subject to both (a) the Participant’s continued employment or service, and (b) the Company’s relative total shareholder return performance over the Performance Period specified above. Except as otherwise set forth in the Agreement, if the Participant experiences a Termination of Service on or before the last day of the Performance Period, all Performance Stock Units that have not become vested prior to the date of such Termination of Service (after taking into consideration any vesting that may occur in connection with such Termination of Service pursuant to the Agreement) will thereupon terminate and be automatically forfeited by the Participant without payment of any consideration therefor.

By his or her signature and the Company’s signature below, the Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and this Grant Notice. The Participant has reviewed the Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Agreement, and the Plan. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

CARETRUST REIT, INC.

PARTICIPANT

By: _____
[]
[]

By: _____
[]
Grantee & Participant

EXHIBIT A
TO
TSR RESTRICTED STOCK UNIT AWARD GRANT NOTICE
TSR RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to the TSR Restricted Stock Unit Award Grant Notice (the “Grant Notice”) to which this TSR Restricted Stock Unit Award Agreement (this “Agreement”) is attached, CareTrust REIT, Inc., a Maryland corporation (the “Company”), pursuant to the CareTrust REIT, Inc. and CTR Partnership, L.P. Incentive Award Plan (as it may be amended, the “Plan”), hereby grants to the Participant identified in the Grant Notice (the “Participant”) an award of performance-based Restricted Stock Units (each a “Performance Stock Unit” and, together, the “Performance Stock Units”; and the award of Restricted Stock Units evidenced by this Agreement and the Grant Notice, this “Award”).

ARTICLE I.
GENERAL

1.1 Incorporation of Terms of Plan and Grant Notice. This Award is subject to all of the terms and conditions set forth in this Agreement and in the Grant Notice and the Plan, each of which is incorporated herein by reference. Capitalized terms not specifically defined in this Agreement shall have the meanings specified in the Grant Notice or the Plan, as applicable. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II.
AWARD OF PERFORMANCE STOCK UNITS

2.1 Performance Stock Units. A Performance Stock Unit is a non-voting unit of measurement which is deemed solely for purposes of calculating the amount of payment under the Plan and this Agreement to be equivalent to one outstanding share of the Common Stock (subject to adjustment in accordance with this Agreement). Performance Stock Units are used solely as a device for the determination of the payment to eventually be paid to the Participant if such Performance Stock Units vest pursuant to this Agreement. Performance Stock Units shall not be treated as property or as a trust fund of any kind.

2.2 Performance and Vesting Conditions.

2.2.1 Determination of Number of Performance Stock Units that Vest. The number of the Performance Stock Units subject to this Award that vest, if any, as of the last day of the Performance Period shall be determined in accordance with the terms and conditions of Appendix A hereto (incorporated herein by this reference), subject to the terms of this Agreement.

2.2.2 Employment/Service Condition. Except as otherwise provided below in Section 2.2.3 or in Section 2.2.4, and in addition to the provisions of Appendix A, vesting of the Performance Stock Units subject to this Award is expressly conditioned upon Participant not having a Termination of Service on or prior to the last day of the Performance Period set forth in the Grant Notice (the “Performance Period”).

2.2.3 Effect of Termination of Employment/Service. Except as otherwise provided below in this Section 2.2.3 or in Section 2.2.4, if the Participant has a Termination of Service on or before the last day of the Performance Period, for any or no reason, all Performance Stock Units subject to this Award which have not vested prior to such Termination of Service shall thereupon terminate and be forfeited immediately and without any further action by the Company, and the Participant’s rights in such Performance Stock Units and such portion of this Award shall thereupon lapse and expire. Except as may otherwise be provided below in this Section 2.2.3 or in Section 2.2.4, the Participant will have no right to any proportionate vesting for employment or service for only a portion of the applicable vesting period.

(a) Termination due to Death or Disability. If the Participant has a Termination of Service on or before the last day of the Performance Period and such Termination of Service is due to the Participant’s death or Disability, this Award shall (provided that, if the Termination of Service is due to the Participant’s Disability, the Participant satisfies the Release Requirement set forth below in this Section 2.2.3) vest on the date of such Termination of Service at the greater of (i) the “Target” performance level in accordance with Appendix A hereto, and (ii) actual TSR performance calculated pursuant to Appendix A hereto but determined as if (solely for purposes of this clause (ii)) the last day of the Performance Period had been the last business day prior to the date of such Termination of Service. In such circumstances, any remaining unvested Performance Stock Units subject to this Award (after giving effect to the preceding sentence) shall terminate and be forfeited as of such Termination of Service pursuant to the first paragraph of this Section 2.2.3.

(b) Termination due to Retirement or Termination by the Company for Other than Cause.

(1) Termination due to Retirement. Except with respect to an Authorized Retirement (as defined below), if the Participant has a Termination of Service on or before the last day of the Performance Period and such Termination of Service is due to the Participant’s retirement (x) at or after the age of 65 or (y) at a time when the sum of the Participant’s age and years of service with the Company, The Ensign Group, Inc. (its “Predecessor”), or any of its Subsidiaries or Affiliates, on the date of the Termination of Service is equal to at least 75 (and provided the Participant’s age is at least 55), this Award shall (provided that the Participant satisfies the Release Requirement) vest on the date of such Termination of Service at: (i) the number of Performance Stock Units subject to this Award that would vest based on actual TSR performance calculated pursuant to Appendix A hereto but determined as if (solely for purposes of this clause (i)) the last day of the Performance Period had been the last business day prior to the date of such Termination of Service; multiplied by (ii) a fraction

(not greater than one), the numerator of which is the number of calendar days in the Performance Period prior to such Termination of Service and the denominator of which is the total number of days in the full Performance Period (had it not been deemed shortened for purposes of clause (i)). In such circumstances, any remaining unvested Performance Stock Units subject to this Award (after giving effect to the preceding sentence) shall terminate and be forfeited as of such Termination of Service pursuant to the first paragraph of this Section 2.2.3.

If, at the time of the Participant's Termination of Service, the Participant is party to a Severance Agreement, and such Severance Agreement defines "Authorized Retirement", "Cause", and/or "Good Reason", then such term(s) as used for purposes of this Award shall have the same meanings as given to them in such Severance Agreement; otherwise, such term(s) shall not apply for purposes of this Award.

(2) Termination by the Company for Other than Cause; Good Reason. If the Participant has a Termination of Service on or before the last day of the Performance Period and such Termination of Service is the result of a termination of the Participant's employment by the Company (or a Subsidiary or Affiliate of the Company, as the case may be) for reasons other than Cause (as reasonably determined by the Administrator) or by the Participant for Good Reason, this Award shall (provided that the Participant satisfies the Release Requirement) vest on the date of such Termination of Service at: (i) the number of Performance Stock Units subject to this Award that would vest at the greater of (x) the "Target" performance level in accordance with Appendix A hereto, and (y) actual TSR performance calculated pursuant to Appendix A hereto but determined as if (solely for purposes of this clause (y)) the last day of the Performance Period had been the last business day prior to the date of such Termination of Service; multiplied by (ii) a fraction (not greater than one), the numerator of which is the number of calendar days in the Performance Period prior to such Termination of Service and the denominator of which is the total number of days in the full Performance Period (had it not been deemed shortened for purposes of clause (i)). In such circumstances, any remaining unvested Performance Stock Units subject to this Award (after giving effect to the preceding sentence) shall terminate and be forfeited as of such Termination of Service pursuant to the first paragraph of this Section 2.2.3.

(3) No Duplicate Benefits. If both Sections 2.2.3(b)(1) and 2.2.3(b)(2) would apply and the Participant would be entitled to greater vesting pursuant to Section 2.2.2(b)(2), then such clause (if applicable) shall apply rather than Section 2.2.3(b)(1). If the Participant would be entitled to greater vesting pursuant to Section 2.2.3(c) below than provided in Section 2.2.3(b)(2), then such provision (if applicable) shall apply rather than Section 2.2.3(b)(2).

(c) Authorized Retirement. If the Participant has a Termination of Service on or before the last day of the Performance Period and such Termination of Service is an Authorized Retirement, this Award shall (provided that the Participant satisfies the Release

Requirement) vest on the date of such Termination of Service at the greater of (i) the “Target” performance level in accordance with Appendix A hereto, and (ii) actual TSR performance calculated pursuant to Appendix A hereto but determined as if (solely for purposes of this clause (ii)) the last day of the Performance Period had been the last business day prior to any public disclosure by the Company of the Participant’s intent to retire (or, if there is no such public disclosure of the Participant’s intent to retire, the last business day prior to the date of such Termination of Service). In such circumstances, any remaining unvested Performance Stock Units subject to this Award (after giving effect to the preceding sentence) shall terminate and be forfeited as of such Termination of Service pursuant to the first paragraph of this Section 2.2.3.

(d) Release Requirement. For purposes of this Award and notwithstanding anything else contained in this Agreement to the contrary, “Release Requirement” means that, as a condition precedent to any Company obligation to the Participant to provide the vesting of the portion of this Award otherwise provided for in the applicable provision of this Agreement (under Section 2.2.3 or Section 2.2.4, as the case may be), the Participant shall provide the Company (within the period of time provided in the next sentence), a valid, executed release agreement that shall release the Company, its officers, directors, affiliates and other applicable parties from all known and unknown claims of any kind or nature in a form reasonably acceptable to the Company (the “Release”), and such Release shall have not been revoked by the Participant pursuant to any revocation rights afforded by applicable law. The Company shall provide the form of Release to the Participant not later than seven (7) days following the applicable Termination of Service, and the Participant shall be required to execute and return the Release to the Company within twenty one (21) days of delivery of the Release to the Participant (or forty-five (45) days if such longer period of time is required to make the Release maximally enforceable under applicable law) but in no event before the date of the applicable Termination of Service.

2.2.4 Change in Control. Notwithstanding anything in the Plan to the contrary, in the event of a Change in Control during the Performance Period, the portion of this Award that is eligible to vest based on performance will be the greater of (i) the “Target” performance level in accordance with Appendix A hereto, and (ii) actual TSR performance calculated pursuant to Appendix A hereto but determined as if (solely for purposes of this clause (ii)) the last day of the Performance Period had been the last business day prior to the date on which the Change in Control occurs (the number of Performance Stock Units determined pursuant to clause (i) or (ii), as applicable, the “Change in Control Units”). (No further performance-based vesting modifications shall be made based on performance after the Change in Control.) Such Change in Control Units shall vest upon (or, as necessary to give effect to the acceleration, immediately prior to) the Change in Control; provided, however, that if either (x) the common stock of the Company continues to be listed or admitted to trade on a national securities exchange following such Change in Control or (y) a successor entity (or a parent thereof) assumes this Award and the common equity securities of such entity have comparable liquidity (as compared to the common stock of the Company preceding such Change in Control), then (i) the Change in Control Units shall remain subject to time/service-based vesting in accordance with the vesting schedule set forth in the following sentence (the “Change in Control Vesting Schedule”), and (ii) vesting of such Change in Control Units will nevertheless accelerate in full (without pro-rata) as of the

Participant's Termination of Service in the event such Termination of Service occurs on or after the date of the Change in Control, and on or before the final vesting date provided for the Change in Control Units in the following sentence, and is a Termination of Service described in Section 2.2.3(a), (b), or (c) (provided, in each case other than a Termination of Service due to the Participant's death, that the Participant satisfies the Release Requirement). The Change in Control Vesting Schedule shall be as follows: (i) the total number of Change in Control Units shall be deemed to be scheduled to vest in a series of equal monthly installments over the three year period following the first day of the Performance Period (with an installment scheduled to vest at the end of each of such thirty-six months in such three-year period, and with any fractional Change in Control Unit otherwise scheduled to vest at the end of any such month disregarded but carried forward and aggregated with the Change in Control Units scheduled to vest in the next such month); (ii) any Change in Control Units that would have vested on or prior to the Change in Control pursuant to the vesting schedule in clause (i) shall vest immediately upon the Change in Control; and (iii) the balance of the Change in Control Units shall be scheduled to vest over the balance of the three-year period following the first day of the Performance Period as provided in clause (i). Following a Change in Control, in the event of the Participant's Termination of Service (other than a Termination of Service described in Section 2.2.3(a), (b), or (c)), the outstanding Change in Control Units subject to this Award that have not vested prior to such Termination of Service shall terminate and be forfeited as of such Termination of Service pursuant to the first paragraph of Section 2.2.3. In the event of a Change in Control during the Performance Period, any Performance Stock Units subject to this Award that are not eligible to vest after applying the first sentence of this Section 2.2.4 (i.e., the number of Performance Stock Units subject to this Award that exceed the number that are eligible to vest pursuant to the first sentence of this Section 2.2.4) will terminate and be forfeited as of the Change in Control without any further action by the Company, and the Participant's rights in such Performance Stock Units and such portion of this Award shall thereupon lapse and expire.

2.3 Payment.

2.3.1 Confirmation. Promptly following the end of the Performance Period (or any deemed shortened Performance Period taken into account to the extent provided in Section 2.2.3 or 2.2.4 above, as the case may be), the Administrator shall determine: (a) the Relative Total Shareholder Return and Earned Percentage (each as defined in Appendix A hereto); and (b) the number of Performance Stock Units that vested as of the applicable date (or are eligible to vest following a Change in Control as provided in Section 2.2.4). Prior to such determination, the Company shall provide to the Administrator, in reasonable detail, the calculation of the Relative Total Shareholder Return, Earned Percentage, and the number of Performance Stock Units subject to vesting, which information shall be available to the Participant upon request after the applicable vesting date.

2.3.2 Dividend Equivalents. This Award also includes a Dividend Equivalent award as set forth in this Section 2.3.2. On each dividend payment date for each cash dividend (regular or extraordinary) on the Common Stock that occurs while this Award is outstanding, the Company will increase the "Target" number of Performance Stock Units subject to this Award as set forth below in this Section 2.3.2. All such additional Performance Stock Units shall be subject to the

same vesting requirements (including both time-based and performance-based vesting) applicable to the Performance Stock Units in respect of which they were credited and shall be settled in accordance with, and at the time of, settlement of the vested Performance Stock Units to which they are related. The additional “Target” number of Performance Stock Units to be credited in connection with a particular cash dividend on the Common Stock shall equal the quotient calculated by dividing (a) by (b), where “(a)” is the product of (i) the cash dividend payable per share of Common Stock, multiplied by (ii) the “Target” number of Performance Stock Units subject to this Award and outstanding as of the record date for that dividend (such “Target” number giving effect to any previous crediting of Dividend Equivalents pursuant to this Section 2.3.2), and “(b)” is the Fair Market Value of a share of Common Stock on the ex-dividend date for that dividend. If your vested Performance Stock Units have been settled after the record date but prior to the dividend payment date, any Performance Stock Units that would be credited pursuant to the preceding sentence and that become vested shall be settled on or as soon as practicable after the dividend payment date.

2.3.3 Time and Form of Payment.

(a) Time of Payment. Subject to the other provisions of this Section 2.3.3, payment with respect to Performance Stock Units subject to this Agreement shall, to the extent vested, be paid to the Participant on or within sixty (60) days following the first to occur of: (i) the last day of the Performance Period as provided for in the Grant Notice (for this purpose, disregarding any shortening of the Performance Period that may be provided for in this Agreement); or (ii) the date of the Participant’s “separation from service” within the meaning of Section 409A of the Code (a “Separation from Service”; and the applicable payment date pursuant to clause (i) or (ii), the “Payment Date”).

(b) Form of Payment. Subject to Sections 2.3.3(c) and 2.4 below, each Performance Stock Unit that vests pursuant to the terms hereof will be payable in one share of Common Stock. To the extent that any fractional share of Common Stock is payable in respect of this Award on a Payment Date (taking into account any shares of Common Stock payable in respect of Dividend Equivalents), the fraction shall be rounded up to the next whole share. The Participant shall have no further rights with respect to the Award with respect to any Performance Stock Units (or related Dividend Equivalent Rights) that are paid, or that terminate or are forfeited, in accordance with this Agreement.

(c) Changes in Control. In connection with any Change in Control transaction or any other event in connection with which the Company will not survive or will not survive as a public company in respect of the Common Stock, the Administrator may (without limiting the adjustment authority of Section 2.4) provide that payment for each Performance Stock Unit that is otherwise outstanding on the date of such event and that becomes vested may be made in the form of cash in an amount equal to the last closing market price for a share of Common Stock on the principal exchange on which such stock is traded immediately prior to such event or the price paid for a share of the Common Stock in the related transaction, as the Administrator may determine (and, in the event the Administrator provides for such a cash settlement, in no event will Dividend Equivalents be credited pursuant to Section 2.3.2 as to any dividend the record

date of which occurs after the date of such Change in Control). In addition, the Administrator may provide for the termination of the Performance Stock Units subject to this Award (and associated Dividend Equivalents) in connection with the occurrence of a Change in Control in connection with which the Administrator has not made a provision for the substitution, assumption, exchange, or other continuation of this Award; provided that (A) in such event, the portion of this Award that is outstanding immediately prior to such termination (after giving effect to the determination of the number of Change in Control Units in accordance with Section 2.2.4) shall vest and become payable, and (B) such acceleration, termination, and payment of this Award satisfies the requirements of Treas. Reg. Section 1.409A-3(j)(4)(ix) (in which case, the date of the corresponding Change in Control shall also be a "Payment Date" for purposes of this Award).

(d) Possible Section 409A Delay. Notwithstanding anything herein to the contrary, no distribution hereunder shall be made to the Participant during the six (6)-month period following the Participant's Separation from Service (i) if the Participant is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the Participant's Separation from Service, (ii) to the extent this Award constitutes deferred compensation under Section 409A of the Code, and (iii) to the extent that paying such amounts at the time otherwise set forth in this Section 2.3.3 would be a prohibited distribution under Section 409A(a)(2)(B) (i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on or within sixty (60) days after the first day following the end of such six (6)-month period (or such earlier date upon which such amount can be paid under Section 409A of the Code without resulting in a prohibited distribution, including as a result of the Participant's death), the Company shall pay the Participant the cumulative amounts (without interest) that would have otherwise been payable to the Participant during such period.

(e) Changes in Time of Payment. Notwithstanding anything else in this Agreement or the Plan to the contrary, the time of payment provided for under this Agreement may not be changed except as may be permitted by the Administrator in accordance with the Plan and Section 409A of the Code (so as to not result in any tax, penalty or interest thereunder).

(f) Special Rule if the Release Requirement Applies. In the event the Release Requirement applies and the period of time the Participant has to consider and deliver the Release, and the expiration of any revocation rights provided therein or pursuant to applicable law, spans two taxable years, any payment conditioned on the Release shall be made within the period of time otherwise provided for but in the later of such two tax years.

(g) Delivery of Common Stock; Brokerage Accounts. Common Stock may be paid either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Company in its discretion. The Participant acknowledges that the Company may use a broker or other third party to facilitate its recordkeeping for awards granted under the Plan and agrees to comply with any administrative rules and procedures regarding such awards as may be in place from time to time. The Participant acknowledges and agrees that the Company may require that any Common Stock received under this Award be deposited in a brokerage account (in the name of the Participant) with a broker designated by the

Company, and the Participant agrees to take such reasonable steps as the Company may require to open and maintain such an account.

(h) Compliance With Law. In the event shares of Common Stock are otherwise payable to the Participant in accordance with this Agreement, the Company shall not be required to record any shares of stock in the name of the Participant in the books and records of the Company's transfer agent, and the Company shall not be required to issue or deliver any certificate or certificates for any shares of stock (or deposit any such shares in a brokerage account for the Participant's benefit) prior to the fulfillment of all of the following conditions: (a) the admission of such shares to listing on all stock exchanges on which the Common Stock is then listed, (b) the completion of any registration or other qualification of such shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Company shall, in its sole and absolute discretion, deem necessary and advisable, or (c) the obtaining of any approval or other clearance from any state or federal governmental agency that the Company shall, in its discretion, determine to be necessary or advisable. In the event that the Company delays a distribution or payment because it determines that the issuance of shares of stock in settlement of Performance Stock Units would violate federal securities laws or other applicable law, such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii). No payment shall be delayed under this Section 2.3.3(h) if such delay would result in any tax, penalty or interest under Section 409A of the Code.

(i) Tax Withholding. As a condition precedent to any payment obligation of the Company under this Agreement, the Participant agrees to pay to the Company, at such times as the Company shall determine, such amounts as the Company shall deem necessary to satisfy any withholding taxes due on income that the Participant recognizes (or will recognize, as the case may be) in respect of this Award or any payment to be made in respect of this Award. The obligations of the Company under this Agreement and the Plan shall be conditional on such payment or arrangements, and the Company, its Affiliates and Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Participant. In addition, the Participant may elect, unless otherwise determined by the Administrator, to satisfy the withholding requirement by having the Company withhold shares of Common Stock otherwise to be delivered pursuant to this Award in connection with an applicable Payment Date with a Fair Market Value (as hereinafter defined), as of the date of such withholding, sufficient to satisfy the withholding obligations arising in connection with the payment of this Award to be made in connection with such Payment Date. For purposes of this Section 2.3.3(i), if the Common Stock is then listed or admitted to trade on a national securities exchange, the "Fair Market Value" of a share of Common Stock shall be equal to the closing market price of the Common Stock on the last trading day immediately preceding the applicable withholding date (otherwise, Fair Market Value will have the meaning given to such term in the Plan).

2.4 Changes in Capital Structure. This Award (including the Performance Stock Units subject to this Award, related Dividend Equivalent rights, and provisions for payment of

Common Stock in respect thereof) is subject to adjustment pursuant to Section 13.2 of the Plan. Any action taken pursuant to this Section 2.4, or pursuant to Section 13.2 of the Plan, with respect to this Award is subject to compliance with Section 409A of the Code so as to not result in any tax, penalty or interest thereunder. No adjustment shall be made pursuant to Section 13.2 of the Plan as to any dividend for which Dividend Equivalents are credited pursuant to Section 2.3.2.

ARTICLE III. OTHER PROVISIONS

3.1 Tax Matters. It is intended that this Award will not result in the imposition of any tax liability pursuant to Section 409A of the Code. This Agreement, the Grant Notice, and the Plan shall be construed and interpreted consistent with that intent. However, except for the Company's withholding right pursuant to Section 2.3.3(i), the Participant is solely responsible for any and all tax liability that may arise in respect of this Award.

3.2 Restrictions on Transfer. This Award, the Performance Stock Units, and any related Dividend Equivalent rights, are subject to the restrictions on transfer set forth in the Plan, and no transfer shall be permitted (notwithstanding anything in the Plan to the contrary) to the extent such transfer would result in any tax, penalty or interest under Section 409A of the Code. During the lifetime of the Participant, the Performance Stock Units and related Dividend Equivalent Rights may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution or as otherwise provided in the Plan and consistent with Section 409A of the Code so as to not result in any tax, penalty or interest thereunder.

3.3 Not a Contract of Employment or Service. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue to serve as an employee or other service provider of the Company or any of its Affiliates or shall interfere with or restrict in any way the rights of the Company and its Affiliates, which rights are hereby expressly reserved, to discharge or terminate the services of the Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or an Affiliate and the Participant.

3.4 Headings and Titles. Headings and titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.5 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.6 Conformity to Securities Laws. The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, as well as all applicable state securities laws and regulations, and the Participant shall, if required by the Company, make such written

representations as are deemed necessary or appropriate by the Company and/or its counsel. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Performance Stock Units are granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

3.7 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board; provided, however, that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the Performance Stock Units in any material way without the prior written consent of the Participant.

3.8 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to the Participant shall be addressed to the Participant at the Participant's last address reflected on the Company's records. Any notice shall be deemed duly given when sent via email or when sent by reputable overnight courier or by certified mail (return receipt requested) through the United States Postal Service.

3.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in this Agreement and the Plan, this Agreement shall be binding upon the Participant and his or her heirs, executors, administrators, successors and assigns.

3.10 No Rights of Stockholder. The Performance Stock Units (including any associated Dividend Equivalent rights) represent the Company's unfunded and unsecured promise to issue shares of Common Stock, at a future date subject to the terms of this Agreement. The Participant has no rights with respect to this Award other than rights of a general creditor of the Company. The Participant shall not have any of the rights of a stockholder with respect to the Performance Stock Units or any associated Dividend Equivalent rights.

3.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if the Participant is subject to Section 16 of the Exchange Act, then the Plan, the Performance Stock Units and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.12 Entire Agreement. The Plan, the Grant Notice and this Agreement (including all Exhibits and Appendices thereto, if any) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof.

3.13 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. The Plan, in and of itself, has no assets.

3.14 Clawback Policy. The Performance Stock Units and related Dividend Equivalent rights are subject to the terms of the Company's compensation recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of the Performance Stock Units, related Dividend Equivalent rights, or any Shares or other cash or property received with respect to this Award (including any value received from a disposition of any such Shares received with respect to this Award). The Participant hereby agrees to promptly repay to the Corporation any amounts that are required to be repaid pursuant to such policy.

3.15 Counterparts; Electronic Signature. This Agreement may be signed and/or transmitted in one or more counterparts by facsimile, e-mail of a .PDF, .TIF, .GIF, .JPG or similar attachment or using electronic signature technology (e.g., via DocuSign or similar electronic signature technology), all of which will be considered one and the same agreement and (if more than one party is required to sign such document) will become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other parties, it being understood that all parties need not sign the same counterpart, and that any such signed electronic record shall be valid and as effective to bind the party so signing as a paper copy bearing such party's hand-written signature. To the extent a party signs this Agreement using electronic signature technology, by clicking "sign," "accept," or similar acknowledgement of acceptance, such party is signing this Agreement electronically, and electronic signatures appearing on this Agreement (or entered as to this Agreement using electronic signature technology) shall be treated, for purposes of validity, enforceability and admissibility, the same as hand-written signatures.

Appendix A

PERFORMANCE CRITERIA

The Performance Stock Units that shall vest, if any, will be based on the Company's total shareholder return ("TSR") for the Performance Period relative to the TSRs of the Peer Companies (as defined below), as determined by the Administrator. The Performance Stock Units that shall vest, if any, following the end of the Performance Period shall be equal to the number of Performance Stock Units determined by multiplying the "Target" number of Performance Stock Units subject to this Award (as set forth in the Grant Notice and as adjusted for Dividend Equivalents) by the "Earned Percentage," as determined below, provided that the maximum Earned Percentage for the Performance Period shall be 200% and subject to certain caps described below. Any Performance Stock Units that do not vest as of the end of the Performance Period will terminate and be forfeited as of the end of the Performance Period without any further action by the Company, and the Participant's rights in such Performance Stock Units and such portion of this Award shall thereupon lapse and expire.

- (a) "TSR" means, for the Company and each of the Peer Companies, such company's total shareholder return, expressed as a percentage, which will be calculated by dividing (i) the Closing Average Share Value by (ii) the Opening Average Share Value and subtracting one from the quotient.
- (b) "Opening Average Share Value" means the average Share Value over the trading days in the Opening Average Period.
- (c) "Opening Average Period" means the last (final) twenty (20) trading days in the calendar year immediately preceding the calendar year in which the Performance Period starts.
- (d) "Accumulated Shares" means, for a given trading day, the sum of (i) one (1) share and (ii) the cumulative number of shares of a company's common stock purchasable with dividends declared on such company's common stock to that point during the Performance Period, assuming same day reinvestment of such dividends at the closing price on the ex-dividend date.
- (e) "Closing Average Share Value" means the average Share Value over the trading days in the Closing Average Period.
- (f) "Closing Average Period" means the last (final) twenty (20) trading days in the Performance Period.
- (g) "Share Value" means, with respect to a given trading day, the closing price of a company's common stock multiplied by the Accumulated Shares for such trading day.

(h) “Peer Companies” means the following companies:

[

]

The Peer Companies are subject to adjustment as follows:

- (i) In the event of a merger, acquisition or business combination transaction of a Peer Company with or by another Peer Company, the surviving entity shall remain a Peer Company.
- (ii) In the event of a merger of a Peer Company with an entity that is not a Peer Company, or the acquisition or business combination transaction by or with a Peer Company, or with an entity that is not a Peer Company, in each case where the Peer Company is the surviving entity and remains publicly traded, the surviving entity shall remain a Peer Company.
- (iii) In the event of a merger or acquisition or business combination transaction of a Peer Company by or with an entity that is not a Peer Company, a “going private” transaction involving a Peer Company or the liquidation of a Peer Company, where the Peer Company is not the surviving entity or is otherwise no longer publicly traded, the company shall no longer be a Peer Company.
- (iv) In the event of a bankruptcy of a Peer Company, as long as the Peer Company is still trading on a market where an independent price can be determined (i.e., an over-the-counter market), its TSR will continue to be calculated based on reported trading prices. Once the share price can no longer be determined, such Peer Company’s TSR will be locked in for the active performance cycle, based on the last known trading price (i.e., the potential for a TSR of -100%). If the company subsequently resumes trading on a recapitalized basis (completely new equity infusion), it will not be added back to the peer group for active performance cycles.
- (v) In the event of a stock distribution from a Peer Company consisting of the shares of a new publicly-traded company (a “spin-off”), the Peer Company shall remain a Peer Company and the stock distribution shall be treated as a dividend from the Peer Company based on the closing price of the shares of the spun-off company on its first day of trading. The performance of the shares of the spun-off company shall not thereafter be tracked for purposes of calculating TSR.

Each Peer Company’s “common stock” shall mean that series of common stock that is publicly traded on a registered U.S. exchange or, in the case of a non-U.S. company, an equivalent non-U.S. exchange.

- (i) “Relative Total Shareholder Return” means the Company’s TSR relative to the TSR of the Peer Companies. Relative Total Shareholder Return will be determined by ranking the Peer Companies and the Company from highest to lowest according to their

respective TSRs. After this ranking, the percentile performance of the Company as of any particular date will be determined as follows:

$$P = \frac{N - R}{N - 1}$$

where: “P” represents the percentile performance which will be rounded, if necessary, to the nearest whole percentile by application of regular rounding.

“N” represents the number of Peer Companies, plus the Company, as of such date.

“R” represents the Company’s ranking among the Peer Companies, plus the Company, when ranked as provided above.

Example: If the number of Peer Companies plus the Company is 14, the Company is ranked 5th, then the Company’s Relative Total Shareholder Return would be at the 69.2 percentile: $.692 = ((14 - 5) / (14 - 1))$.

(j) “Earned Percentage” means the percentage determined according to the following table:

Company Relative Total Shareholder Return (Calculated as Provided Above) for the Performance Period	Performance Level	Earned Percentage
Below 25 th Percentile	0	0%
25 th Percentile	Threshold	50%
50 th Percentile	Target	100%
85 th Percentile or Higher	High/Max	200%

Interpolation: To the extent performance falls between two levels in the table above, linear interpolation shall apply in determining the Earned Percentage.

Example: If the Company’s TSR was at the 67.5th percentile, the Earned Percentage would equal 150%.

Limitations on the Earned Percentage:

- (i) Notwithstanding the criteria in the table above, in the event the Company’s TSR over the Performance Period is negative, the Earned Percentage shall not exceed 100%.
- (ii) If the Company’s absolute TSR Compound Annual Growth Rate (CAGR) for the Performance Period exceeds 10%, then the Earned Percentage shall not be less than 100%.

* * *

**CARETRUST REIT, INC.
AND CTR PARTNERSHIP, L.P.
INCENTIVE AWARD PLAN**

**BASIC LTIP UNIT AWARD GRANT NOTICE
(Time-Based)**

CareTrust REIT, Inc., a Maryland corporation (the “Company”), and CTR Partnership, L.P., a Delaware limited partnership (the “Partnership”), pursuant to the CareTrust REIT, Inc. and CTR Partnership, L.P. Incentive Award Plan (as it may be amended, the “Plan”) and the Second Amended and Restated Agreement of Limited Partnership of CTR Partnership, L.P. (the “Partnership Agreement”), hereby grant to the holder listed below (the “Participant”) the number of Basic LTIP Units (each, a “Basic LTIP Unit” and, together, the “Basic LTIP Units”) set forth below. Each Basic LTIP Unit is a Partnership Unit of the Partnership that is intended to constitute a “profits interest” within the meaning of the Code. This Basic LTIP Unit award is subject to all of the terms and conditions set forth herein, in the Basic LTIP Unit Award Agreement attached hereto as Exhibit A (the “Agreement”), in the Plan and in the Partnership Agreement, each of which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan or the Partnership Agreement shall have the same defined meanings in this Basic LTIP Unit Award Grant Notice (the “Grant Notice”) and the Agreement.

Participant:

Grant Date:

**Total Number of
Basic LTIP Units:**

Vesting Commencement Date:

Vesting Schedule:

Termination: Except as otherwise set forth in any written Change in Control and Severance Agreement or Employment Agreement between the Participant and the Company, if the Participant experiences a Termination of Service prior to the applicable vesting date, all Basic LTIP Units that have not become vested on or prior to the date of such Termination of Service (after taking into consideration any vesting that may occur in connection with such Termination of Service pursuant to any such agreement) will thereupon be automatically forfeited by the Participant without payment of any consideration therefor.

By his or her signature and the Company’s signature below, the Participant agrees to be bound by the terms and conditions of the Plan, the Partnership Agreement, the Agreement and this Grant Notice. The Participant has reviewed the Agreement, the Partnership Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Agreement, the Plan and the Partnership Agreement. The Participant hereby agrees to accept as

binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, the Partnership Agreement, this Grant Notice or the Agreement.

In addition, by signing below, the Participant also agrees to the following:

(1) Partnership Agreement; Power of Attorney

- a. The Participant hereby (i) agrees to be bound by the terms and provisions of the Partnership Agreement, including Article 11 thereof and the power of attorney set forth in Section 2.4 thereof and (ii) makes the representations and warranties set forth in Section 3.4 of the Partnership Agreement.*
- b. The Participant hereby (i) constitutes and appoints CareTrust GP, LLC, a Delaware limited liability company (the “General Partner”), with full power of substitution, as the Participant’s true and lawful attorney-in-fact to execute the Partnership Agreement, and (ii) grants to the General Partner full power and authority to do and perform any and every act and thing whatsoever requisite, necessary, or proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as the Participant might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that such attorney-in-fact substitute, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted.*

(2) Section 83(b) Election

*The Participant will file an election under Section 83(b) of the Code with respect to the Basic LTIP Units **within 30 days of the Grant Date**, and will provide the Partnership with a copy of such Section 83(b) election promptly after the Participant files it with the Internal Revenue Service.*

CARETRUST REIT, INC.

PARTICIPANT

By: _____
[]
[]

By: _____
[]
Grantee & Participant

EXHIBIT A
TO
BASIC LTIP UNIT AWARD GRANT NOTICE
BASIC LTIP UNIT AWARD AGREEMENT

Pursuant to the Basic LTIP Unit Award Grant Notice (the “Grant Notice”) to which this Basic LTIP Unit Award Agreement (this “Agreement”) is attached, CareTrust REIT, Inc., a Maryland corporation (the “Company”), and CTR Partnership, L.P., a Delaware limited partnership (the “Partnership”), pursuant to the CareTrust REIT, Inc. and CTR Partnership, L.P. Incentive Award Plan (as it may be amended, the “Plan”) and the Second Amended and Restated Agreement of Limited Partnership of CTR Partnership, L.P. (the “Partnership Agreement”), hereby grants to the Participant identified in the Grant Notice (the “Participant”) an award of Basic LTIP Units (each, a “Basic LTIP Unit” and together, the “Basic LTIP Units”; and the award of Basic LTIP Units evidenced by this Agreement and the Grant Notice, this “Award”). Each Basic LTIP Unit is a Partnership Unit of the Partnership that is intended to constitute a “profits interest” within the meaning of the Code.

ARTICLE I.
GENERAL

1.1 Incorporation of Terms of Plan, Grant Notice and Partnership Agreement. This Award is subject to all of the terms and conditions set forth in this Agreement, in the Grant Notice, in the Plan, and in the Partnership Agreement, each of which is incorporated herein by reference. Capitalized terms not specifically defined in this Agreement shall have the meanings specified in the Grant Notice, the Plan, and the Partnership Agreement, as applicable. In the event of any inconsistency between the Plan or the Partnership Agreement and this Agreement, the terms of the Plan or the Partnership Agreement, as the case may be, shall control.

ARTICLE II.
AWARD OF BASIC LTIP UNITS

2.1 Award of Basic LTIP Units. Pursuant to the Grant Notice and upon the terms and conditions set forth in the Plan, the Partnership Agreement and this Agreement, effective as of the Grant Date set forth in the Grant Notice, the Company and the Partnership hereby grant to the Participant an award of Basic LTIP Units under the Plan and the Partnership Agreement in consideration of the Participant’s provision of services to or for the benefit of the Partnership and the Participant’s employment or services with the Company or its Affiliates and for other good and valuable consideration.

2.2 Nature of Basic LTIP Units and Admission to the Partnership. The Basic LTIP Units are interests in the Partnership; they are not Shares. The Partnership and the Participant acknowledge and agree that the Basic LTIP Units are being issued to the Participant for the performance of services to or for the benefit of the Partnership in the capacity as a Partner or in anticipation of the Participant becoming a Partner. If not an existing Partner, the Participant shall be admitted to

the Partnership as an additional Limited Partner with respect to the Basic LTIP Units subject to satisfactory completion of the applicable requirements set forth in the Partnership Agreement. The Participant acknowledges that the Partnership may, from time to time, issue or cancel (or otherwise modify) other LTIP Units in accordance with the terms of the Partnership Agreement, and that such issuances or modifications may be dilutive to the Participant. The Basic LTIP Units have the rights, powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption, exchange and conversion set forth herein, in the Plan and in the Partnership Agreement.

2.3 Forfeiture. Notwithstanding any contrary provision of this Agreement, and except as otherwise set forth in any written Change in Control and Severance Agreement or Employment Agreement between the Participant and the Company (an “Applicable Agreement”), upon the Participant’s Termination of Service for any or no reason, all Basic LTIP Units which have not vested prior to or in connection with such Termination of Service (after taking into consideration any accelerated vesting which may occur in connection with such Termination of Service pursuant to any such agreement) shall thereupon be forfeited immediately and without any further action by the Company, and the Participant’s rights in such Basic LTIP Units and such portion of this Award shall thereupon lapse and expire. Except as may otherwise be provided in an Applicable Agreement, the Participant will have no right to any proportionate vesting for employment or service between applicable vesting dates.

2.4 Vesting Schedule. Subject to Section 2.3 and the other provisions of this Agreement and the Plan, the Basic LTIP Units shall vest and become nonforfeitable with respect to the applicable portion thereof according to the vesting schedule set forth in the Grant Notice; provided that any fractional Partnership Unit that would otherwise vest on a particular vesting date shall be ignored but shall be carried forward and eligible to vest on any successive vesting date under this Award if, together with any other similar fractional Partnership Unit subject to this Award, sufficient to produce a whole Partnership Unit).

2.5 Right to Distributions. The right to distributions in respect of the Basic LTIP Units is set forth in the Partnership Agreement.

2.6 Covenants, Representations and Warranties. The Participant hereby represents, warrants, covenants, acknowledges and agrees on behalf of the Participant and his or her spouse, if applicable, that:

(a) The Participant is holding the Basic LTIP Units for the Participant’s own account, and not for the account of any other person or entity. The Participant is holding the Basic LTIP Units for investment and not with a view to distribution or resale thereof except in compliance with applicable laws regulating securities.

(b) The Participant provides services to or for the benefit of the Partnership, and in such capacity has become personally familiar with the business of the Partnership.

(c) The Participant has had the opportunity to ask questions of, and to receive answers from, the Partnership with respect to the terms and conditions of the transactions contemplated hereby and with respect to the business, affairs, financial conditions, and results of operations of the Partnership.

(d) The Participant understands that the Basic LTIP Units have not been registered under the Securities Act, and the Basic LTIP Units cannot be transferred by the Participant unless such transfer is registered under the Securities Act or an exemption from such registration is available. The Partnership has made no agreements, covenants or undertakings whatsoever to register the transfer of the Basic LTIP Units under the Securities Act. The Partnership has made no representations, warranties, or covenants whatsoever as to whether any exemption from the Securities Act will be available.

(e) None of the Partnership's securities are presently publicly traded, and the Partnership has made no representations, covenants or agreements as to whether there will be a public market for any of its securities.

(f) Notwithstanding the general intent stated in Section 3.1(a) below, the Company and the Partnership have made no warranties or representations to the Participant with respect to the U.S. federal, state or other income or other tax consequences of the transactions contemplated by this Agreement (including, without limitation, with respect to the decision to make an election under Section 83(b) of the Code), and the Participant is in no manner relying on the Company, the Partnership or their representatives for an assessment of such tax consequences. The Participant hereby recognizes that the Internal Revenue Service has proposed regulations under Sections 83 and 704 of the Code that may affect the proper treatment of the Basic LTIP Units for U.S. federal income tax purposes. If those proposed regulations or similar regulations become final or temporary regulations, the Participant hereby agrees to cooperate with the Partnership in amending this Agreement and the Partnership Agreement, and to take such other action as may be required, to conform to such regulations. Participant hereby further recognizes that the U.S. Congress has considered and could enact legislation that would change the U.S. federal income tax consequences of acquiring, owning and disposing of the Basic LTIP Units. The Participant is advised to consult with his or her own tax advisor with respect to such tax consequences and his or her ownership of the Basic LTIP Units.

ARTICLE III. OTHER PROVISIONS

3.1 Tax Matters; 83(b) Election.

(a) The Company and the Participant intend that (i) the Basic LTIP Units be treated as "profits interests" as defined in Internal Revenue Service Revenue Procedure 93-27, as clarified by Revenue Procedure 2001-43, (ii) the issuance of the Basic LTIP Units not be a taxable event to the Company or the Participant as provided in such revenue procedures, and (iii)

the Partnership Agreement, the Plan and this Agreement be interpreted consistently with such intent.

(b) The Participant shall make no contribution of capital to the Partnership in connection with the issuance of the Basic LTIP Units and, as a result, the Participant's Capital Account balance in the Partnership immediately after his or her receipt of the Basic LTIP Units shall be equal to zero, unless the Participant was a Partner in the Partnership prior to such issuance, in which case the Participant's Capital Account balance shall not be increased as a result of his or her receipt of the Basic LTIP Units.

(c) The Participant will, no later than the date as of which any amount related to the Basic LTIP Units first becomes includable in the Participant's gross income for U.S. federal or state income tax purposes, pay to the Company, or make other arrangements satisfactory to the Company regarding payment of, any federal, state and local taxes of any kind required by law to be withheld with respect to such amount. For the avoidance of doubt, the Participant may satisfy such payment by permitting the Company or the Partnership to reduce the number of Basic LTIP Units by an amount sufficient to satisfy the minimum amount (and not any greater amount) required to be withheld for tax purposes. The obligations of the Company and the Partnership under this Agreement will be conditional on such payment or arrangements, and the Company and the Partnership, and, where applicable, their Subsidiaries will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant. In addition, the Participant will indemnify and hold harmless the Company, the Partnership and any Subsidiary against any withholding or other similar taxes of any kind imposed upon the Company, the Partnership or any Subsidiary with respect to the Basic LTIP Units.

(d) The Participant covenants to make a timely election under Section 83(b) of the Code with respect to the Basic LTIP Units. In connection with such election, the Participant shall promptly provide a copy of such election to the Partnership. A form of election under Section 83(b) of the Code is attached hereto as Appendix A. The Participant may use the form attached hereto as Appendix A or the form made available by the Internal Revenue Service. The Participant represents that the Participant has consulted any tax advisor(s) that the Participant deems advisable in connection with the filing of an election under Section 83(b) of the Code and similar state tax provisions. The Participant acknowledges that it is the Participant's sole responsibility and not the Company's or the Partnership's to timely file an election under Section 83(b) of the Code (and any comparable state election), even if the Participant requests that the Company, the Partnership or any representative thereof make such filing on the Participant's behalf. The Participant should consult his or her tax advisor to determine if there is a comparable election to file in the state of his or her residence.

3.2 Restrictions on Transfer. The Basic LTIP Units, and any Partnership Units or other securities into which such Basic LTIP Units convert or for which such Basic LTIP Units are exchanged, are subject to the restrictions on transfer set forth in the Plan and the Partnership Agreement. During the lifetime of the Participant, the Basic LTIP Units may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and

distribution or as otherwise provided in the Plan or the Partnership Agreement. Notwithstanding any other provision of this Agreement, the Plan or the Partnership Agreement, without the consent of the Administrator or the Board (which it may give or withhold in its sole discretion), the Participant (and any successor in interest to Participant) shall not, directly or indirectly, transfer the Basic LTIP Units (whether vested or unvested, and including any Partnership Units or other securities into which such Basic LTIP Units convert or for which such Basic LTIP Units are exchanged), including by means of a redemption or exchange under the Partnership Agreement, until the expiration of the two (2) year period following the Grant Date set forth above, other than by will or the laws of descent and distribution.

3.3 Not a Contract of Employment or Service. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue to serve as an employee or other service provider of the Company or any of its Affiliates or shall interfere with or restrict in any way the rights of the Company and its Affiliates, which rights are hereby expressly reserved, to discharge or terminate the services of the Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or an Affiliate and the Participant.

3.4 Headings and Titles. Headings and titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.5 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.6 Conformity to Securities Laws. The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, as well as all applicable state securities laws and regulations, and the Participant shall, if required by the Company, make such written representations as are deemed necessary or appropriate by the Company and/or its counsel. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Basic LTIP Units are granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

3.7 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board; provided, however, that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the Basic LTIP Units in any material way without the prior written consent of the Participant.

3.8 Notices. Any notice to be given under the terms of this Agreement to the Company or the Partnership shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to the Participant shall be addressed to

the Participant at the Participant's last address reflected on the Company's records. Any notice shall be deemed duly given when sent via email or when sent by reputable overnight courier or by certified mail (return receipt requested) through the United States Postal Service.

3.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in this Agreement, the Plan and the Partnership Agreement, this Agreement shall be binding upon the Participant and his or her heirs, executors, administrators, successors and assigns.

3.10 No Rights of Stockholder. The Basic LTIP Units are interests in the Partnership; they are not Shares. The Participant shall not have any of the rights of a stockholder with respect to the Basic LTIP Units.

3.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if the Participant is subject to Section 16 of the Exchange Act, then the Plan, the Basic LTIP Units (and any Shares, units or other securities into which the Basic LTIP Units are exchanged, converted or redeemed) and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.12 Entire Agreement. The Plan, the Partnership Agreement, the Grant Notice and this Agreement (including all Exhibits and Appendices thereto, if any) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof.

3.13 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. The Plan, in and of itself, has no assets.

3.14 Clawback Policy. The Basic LTIP Units are subject to the terms of the Company's compensation recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of the Basic LTIP Units or any Shares or other cash or property received with respect to the Basic LTIP Units (including any value received from a disposition of any such Basic LTIP Units or Shares received with respect to the Basic LTIP Units). The Participant hereby agrees to promptly repay to the Corporation any amounts that are required to be repaid pursuant to such policy.

3.15 Counterparts; Electronic Signature. This Agreement may be signed and/or transmitted in one or more counterparts by facsimile, e-mail or a .PDF, .TIF, .GIF, .JPG or similar attachment or using electronic signature technology (e.g., via DocuSign or similar electronic signature

technology), all of which will be considered one and the same agreement and (if more than one party is required to sign such document) will become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other parties, it being understood that all parties need not sign the same counterpart, and that any such signed electronic record shall be valid and as effective to bind the party so signing as a paper copy bearing such party's hand-written signature. To the extent a party signs this Agreement using electronic signature technology, by clicking "sign," "accept," or similar acknowledgement of acceptance, such party is signing this Agreement electronically, and electronic signatures appearing on this Agreement (or entered as to this Agreement using electronic signature technology) shall be treated, for purposes of validity, enforceability and admissibility, the same as hand-written signatures.

Appendix A

ELECTION PURSUANT TO SECTION 83(b) OF THE INTERNAL REVENUE CODE

The undersigned hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include in the undersigned's gross income for the taxable year in which the property was transferred the excess (if any) of the fair market value of the property described below, over the amount the undersigned paid for such property, if any, and supplies herewith the following information in accordance with the Treasury regulations promulgated under Section 83(b):

1. The name, taxpayer identification number and address of the undersigned, and the taxable year for which this election is being made, are:

TAXPAYER'S NAME: ____

TAXPAYER'S SOCIAL SECURITY NUMBER: ____

ADDRESS: ____

TAXABLE YEAR: ____

2. The property which is the subject of this election is [NUMBER OF UNITS] Basic LTIP Units (the "Units") of CTR Partnership, L.P., a Delaware limited partnership (the "Company"), representing an interest in the future profits, losses and distributions of the Company.

3. The date on which the above property was transferred to the undersigned was [], 202[].

4. The above property is subject to the following restrictions: The Units are subject to forfeiture to the extent unvested upon a termination of service with the Company under certain circumstances. These restrictions lapse upon the satisfaction of certain conditions as set forth in an agreement between the taxpayer and the Company. In addition, the Units are subject to certain transfer restrictions pursuant to such agreement and the Second Amended and Restated Agreement of Limited Partnership of CTR Partnership, L.P., as amended (or amended and restated) from time to time.

5. The fair market value of the above property at the time of transfer (determined without regard to any restriction other than a nonlapse restriction as defined in § 1.83-3(h) of the Income Tax Regulations) was \$0.

6. The amount paid for the above property by the undersigned was \$0.

7. The amount to include in gross income is \$0.

The undersigned taxpayer will file this election with the Internal Revenue Service office with which taxpayer files his or her annual income tax return not later than 30 days after the date of transfer of the property. A copy of this election will be furnished to the person for whom the services were performed. The undersigned is the person performing the services in connection with which the property was transferred.

Dated: _____

[Name]

**CARETRUST REIT, INC.
AND CTR PARTNERSHIP, L.P.
INCENTIVE AWARD PLAN**

**TSR LTIP UNIT AWARD GRANT NOTICE
(Performance-Based)**

CareTrust REIT, Inc., a Maryland corporation (the “Company”), and CTR Partnership, L.P., a Delaware limited partnership (the “Partnership”), pursuant to the CareTrust REIT, Inc. and CTR Partnership, L.P. Incentive Award Plan (as it may be amended, the “Plan”) and the Second Amended and Restated Agreement of Limited Partnership of CTR Partnership, L.P. (the “Partnership Agreement”), hereby grant to the holder listed below (the “Participant”) the number of Performance LTIP Units (each, a “Performance LTIP Unit” and, together, the “Performance LTIP Units”) set forth below. Each Performance LTIP Unit is a Partnership Unit of the Partnership that is intended to constitute a “profits interest” within the meaning of the Code. This Performance LTIP Unit award is subject to all of the terms and conditions set forth herein, in the TSR LTIP Unit Award Agreement attached hereto as Exhibit A (the “Agreement”), in the Plan and in the Partnership Agreement, each of which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan or the Partnership Agreement shall have the same defined meanings in this TSR LTIP Unit Award Grant Notice (the “Grant Notice”) and the Agreement.

Participant:

Grant Date:

Total Number of

Performance LTIP Units:*

“Base Units”:

“Distribution Equivalent Units”:

Performance Period:

Termination: As set forth in and subject to the Agreement, vesting of the Performance LTIP Units subject to this award is subject to both (a) Participant’s continued employment or service, and (b) the Company’s relative TSR performance over the Performance Period specified above. Except as otherwise set forth in the Agreement, if the Participant experiences a Termination of Service on or before the last day of the Performance Period, all Performance LTIP Units that have not become vested prior to the date of such Termination of Service (after taking into consideration any vesting that may occur in connection with such Termination of Service pursuant to the Agreement) will thereupon be automatically forfeited by the Participant without payment of any consideration therefor.

*Total Number of Performance LTIP Units granted represents (i) the total number of Performance LTIP Units that can be earned at maximum performance (200% of the target award) (the “Base Units”), plus (ii) an additional number of Performance LTIP Units intended to address Foregone Distributions (the “Distribution Equivalent Units”).

By his or her signature and the Company’s signature below, the Participant agrees to be bound by the terms and conditions of the Plan, the Partnership Agreement, the Agreement and this Grant Notice. The Participant has reviewed the Agreement, the Partnership Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Agreement, the Plan and the Partnership Agreement. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, the Partnership Agreement, this Grant Notice or the Agreement.

In addition, by signing below, the Participant also agrees to the following:

(1) Partnership Agreement; Power of Attorney

- a. *The Participant hereby (i) agrees to be bound by the terms and provisions of the Partnership Agreement, including Article 11 thereof and the power of attorney set forth in Section 2.4 thereof and (ii) makes the representations and warranties set forth in Section 3.4 of the Partnership Agreement.*
- b. *The Participant hereby (i) constitutes and appoints CareTrust GP, LLC, a Delaware limited liability company (the “General Partner”), with full power of substitution, as the Participant’s true and lawful attorney-in-fact to execute the Partnership Agreement, and (ii) grants to the General Partner full power and authority to do and perform any and every act and thing whatsoever requisite, necessary, or proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as the Participant might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that such attorney-in-fact substitute, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted.*

(2) Section 83(b) Election

*The Participant will file an election under Section 83(b) of the Code with respect to the Performance LTIP Units **within 30 days of the Grant Date**, and will provide the Partnership with a copy of such Section 83(b) election promptly after the Participant files it with the Internal Revenue Service.*

CARETRUST REIT, INC.

PARTICIPANT

By: _____
[]
[]

By: _____
[]
Grantee & Participant

EXHIBIT A
TO
TSR LTIP UNIT AWARD GRANT NOTICE
TSR LTIP UNIT AWARD AGREEMENT

Pursuant to the TSR LTIP Unit Award Grant Notice (the “Grant Notice”) to which this TSR LTIP Unit Award Agreement (this “Agreement”) is attached, CareTrust REIT, Inc., a Maryland corporation (the “Company”), and CTR Partnership, L.P., a Delaware limited partnership (the “Partnership”), pursuant to the CareTrust REIT, Inc. and CTR Partnership, L.P. Incentive Award Plan (as it may be amended, the “Plan”) and the Second Amended and Restated Agreement of Limited Partnership of CTR Partnership, L.P. (the “Partnership Agreement”), hereby grants to the holder listed below (the “Participant”) an award of Performance LTIP Units (each, a “Performance LTIP Unit” and together, the “Performance LTIP Units”). Each Performance LTIP Unit is a Partnership Unit of the Partnership that is intended to constitute a “profits interest” within the meaning of the Code. This award of Performance LTIP Units is subject to all of the terms and conditions set forth herein and in the Grant Notice and the Plan, each of which are incorporated herein by reference. Capitalized terms not specifically defined herein shall have the meanings specified in the Grant Notice, the Plan and the Partnership Agreement.

ARTICLE I.
GENERAL

1.1 Incorporation of Terms of Plan. The Performance LTIP Units are subject to the terms and conditions of the Plan and the Partnership Agreement, which are incorporated herein by reference. In the event of any inconsistency between the Plan or the Partnership Agreement and this Agreement, the terms of the Plan or the Partnership Agreement, as the case may be, shall control.

ARTICLE II.
AWARD OF PERFORMANCE LTIP UNITS

2.1 Award of Performance LTIP Units. Pursuant to the Grant Notice and upon the terms and conditions set forth in the Plan, the Partnership Agreement and this Agreement, effective as of the Grant Date set forth in the Grant Notice, the Company and the Partnership hereby grant to the Participant an award of Performance LTIP Units under the Plan and the Partnership Agreement in consideration of the Participant’s provision of services to or for the benefit of the Partnership and the Participant’s employment or services with the Company or its Affiliates and for other good and valuable consideration.

2.2 Nature of Performance LTIP Units and Admission to the Partnership. The Performance LTIP Units are interests in the Partnership; they are not Shares. The Partnership and the Participant acknowledge and agree that the Performance LTIP Units are being issued to the Participant for the performance of services to or for the benefit of the Partnership in the capacity as a Partner or in anticipation of the Participant becoming a Partner. If not an existing Partner,

the Participant shall be admitted to the Partnership as an additional Limited Partner with respect to the Performance LTIP Units subject to satisfactory completion of the applicable requirements set forth in the Partnership Agreement. The Participant acknowledges that the Partnership may, from time to time, issue or cancel (or otherwise modify) other LTIP Units in accordance with the terms of the Partnership Agreement, and that such issuances or modifications may be dilutive to the Participant. The Performance LTIP Units have the rights, powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption, exchange and conversion set forth herein, in the Plan and in the Partnership Agreement. If the Participant is party to a written Change in Control and Severance Agreement with the Company (a “Severance Agreement”), this Agreement shall be a “TSR Award Agreement” for purposes of the Severance Agreement.

2.3 TSR LTIP Award Performance Conditions.

2.3.1 Determination of Number of Performance LTIP Units that Vest. The number of the Performance LTIP Units subject to the award that vest, if any, as of the last day of the Performance Period shall be determined in accordance with the terms and conditions of Appendix A hereto (incorporated herein by this reference), subject to the terms of this Agreement and, in the event of a fractional Performance LTIP Unit otherwise vesting, rounded up to the nearest whole Performance LTIP Unit.

2.3.2 Employment Condition. Except as otherwise provided below in Section 2.3.3 or in Section 2.3.4, and in addition to the provisions of Appendix A, vesting of the Performance LTIP Units subject to the award is expressly conditioned upon Participant not having a Termination of Service on or prior to the last day of the Performance Period.

2.3.3 Effect of Termination of Employment/Service. Except as otherwise provided below in this Section 2.3.3 or in Section 2.3.4, if the Participant has a Termination of Service on or before the last day of the Performance Period, for any or no reason, all Performance LTIP Units subject to the award which have not vested prior to such Termination of Service shall thereupon be forfeited immediately and without any further action by the Company, and the Participant’s rights in such Performance LTIP Units and such portion of the award shall thereupon lapse and expire. Except as may otherwise be provided below in this Section 2.3.3 or in Section 2.3.4, the Participant will have no right to any proportionate vesting for employment or service for only a portion of the applicable vesting period.

(a) Termination due to Death or Disability. If the Participant has a Termination of Service on or before the last day of the Performance Period and such Termination of Service is due to the Participant’s death or Disability, the award shall (provided that, if the Termination of Service is due to the Participant’s Disability, the Participant satisfies the Release Requirement set forth below in this Section 2.3.3) vest on the date of such Termination of Service at the greater of (i) the “Target” performance level in accordance with Appendix A hereto, and (ii) actual TSR performance calculated pursuant to Appendix A hereto but based as if (solely for purposes of this clause (ii)) the last day of the Performance Period had been the last business day prior to the date of such Termination of Service. In such circumstances, any remaining unvested Performance LTIP Units subject to the award (after giving effect to the

preceding sentence) shall be forfeited as of such Termination of Service pursuant to the first paragraph of this Section 2.3.3.

(b) Termination due to Retirement or Termination by the Company for Other than Cause.

(1) Termination due to Retirement. Except with respect to an Authorized Retirement (as defined below), if the Participant has a Termination of Service on or before the last day of the Performance Period and such Termination of Service is due to the Participant's retirement at or after the age of 65 or with a sum of age (minimum age requirement is 55 years) and years of service with the Company, The Ensign Group, Inc. (its "Predecessor"), or any of its Subsidiaries or Affiliates, on the date of the Termination of Service equal to at least 75, the award shall (provided that the Participant satisfies the Release Requirement) vest on the date of such Termination of Service at: (i) the number of Performance LTIP Units subject to the award that would vest based on actual TSR performance calculated pursuant to Appendix A hereto but based as if (solely for purposes of this clause (i)) the last day of the Performance Period had been the last business day prior to the date of such Termination of Service; multiplied by (ii) a fraction (not greater than one), the numerator of which is the number of calendar days in the Performance Period prior to such Termination of Service and the denominator of which is the total number of days in the full Performance Period (had it not been deemed shortened for purposes of clause (i)). In such circumstances, any remaining unvested Performance LTIP Units subject to the award (after giving effect to the preceding sentence) shall be forfeited as of such Termination of Service pursuant to the first paragraph of this Section 2.3.3.

If, at the time of the Participant's Termination of Service, the Participant is party to a Severance Agreement, and such Severance Agreement defines "Authorized Retirement", "Cause", and/or "Good Reason", then such term(s) as used for purposes of this award shall have the same meanings as given to them in such Severance Agreement; otherwise, such term(s) shall not apply for purposes of this award.

If the Participant would be entitled to greater vesting pursuant to clause (2) below, then such clause (if applicable) shall apply rather than this clause (1).

(2) Termination by the Company for Other than Cause; Good Reason. If the Participant has a Termination of Service on or before the last day of the Performance Period and such Termination of Service is the result of a termination of the Participant's employment by the Company (or a Subsidiary or Affiliate of the Company, as the case may be) for reasons other than Cause (as reasonably determined by the Administrator) or by the Participant for Good Reason, the award shall (provided that the Participant satisfies the Release Requirement) vest on the date of such Termination of Service at: (i) the number of Performance LTIP Units subject to the award that would vest at the greater of (x) the "Target" performance level in accordance with Appendix A hereto, and (y) actual TSR performance calculated pursuant to Appendix A hereto but based as if (solely for purposes of this clause (y)) the last day of the Performance Period

had been the last business day prior to the date of such Termination of Service; multiplied by (ii) a fraction (not greater than one), the numerator of which is the number of calendar days in the Performance Period prior to such Termination of Service and the denominator of which is the total number of days in the full Performance Period (had it not been deemed shortened for purposes of clause (i)). In such circumstances, any remaining unvested Performance LTIP Units subject to the award (after giving effect to the preceding sentence) shall be forfeited as of such Termination of Service pursuant to the first paragraph of this Section 2.3.3.

If the Participant would be entitled to greater vesting pursuant to Section 2.3.3(c) below, then such provision (if applicable) shall apply rather than this clause (2).

(c) Authorized Retirement. If the Participant has a Termination of Service on or before the last day of the Performance Period and such Termination of Service is an Authorized Retirement, the award shall (provided that the Participant satisfies the Release Requirement) vest on the date of such Termination of Service at the greater of (i) the “Target” performance level in accordance with Appendix A hereto, and (ii) actual TSR performance calculated pursuant to Appendix A hereto but based as if (solely for purposes of this clause (ii)) the last day of the Performance Period had been the last business day prior to any public disclosure by the Company of the Participant’s intent to retire (or, if there is no such public disclosure of the Participant’s intent to retire, the last business day prior to the date of such Termination of Service). In such circumstances, any remaining unvested Performance LTIP Units subject to the award (after giving effect to the preceding sentence) shall be forfeited as of such Termination of Service pursuant to the first paragraph of this Section 2.3.3.

(d) Release Requirement. For purposes of this award and notwithstanding anything else contained in this Agreement to the contrary, “Release Requirement” means that, as a condition precedent to any Company obligation to the Participant to provide the vesting of the portion of this award otherwise provided for in the applicable provision of this Agreement (under Section 2.3.3 or Section 2.3.4, as the case may be), the Participant shall provide the Company (within the period of time provided in the next sentence), a valid, executed release agreement that shall release the Company, its officers, directors, affiliates and other applicable parties from all known and unknown claims of any kind or nature in a form reasonably acceptable to the Company (the “Release”), and such Release shall have not been revoked by the Employee pursuant to any revocation rights afforded by applicable law. The Company shall provide the form of Release to the Participant not later than fifteen (15) business days following the applicable Termination of Service, and the Employee shall be required to execute and return the Release to the Company within twenty one (21) days of delivery (or forty-five (45) days if such longer period of time is required to make the Release maximally enforceable under applicable law).

2.3.4 Change in Control. Notwithstanding anything in the Plan to the contrary, in the event of a Change in Control during the Performance Period, the portion of the award that is eligible to vest based on performance will be the greater of (i) the “Target” performance level in accordance with Appendix A hereto, and (ii) actual TSR performance calculated pursuant to

Appendix A hereto but based as if (solely for purposes of this clause (ii)) the last day of the Performance Period had been the last business day prior to the date on which the Change in Control occurs (the number of Performance LTIP Units determined pursuant to clause (i) or (ii), as applicable, the “Change in Control Units”). (No further performance-based vesting modifications shall be made based on performance after the Change in Control.) Such Change in Control Units shall vest upon (or, as necessary to give effect to the acceleration, immediately prior to) the Change in Control; provided, however, that if either (x) the common stock of the Company continues to be listed or admitted to trade on a national securities exchange following such Change in Control or (b) a successor entity (or a parent thereof) assumes, converts, or replaces such Performance LTIP Units with units of equivalent value and liquidity (taking into account the securities into which the Performance LTIP Units were intended to be convertible and the securities into which any such units of equivalent value may be converted following the Change in Control), then (i) the Performance LTIP Units (or their replacements, as the case may be) shall remain subject to time/service-based vesting in accordance with the vesting schedule set forth in the following sentence (the “Change in Control Vesting Schedule”), and (ii) vesting of such assumed, converted or replaced awards will nevertheless accelerate in full (without pro-ration) as of the Participant’s Termination of Service in the event such Termination of Service occurs on or after the date of the Change in Control, and on or before the end of such Performance Period, and is a Termination of Service described in Section 2.3.3(a), (b), or (c) (provided, in each case other than a Termination of Service due to the Participant’s death, that the Participant satisfies the Release Requirement). The Change in Control Vesting Schedule shall be as follows: (i) the total number of Change in Control Units shall be deemed to be scheduled to vest in a series of equal monthly installments over the three year period following the first day of the Performance Period (with an installment scheduled to vest at the end of each of such thirty-six months in such three-year period, and with any fractional Performance LTIP Unit otherwise scheduled to vest at the end of any such month disregarded but carried forward and aggregated with the Performance LTIP Units scheduled to vest in the next such month); (ii) any Change in Control Units that would have vested on or prior to the Change in Control pursuant to the vesting schedule in clause (i) shall vest immediately upon the Change in Control; and (iii) the balance of the Change in Control Units shall be scheduled to vest over the balance of the three-year period following the first day of the Performance Period as provided in clause (i). Following a Change in Control, in the event of the Participant’s Termination of Service (other than a Termination of Service described in Section 2.3.3(a), (b), or (c)), the outstanding Performance LTIP Units subject to the award that have not vested prior to such Termination of Service shall be forfeited as of such Termination of Service pursuant to the first paragraph of Section 2.3.3. In the event of a Change in Control during the Performance Period, any Performance LTIP Units subject to the award that are not eligible to vest after applying the first sentence of this Section 2.3.4 (i.e., the number of Performance LTIP Units subject to the award that exceed the number that are eligible to vest pursuant to the first sentence of this Section 2.3.4) will be forfeited as of the Change in Control without any further action by the Company, and the Participant’s rights in such Performance LTIP Units and such portion of the award shall thereupon lapse and expire.

2.4 Confirmation and Vesting. Promptly following the end of the Performance Period (or any deemed shortened Performance Period taken into account to the extent provided in Section 2.3.3 or 2.3.4 above, as the case may be), the Administrator shall determine: (a) the Relative Total

Shareholder Return and Earned Percentage (each as defined in Appendix A hereto); and (b) the number of Performance LTIP Units that vested as of the applicable date. Prior to such determination, the Company shall provide to the Administrator, in reasonable detail, the calculation of the Relative Total Shareholder Return, Earned Percentage, and the number of Performance LTIP Units subject to vesting, which information shall be available to the Participant upon request after the applicable vesting date.

2.5 Right to Distributions.

2.5.1 The right to distributions in respect of the Performance LTIP Units is set forth in the Partnership Agreement. The “Full Distribution Participation Date,” as that term is used in the Partnership Agreement, shall be (i) the date the Performance LTIP Units vest or (ii) if and to the extent determined by the Administrator in its discretion, the date on which the number of Performance LTIP Units that vests becomes fixed and determinable (if different than the vesting date). For clarity, the Performance LTIP Units (including the Distribution Equivalent Units) will constitute Performance LTIP Units under the Partnership Agreement and shall participate as such in distributions pursuant to and in accordance with the Partnership Agreement except as otherwise provided above and unless otherwise determined by the Administrator or the General Partner of the Partnership. For clarity, before the Full Distribution Participation Date, the amount distributable with respect to the Performance LTIP Units (including the Distribution Equivalent Units) shall equal the product of the Initial Sharing Percentage (as that term is defined in the Partnership Agreement) for such Performance LTIP Units and the amount otherwise distributable with respect to such Performance LTIP Units pursuant to Section 7(a) of Exhibit C to the Partnership Agreement. As described in Section 2.5.2, additional Performance LTIP Units (in other words, the Distribution Equivalent Units) are being issued hereunder in relation to the Foregone Distributions on the Base Units and no Make-Whole Distributions shall be payable with respect to such Base Units or Distribution Equivalent Units.

2.5.2 The number of Performance LTIP Units granted pursuant to this Agreement includes a number of Performance LTIP Units (the “Distribution Equivalent Units”) generally intended to address the Foregone Distributions on such Participant’s Base Units. For the avoidance of doubt, the amount of Distribution Equivalent Units granted hereunder, and the terms of vesting applicable thereto hereunder, has been determined by the General Partner in its discretion and pursuant to a methodology selected by the General Partner in its discretion, and the Participant shall not be entitled to any additional amount of Performance LTIP Units than the amounts granted hereunder, whether pursuant to an alternative methodology or otherwise.

2.6 Covenants, Representations and Warranties. The Participant hereby represents, warrants, covenants, acknowledges and agrees on behalf of the Participant and his or her spouse, if applicable, that:

(a) The Participant is holding the Performance LTIP Units for the Participant’s own account, and not for the account of any other person or entity. The Participant is holding the Performance LTIP Units for investment and not with a view to distribution or resale thereof except in compliance with applicable laws regulating securities.

(b) The Participant provides services to or for the benefit of the Partnership, and in such capacity has become personally familiar with the business of the Partnership.

(c) The Participant has had the opportunity to ask questions of, and to receive answers from, the Partnership with respect to the terms and conditions of the transactions contemplated hereby and with respect to the business, affairs, financial conditions, and results of operations of the Partnership.

(d) The Participant understands that the Performance LTIP Units have not been registered under the Securities Act, and the Performance LTIP Units cannot be transferred by the Participant unless such transfer is registered under the Securities Act or an exemption from such registration is available. The Partnership has made no agreements, covenants or undertakings whatsoever to register the transfer of the Performance LTIP Units under the Securities Act. The Partnership has made no representations, warranties, or covenants whatsoever as to whether any exemption from the Securities Act will be available.

(e) None of the Partnership's securities are presently publicly traded, and the Partnership has made no representations, covenants or agreements as to whether there will be a public market for any of its securities.

(f) Notwithstanding the general intent stated in Section 3.1(a) below, the Company and the Partnership have made no warranties or representations to the Participant with respect to the U.S. federal, state or other income or other tax consequences of the transactions contemplated by this Agreement (including, without limitation, with respect to the decision to make an election under Section 83(b) of the Code), and the Participant is in no manner relying on the Company, the Partnership or their representatives for an assessment of such tax consequences. The Participant hereby recognizes that the Internal Revenue Service has proposed regulations under Sections 83 and 704 of the Code that may affect the proper treatment of the Performance LTIP Units for U.S. federal income tax purposes. If those proposed regulations or similar regulations become final or temporary regulations, the Participant hereby agrees to cooperate with the Partnership in amending this Agreement and the Partnership Agreement, and to take such other action as may be required, to conform to such regulations. Participant hereby further recognizes that the U.S. Congress has considered and could enact legislation that would change the U.S. federal income tax consequences of acquiring, owning and disposing of the Performance LTIP Units. The Participant is advised to consult with his or her own tax advisor with respect to such tax consequences and his or her ownership of the Performance LTIP Units.

ARTICLE III.
OTHER PROVISIONS

3.1 Tax Matters; 83(b) Election.

(a) The Company and the Participant intend that (i) the Performance LTIP Units be treated as “profits interests” as defined in Internal Revenue Service Revenue Procedure 93-27, as clarified by Revenue Procedure 2001-43, (ii) the issuance of the Performance LTIP Units not be a taxable event to the Company or the Participant as provided in such revenue procedures, and (iii) the Partnership Agreement, the Plan and this Agreement be interpreted consistently with such intent.

(b) The Participant shall make no contribution of capital to the Partnership in connection with the issuance of the Performance LTIP Units and, as a result, the Participant’s Capital Account balance in the Partnership immediately after his or her receipt of the Performance LTIP Units shall be equal to zero, unless the Participant was a Partner in the Partnership prior to such issuance, in which case the Participant’s Capital Account balance shall not be increased as a result of his or her receipt of the Performance LTIP Units.

(c) The Participant will, no later than the date as of which any amount related to the Performance LTIP Units first becomes includable in the Participant’s gross income for U.S. federal or state income tax purposes, pay to the Company, or make other arrangements satisfactory to the Company regarding payment of, any federal, state and local taxes of any kind required by law to be withheld with respect to such amount. For the avoidance of doubt, the Participant may satisfy such payment by permitting the Company or the Partnership to reduce the number of Performance LTIP Units by an amount sufficient to satisfy the minimum amount (and not any greater amount) required to be withheld for tax purposes. The obligations of the Company and the Partnership under this Agreement will be conditional on such payment or arrangements, and the Company and the Partnership, and, where applicable, their Subsidiaries will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant. In addition, the Participant will indemnify and hold harmless the Company, the Partnership and any Subsidiary against any withholding or other similar taxes of any kind imposed upon the Company, the Partnership or any Subsidiary with respect to the Performance LTIP Units.

(d) The Participant covenants to make a timely election under Section 83(b) of the Code with respect to the Performance LTIP Units. In connection with such election, the Participant shall promptly provide a copy of such election to the Partnership. A form of election under Section 83(b) of the Code is attached hereto as Appendix B. The Participant may use the form attached hereto as Appendix B or the form made available by the Internal Revenue Service. The Participant represents that the Participant has consulted any tax advisor(s) that the Participant deems advisable in connection with the filing of an election under Section 83(b) of the Code and similar state tax provisions. The Participant acknowledges that it is the Participant’s sole responsibility and not the Company’s or the Partnership’s to timely file an election under Section 83(b) of the Code (and any comparable state election), even if the Participant requests that the Company, the Partnership or any representative thereof make such

filing on the Participant's behalf. The Participant should consult his or her tax advisor to determine if there is a comparable election to file in the state of his or her residence.

3.2 Restrictions on Transfer. The Performance LTIP Units, and any Partnership Units or other securities into which such Performance LTIP Units convert or for which such Performance LTIP Units are exchanged, are subject to the restrictions on transfer set forth in the Plan and the Partnership Agreement. During the lifetime of the Participant, the Performance LTIP Units may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution or as otherwise provided in the Plan or the Partnership Agreement. Notwithstanding any other provision of this Agreement, the Plan or the Partnership Agreement, without the consent of the Administrator or the Board (which it may give or withhold in its sole discretion), the Participant (and any successor in interest to Participant) shall not, directly or indirectly, transfer the Performance LTIP Units (whether vested or unvested, and including any Partnership Units or other securities into which such Performance LTIP Units convert or for which such Performance LTIP Units are exchanged), including by means of a redemption or exchange under the Partnership Agreement, until the expiration of the two (2) year period following the Grant Date set forth above, other than by will or the laws of descent and distribution.

3.3 Not a Contract of Employment or Service. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue to serve as an Employee or other service provider of the Company or any of its Affiliates or shall interfere with or restrict in any way the rights of the Company and its Affiliates, which rights are hereby expressly reserved, to discharge or terminate the services of the Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or an Affiliate and the Participant.

3.4 Headings and Titles. Headings and titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.5 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.6 Conformity to Securities Laws. The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, as well as all applicable state securities laws and regulations, and the Participant shall, if required by the Company, make such written representations as are deemed necessary or appropriate by the Company and/or its counsel. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Performance LTIP Units are granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

3.7 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board; provided, however, that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the Performance LTIP Units in any material way without the prior written consent of the Participant.

3.8 Notices. Any notice to be given under the terms of this Agreement to the Company or the Partnership shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to the Participant shall be addressed to the Participant at the Participant's last address reflected on the Company's records. Any notice shall be deemed duly given when sent via email or when sent by reputable overnight courier or by certified mail (return receipt requested) through the United States Postal Service.

3.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in this Agreement, the Plan and the Partnership Agreement, this Agreement shall be binding upon the Participant and his or her heirs, executors, administrators, successors and assigns.

3.10 No Rights of Stockholder. The Performance LTIP Units are interests in the Partnership; they are not Shares. The Participant shall not have any of the rights of a stockholder with respect to the Performance LTIP Units.

3.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if the Participant is subject to Section 16 of the Exchange Act, then the Plan, the Performance LTIP Units (and any Shares, units or other securities into which the Performance LTIP Units are exchanged, converted or redeemed) and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.12 Entire Agreement. The Plan, the Partnership Agreement, the Grant Notice and this Agreement (including all Exhibits and Appendices thereto, if any) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof.

3.13 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. The Plan, in and of itself, has no assets.

3.14 Clawback Policy. The Performance LTIP Units are subject to the terms of the Company's compensation recoupment, clawback or similar policy as it may be in effect from time to time, as

well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of the Performance LTIP Units or any Shares or other cash or property received with respect to the Performance LTIP Units (including any value received from a disposition of any such Performance LTIP Units or Shares received with respect to the Performance LTIP Units). The Participant hereby agrees to promptly repay to the Corporation any amounts that are required to be repaid pursuant to such policy.

3.15 Counterparts; Electronic Signature. This Agreement may be signed and/or transmitted in one or more counterparts by facsimile, e-mail of a .PDF, .TIF, .GIF, .JPG or similar attachment or using electronic signature technology (e.g., via DocuSign or similar electronic signature technology), all of which will be considered one and the same agreement and (if more than one party is required to sign such document) will become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other parties, it being understood that all parties need not sign the same counterpart, and that any such signed electronic record shall be valid and as effective to bind the party so signing as a paper copy bearing such party's hand-written signature. To the extent a party signs this Agreement using electronic signature technology, by clicking "sign," "accept," or similar acknowledgement of acceptance, such party is signing this Agreement electronically, and electronic signatures appearing on this Agreement (or entered as to this Agreement using electronic signature technology) shall be treated, for purposes of validity, enforceability and admissibility, the same as hand-written signatures.

Appendix A

PERFORMANCE CRITERIA

The Performance LTIP Units that shall vest, if any, will be based on the Company's total shareholder return ("TSR") for the Performance Period relative to the TSRs of the Peer Companies (as defined below), as determined by the Administrator. The Performance LTIP Units that shall vest, if any, following the end of the Performance Period shall be equal to the sum of (x) *plus* (y), where "(x)" is a number of Performance LTIP Units (the "Earned Base Units") equal to the number of Base Units granted *multiplied by* the "Earned Percentage" (as determined below, with the maximum Earned Percentage for the Performance Period equal to 100% and subject to certain caps described below), and "(y)" is a number of Performance LTIP Units (the "Total Earned Distribution Equivalent Units") equal to the sum of the Earned Distribution Equivalent Units with respect to each Hypothetical Distribution Date. For this purpose, with respect to each date (each, a "Hypothetical Distribution Date") on which distributions were paid on the Performance LTIP Units from the Grant Date through and including the day preceding the Full Distribution Participation Date, the "Earned Distribution Equivalent Units" for such date equals (1) (A) the amount of distributions that would have been paid on the Earned Base Units on such date had such Earned Base Units been entitled to full distributions during such period pursuant to Section 7(a) of Exhibit C to the Partnership Agreement (for clarity, without reduction pursuant to Section 7(b) of Exhibit C to the Partnership Agreement), *minus* (B) the Previous Distributions for such date, *divided by* (2) the Fair Market Value of a Share on the ex-dividend date for the Company dividends corresponding to such distributions. The "Previous Distributions" for a given date equal (1) the total amount of distributions received prior to the Full Distribution Participation Date with respect to all Performance LTIP Units initially granted pursuant to this Agreement *apportioned to* (2) such date in proportion to the amount of such distributions received on such date relative to such total amount of distributions. The "Fair Market Value" of a Share shall have the meaning given to such term in the Plan). The Administrator shall be entitled to equitably adjust the number of Total Earned Distribution Equivalent Units to take into account differences in the manner in which distributions have been determined and paid by the Partnership relative to the manner in which dividends have been determined and paid by the Company. If the amount of vested Performance LTIP Units determined pursuant to the preceding sentence exceeds the total amount of Performance LTIP Units granted under this Agreement, then all Performance LTIP Units granted under this Agreement shall vest but the Participant shall not be entitled to any additional Performance LTIP Units or any other amounts. Any Performance LTIP Units that do not vest as of the end of the Performance Period will be forfeited as of the end of the Performance Period without any further action by the Company, and the Participant's rights in such Performance LTIP Units and such portion of the award shall thereupon lapse and expire.

- (a) "TSR" means, for the Company and each of the Peer Companies, such company's total shareholder return, expressed as a percentage, which will be calculated by dividing (i) the Closing Average Share Value by (ii) the Opening Average Share Value and subtracting one from the quotient.
- (b) "Opening Average Share Value" means the average Share Value over the trading days in the Opening Average Period.

- (c) “Opening Average Period” means the last (final) twenty (20) trading days in the [_____] calendar year.
- (d) “Accumulated Shares” means, for a given trading day, the sum of (i) one (1) share and (ii) the cumulative number of shares of a company’s common stock purchasable with dividends declared on such company’s common stock to that point during the Performance Period, assuming same day reinvestment of such dividends at the closing price on the ex-dividend date.
- (e) “Closing Average Share Value” means the average Share Value over the trading days in the Closing Average Period.
- (f) “Closing Average Period” means the last (final) twenty (20) trading days in the [_____] calendar year.
- (g) “Share Value” means, with respect to a given trading day, the closing price of a company’s common stock multiplied by the Accumulated Shares for such trading day.
- (h) “Peer Companies” means the following companies:

[

]

The Peer Companies are subject to adjustment as follows:

- (i) In the event of a merger, acquisition or business combination transaction of a Peer Company with or by another Peer Company, the surviving entity shall remain a Peer Company.
- (ii) In the event of a merger of a Peer Company with an entity that is not a Peer Company, or the acquisition or business combination transaction by or with a Peer Company, or with an entity that is not a Peer Company, in each case where the Peer Company is the surviving entity and remains publicly traded, the surviving entity shall remain a Peer Company.
- (iii) In the event of a merger or acquisition or business combination transaction of a Peer Company by or with an entity that is not a Peer Company, a “going private” transaction involving a Peer Company or the liquidation of a Peer Company, where the Peer Company is not the surviving entity or is otherwise no longer publicly traded, the company shall no longer be a Peer Company.
- (iv) In the event of a bankruptcy of a Peer Company, as long as the Peer Company is still trading on a market where an independent price can be determined (i.e., an

over-the-counter market), its TSR will continue to be calculated based on reported trading prices. Once the share price can no longer be determined, such Peer Company's TSR will be locked in for the active performance cycle, based on the last known trading price (i.e., the potential for a TSR of -100%). If the company subsequently resumes trading on a recapitalized basis (completely new equity infusion), it will not be added back to the peer group for active performance cycles.

- (v) In the event of a stock distribution from a Peer Company consisting of the shares of a new publicly-traded company (a "spin-off"), the Peer Company shall remain a Peer Company and the stock distribution shall be treated as a dividend from the Peer Company based on the closing price of the shares of the spun-off company on its first day of trading. The performance of the shares of the spun-off company shall not thereafter be tracked for purposes of calculating TSR.

Each Peer Company's "common stock" shall mean that series of common stock that is publicly traded on a registered U.S. exchange or, in the case of a non-U.S. company, an equivalent non-U.S. exchange.

- (i) "Relative Total Shareholder Return" means the Company's TSR relative to the TSR of the Peer Companies. Relative Total Shareholder Return will be determined by ranking the Peer Companies and the Company from highest to lowest according to their respective TSRs. After this ranking, the percentile performance of the Company will be determined as follows:

$$P = \frac{N - R}{N - 1}$$

where: "P" represents the percentile performance which will be rounded, if necessary, to the nearest whole percentile by application of regular rounding.

"N" represents the number of Peer Companies, plus the Company, as of the vesting date.

"R" represents the Company's ranking among the Peer Companies, plus the Company, when ranked as provided above.

Example: If the number of Peer Companies plus the Company is 14, the Company is ranked 5th, then the Company's Relative Total Shareholder Return would be at the 69.2 percentile: $.692 = ((14 - 5) / (14 - 1))$.

- (j) "Earned Percentage" means the percentage determined according to the following table:

Company Relative Total Shareholder Return (Calculated as Provided Above) for the Performance Period	Performance Level	Earned Percentage
Below 25 th Percentile	0	0%
25 th Percentile	Threshold	25%
50 th Percentile	Target	50%
85 th Percentile or Higher	High/Max	100%

Interpolation: To the extent performance falls between two levels in the table above, linear interpolation shall apply in determining the Earned Percentage.

Example: If the Company's TSR was at the 67.5th percentile, the Earned Percentage would equal 75%.

Limitations on the Earned Percentage:

- (i) Notwithstanding the criteria in the table above, in the event the Company's TSR over the Performance Period is negative, the Earned Percentage shall not exceed 50%.
- (ii) If the Company's absolute TSR Compound Annual Growth Rate (CAGR) for the Performance Period exceeds 10%, then the Earned Percentage shall not be less than 50%.

Appendix B

ELECTION PURSUANT TO SECTION 83(b) OF THE INTERNAL REVENUE CODE

The undersigned hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include in the undersigned's gross income for the taxable year in which the property was transferred the excess (if any) of the fair market value of the property described below, over the amount the undersigned paid for such property, if any, and supplies herewith the following information in accordance with the Treasury regulations promulgated under Section 83(b):

1. The name, taxpayer identification number and address of the undersigned, and the taxable year for which this election is being made, are:

TAXPAYER'S NAME: ____

TAXPAYER'S SOCIAL SECURITY NUMBER: ____

ADDRESS: _____

TAXABLE YEAR: ____

2. The property which is the subject of this election is [NUMBER OF UNITS] Performance LTIP Units (the "Units") of CTR Partnership, L.P., a Delaware limited partnership (the "Company"), representing an interest in the future profits, losses and distributions of the Company.

3. The date on which the above property was transferred to the undersigned was [], 202[].

4. The above property is subject to the following restrictions: The Units are subject to forfeiture to the extent unvested upon a termination of service with the Company under certain circumstances. These restrictions lapse upon the satisfaction of certain conditions as set forth in an agreement between the taxpayer and the Company. In addition, the Units are subject to certain transfer restrictions pursuant to such agreement and the Second Amended and Restated Agreement of Limited Partnership of CTR Partnership, L.P., as amended (or amended and restated) from time to time.

5. The fair market value of the above property at the time of transfer (determined without regard to any restriction other than a nonlapse restriction as defined in § 1.83-3(h) of the Income Tax Regulations) was \$0.

6. The amount paid for the above property by the undersigned was \$0.

7. The amount to include in gross income is \$0.

The undersigned taxpayer will file this election with the Internal Revenue Service office with which taxpayer files his or her annual income tax return not later than 30 days after the date of transfer of the property. A copy of this election will be furnished to the person for whom the services were performed. The undersigned is the person performing the services in connection with which the property was transferred.

Dated: _____

[Name]

CHANGE IN CONTROL AND SEVERANCE AGREEMENT

THIS CHANGE IN CONTROL AND SEVERANCE AGREEMENT (this “Agreement”) is made and entered into this day of [], 20[] (the “Effective Date”), by and between CareTrust REIT, Inc., a Maryland corporation for itself and its several subsidiaries and affiliates (collectively the “Company”), and (the “Executive”).

RECITALS

THE PARTIES ENTER INTO THIS AGREEMENT on the basis of the following facts, understandings and intentions:

- A.** The Executive is currently, or in connection herewith will become, employed with the Company, and the Company desires to provide severance benefits to the Executive in the event the Executive’s employment with the Company or its successors terminates under certain circumstances, on the terms and conditions set forth in this Agreement.
- B.** This Agreement shall be effective immediately and shall supersede and negate all previous agreements and understandings with respect to the subject matter hereof, except as expressly noted herein.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals, which are incorporated herein, and the mutual covenants and promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, the parties agree as follows:

1. Defined Terms. Except as otherwise set forth herein, capitalized terms used herein shall have the meanings ascribed thereto in the Company’s Incentive Award Plan. The following terms mean and refer to:

1.1. “Accrued Obligations” means (i) any of the Executive’s base salary from the Company that had accrued but had not been paid (including accrued and unpaid vacation time, subject to the Company’s vacation policies in effect from time to time) on or before the Severance Date; (ii) earned but unpaid incentive compensation due under the Executive Compensation Plan for years prior to the year in which the Severance Date occurs, if any; and (iii) any reimbursement due to the Executive for expenses reasonably incurred by the Executive on or before the Severance Date and documented (and pre-approved to the extent applicable), in accordance with the Company’s expense reimbursement policies in effect at the applicable time.

1.2. “Authorized Retirement” means the voluntary retirement by Executive, provided that Executive (i) is over 58 years old; (ii) has worked in the Company and/or its predecessor or successor(s) for a cumulative period of at least ten (10) years; (iii) affirms in writing that he or she is retiring from full-time employment; (iv) has provided the [Board][Chief Executive Officer] with not less than 120 days prior written notice; and (v) has participated prior to or

during such 120 day period in the recruitment and orientation of his or her replacement, as and to the extent reasonably requested by the [Board][Chief Executive Officer].

1.3. “Award” shall have the meaning given to such term in the Incentive Award Plan.

1.4. “Board” shall mean and refer to the Board of Directors of the Company.

1.5. “Cause” shall have the meaning given to such term in the Incentive Award Plan.

1.6. “Change in Control” shall have the meaning given to such term in the Incentive Award Plan.

1.7. “COBRA” shall mean and refer to the Consolidated Omnibus Budget Reconciliation Act.

1.8. “COBRA Benefits” means the premiums charged pursuant to COBRA to continue the Executive’s medical, dental and vision coverage following a termination, at the same or reasonably equivalent coverage under the group program(s) provided to the Executive (and, if applicable, the Executive’s spouse and eligible dependents) as in effect immediately prior to the Severance Date.

1.9. “Confidential Information” means information that is not generally known to the public and that is used, developed or obtained by the Company or its affiliates in connection with their respective businesses, including, but not limited to, information, observations and data obtained by the Executive while employed by the Company or its affiliates or any predecessors or successors thereof (including those obtained prior to the Effective Date) concerning (i) the business or affairs of the Company or its affiliates (or such predecessors or successors), (ii) products or services, (iii) fees, costs and pricing structures and strategies, (iv) designs, (v) analyses, (vi) drawings, photographs and reports, (vii) computer software, including operating systems, applications and program listings, (viii) flow charts, manuals and documentation, (ix) data bases, (x) accounting and business methods, (xi) inventions, devices, new developments, product roadmaps, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, (xii) customers and clients, customer or client lists, and the preferences of, and negotiations with, customers and clients, (xiii) personnel information of other employees and independent contractors (including their compensation, unique skills, experience and expertise, and disciplinary matters), (xiv) other copyrightable works, (xv) all production methods, processes, technology and trade secrets, and (xvi) all similar and related information in whatever form. Confidential Information will not include any information that has been published (other than a disclosure by the Executive in breach of this Agreement) in a form generally available to the public prior to the date the Executive proposes to disclose or use such information. Confidential Information will not be deemed to have been published merely because individual portions of the information have been separately published, but only if all material features comprising such information have been published in combination.

1.10. “Disability” shall mean and refer to the inability of the Executive to perform the material duties of his or her office due to a physical or mental injury, infirmity or incapacity

which is determined to be permanent, by a physician selected by the Company and reasonably acceptable to the Executive, for one hundred eighty (180) days (inclusive of weekends and holidays) in any 365-day period.

1.11. “Excise Tax” shall mean and refer to the tax imposed under Section 4999 of the Code.

1.12. “Executive Compensation Plan” shall mean and refer to the annual executive compensation plan established by the Compensation Committee of the Board to incentivize and reward the performance of the Company’s management for the compensation year in which the Severance Date occurs, and will typically include target performance objectives set at “Threshold,” “Target” and “High” levels. In the event that this Agreement calls for a calculation of a Severance Benefit based upon the Executive Compensation Plan for the year in which the Severance Date occurs and no such plan has yet been finalized and approved for such year (or if the Executive was not selected as a participant for such year), then notwithstanding anything herein to the contrary such calculation shall be made based upon the last approved Executive Compensation Plan, as if it had been the approved Executive Compensation Plan for the year in which the Severance Date occurs.

1.13. “Good Reason” means the occurrence (without the Executive’s consent) of any one or more of the following conditions: (i) a material reduction in the Executive’s responsibilities resulting in material diminution of his or her position; (ii) a material diminution in the value of Executive’s aggregate annual compensation opportunity, provided that the establishment or periodic amendment of applicable performance objectives or requirements as set by the Compensation Committee of the Board in its sole discretion shall not be considered to have any impact on the value of the Executive’s compensation opportunity; or (iii) a material breach by the Company of any agreement with the Company to which the Executive is a party; provided, however, that any such condition or conditions, as applicable, shall not constitute Good Reason unless both (x) the Executive provides written notice to the Company of the condition(s) claimed to constitute Good Reason within sixty (60) days of the initial existence of such condition(s) (such notice to be delivered in accordance with Section 7), and (y) the Company fails to remedy such condition(s) within thirty (30) days of receiving such written notice thereof; and provided, further, that in all events the termination of the Executive’s employment with the Company shall not constitute a termination for Good Reason unless such termination occurs not more than one hundred twenty (120) days following the initial existence of the condition(s) claimed to constitute Good Reason.

1.14. “Incentive Award Plan” shall mean the CareTrust REIT, Inc. and CTR Partnership, L.P. Incentive Award Plan together with any successor or replacement equity award plan.

1.15. “Indemnification Agreement” means and refers to the indemnification agreement entered into by and between the Company and the Executive and relating to Executive’s service as an officer of the Company.

1.16. “Involuntary Termination” shall mean (i) a termination of the Executive’s employment by the Company without Cause (and other than due to Executive’s death or in connection with a good faith determination by the Board that the Executive has a Disability), or (ii) a resignation by the Executive for Good Reason.

1.17. “Separation from Service” occurs when the Executive dies, retires, or otherwise has a termination of employment with the Company that constitutes a “separation from service” within the meaning of Treasury Regulation Section 1.409A-1(h)(1), without regard to the optional alternative definitions available thereunder.

1.18. “Severance Benefit” shall mean and include, in addition to the standard rights and benefits described in this Agreement, any or all of the “Termination Severance Benefit” described in subsection 2.2, the “Authorized Retirement Benefit” described in subsection 2.3, and the “Change in Control Severance Benefit” described in subsection 2.4, as the context may dictate.

1.19. “Severance Date” means the date on which the Executive’s employment with the Company or its successor ends.

2. Separation from Service.

2.1. General Terms. Except as expressly provided for in this Section 2, if the Executive’s employment with the Company is terminated by the Company or the Executive for any reason, then from and after the Severance Date the Company shall have no further obligation to make or provide to the Executive, and the Executive shall have no further right to receive or obtain from the Company, any payments or benefits, other than such continuing rights and obligations as the Executive and the Company may have pursuant to the Indemnification Agreement, which Indemnification Agreement is hereby reaffirmed and is neither amended, superseded nor terminated by this Agreement or any Separation from Service. Notwithstanding the foregoing, in all cases (i) any payments made hereunder shall be subject to tax withholding and other authorized deductions, and (ii) the Company shall promptly pay or reimburse to the Executive (or, in the event of his or her death or Disability, to the Executive’s estate or custodian, as the case may be):

2.1.1. any and all Accrued Obligations;

2.1.2. any payments or benefits required by law, the Incentive Award Plan, the Executive Compensation Plan or this Agreement; and

2.1.3. to the extent provided for by law, the Executive may elect to receive continued benefits under COBRA (but, for the avoidance of doubt, the Executive shall not be entitled to any payment of COBRA Benefits from the Company except as provided in subsection 2.2, subsection 2.3 and subsection 2.4 below).

2.2. Specific Separation Events. Upon a termination of the Executive’s employment with the Company under the specific circumstances described below, then, in addition to any

reimbursement or benefits to which Executive may be entitled under subsection 2.1 above, Company shall provide the following additional benefits to the Executive, but only under the following terms and conditions:

2.2.1. **Involuntary Termination without Cause.** If the Executive's employment with the Company terminates as a result of an Involuntary Termination without Cause, the Company shall provide the following "Termination Severance Benefits" to the Executive, subject to Section 3:

- 2.2.1.1. pay the Executive, as a severance amount, the sum of (a) [(.)]¹ times the Executive's annual base salary in effect on the Severance Date, plus (b) an amount equal to the Executive's annual short-term cash incentive under the Executive Compensation Plan at the "Target" level for all performance objectives. This severance amount shall be paid to the Executive in a lump sum as soon as practicable following the Severance Date (but in any event not later than March 15 of the following calendar year); and
- 2.2.1.2. provide COBRA Benefits at the Company's expense for not less than 18 full calendar months following the Severance Date, commencing with COBRA Benefits for the month following the month in which the Executive's Separation from Service occurs. Provision of the COBRA Benefits shall automatically end upon the Executive commencing full-time employment with a subsequent employer.

2.2.2. **Termination for Good Reason.** If the Executive's employment with the Company terminates as a result of a termination for Good Reason, the Severance Benefit shall be the same as for an Involuntary Termination without Cause.

2.2.3. **Death or Disability.** The Company shall have the right, at the Company's option and expense, to acquire and maintain a "key man" life, disability and/or similar insurance policy to fund all or part of its obligations under this subsection 2.2.3. If the Executive's employment with the Company terminates as a result of the Executive's death or Disability, the Company shall:

- 2.2.3.1. pay the Executive or the Executive's estate, trustee or custodian, as the case may be, the Executive's target annual short term incentive under the Executive Compensation Plan for the plan year in which the Executive's employment terminates, with such amount to be paid to the Executive in a lump sum as soon as practicable following the Severance Date (but in any event not later than March 15 of the following calendar year); and

¹ Severance multiple to be 2 for CEO and 1 for all other executive officers.

- 2.2.3.2. automatically accelerate the vesting of all of the Executive's unvested Awards as of the Severance Date (with any Awards then subject to performance-based vesting conditions vesting at the target performance level); and
- 2.2.3.3. provide COBRA Benefits at the Company's expense for not less than twelve (12) full calendar months following the Severance Date, commencing with COBRA Benefits for the month following the month in which the Executive's Separation from Service occurs. Provision of the COBRA Benefits shall automatically end upon the Executive commencing full-time employment with a subsequent employer following a termination for Disability.

2.3. Authorized Retirement. If the Executive's employment with the Company terminates as a result of an Authorized Retirement, the Company shall provide the following "Authorized Retirement Benefit" to the Executive, subject to Section 3 and 4.6:

2.3.1. automatically accelerate the vesting of all of the Executive's unvested Awards as of the Severance Date that are subject to vesting conditions based on continued employment, and any Awards then subject to performance-based vesting conditions as of the Severance Date (including Awards subject to a TSR Award Agreement) shall vest and the corresponding shares shall be issued as set forth in the Award Agreement corresponding to such Awards. All accrued but unpaid dividend equivalents shall be paid out on the Severance Date, and all shares vesting hereunder shall be delivered to Executive or Executive's transfer agent on the Severance Date or as promptly thereafter as is practicable; and

2.3.2. provide COBRA Benefits at the Company's expense for not less than 18 full calendar months following the Severance Date, commencing with COBRA Benefits for the month following the month in which the Executive's Separation from Service occurs. Provision of the COBRA Benefits shall automatically end upon the Executive commencing full-time employment with a subsequent employer.

2.4. Change in Control. If the Executive's employment with the Company or its successor(s) terminates as a result of an Involuntary Termination that occurs at any time upon or following a Change in Control, the Company shall, subject to Section 3, provide the following "Change in Control Severance Benefit" to the Executive in lieu of providing the Termination Severance Benefits:

2.4.1. pay the Executive, as a severance amount, $[(_)]^2$ times the sum of (a) the Executive's annual base salary in effect on the Severance Date, plus (b) the Executive's actual average annual short-term cash incentive paid under the Executive Compensation Plan for the three (3) plan years immediately preceding the plan year in which the Executive's Severance Date occurs (or such shorter period that the Executive

² Severance multiple to be 3 for CEO and 2 for all other executive officers.

has been employed). This severance amount shall be paid to the Executive in a lump sum as soon as practicable following the Severance Date (but in any event not later than March 15 of the following calendar year); and

2.4.2. automatically accelerate the vesting of all of the Executive's unvested Awards as of the Severance Date and, for the sake of clarity, any Awards then subject to performance-based vesting conditions (including Awards subject to a TSR Award Agreement) shall vest and the corresponding shares shall be issued as set forth in the Award Agreement corresponding to such Awards. All accrued but unpaid dividend equivalents shall be paid out on the Severance Date, and all shares vesting hereunder shall be delivered to Executive or Executive's transfer agent on the Severance Date or as promptly thereafter as is practicable; and

2.4.3. provide COBRA Benefits at the Company's expense for not less than 18 full calendar months following the Severance Date, commencing with COBRA Benefits for the month following the month in which the Executive's Separation from Service occurs. Provision of the COBRA Benefits shall automatically end upon the Executive commencing full-time employment with a subsequent employer.

2.5. Savings Clause. The foregoing provisions of this Section 2 shall not reduce or otherwise negatively affect: (i) the Executive's receipt of benefits otherwise due terminated employees under group insurance coverage consistent with the terms of the applicable Company welfare benefit plan; (ii) the Executive's rights under the Incentive Award Plan, (iii) the Executive's rights under COBRA; or (iv) the Executive's receipt of benefits otherwise due in accordance with the terms of the Company's 401(k) plan (if any).

3. Release; Limitation of Liability. This Section 3 shall apply notwithstanding anything else contained in this Agreement or any restricted stock, restricted stock unit or other equity-based award agreement to the contrary.

3.1. Release. As a condition precedent to any Company obligation to the Executive to pay or provide Severance Benefits, the Executive shall provide the Company a valid, executed release agreement that shall release the Company, its officers, directors, affiliates and other applicable parties from all known and unknown claims of any kind or nature in a form reasonably acceptable to the Company (the "Release"), and such Release shall have not been revoked by the Executive pursuant to any revocation rights afforded by applicable law. The Company shall provide the form of Release to the Executive not later than fifteen (15) business days following the Severance Date, and the Executive shall be required to execute and return the Release within twenty one (21) days of delivery (or forty-five (45) days if such longer period of time is required to make the Release maximally enforceable under applicable law).

3.2. Exclusive Remedy. The Executive agrees that his or her receipt of the Severance Benefits shall constitute the exclusive and sole remedy for any termination of his or her employment, and the Executive covenants not to assert or pursue any other remedies, at law or in equity, with respect to any termination of employment. For the avoidance of doubt, the Severance Benefits are being provided in lieu of any rights to receive any bonus payment (such

as a pro-rata bonus payment) under the Executive Compensation Plan following any termination of employment where Severance Benefits are payable, and the Executive agrees that he or she shall have no rights to receive any such bonus payments that may be payable under the generally applicable terms of the Executive Compensation Plan. The Company's obligation to deliver Severance Benefits hereunder, if any, shall not affect any set-off, counterclaim, recoupment (other than as provided for in Section 4.6), defense or other claim, right or action which the Company may have against the Executive or others. The Company and the Executive acknowledge and agree that there is no duty of the Executive to mitigate damages under this Agreement. Except as provided above for the COBRA Benefits, all Severance Benefits paid or provided to the Executive shall be paid and provided without regard to whether the Executive has taken or takes actions to mitigate damages, and regardless of whether the Executive seeks or obtains alternate employment. The Executive hereby irrevocably resigns, on the Severance Date, from the Company and any affiliate of the Company, as an officer and director of the Company and any affiliate, and as a fiduciary of any benefit plan of the Company or any affiliate of the Company (in each case, to the extent the Executive then has any such position), and from each and every other position that the Executive may then otherwise hold with the Company or any of its affiliates. The Executive agrees to promptly execute and provide to the Company any further documentation, as requested by the Company (whether before or after the Severance Date), to confirm such resignations.

4. Protective Covenants.

4.1. Confidential Information. The Executive shall not disclose or use at any time, either during the period of his or her employment or thereafter, any Confidential Information of which the Executive is or becomes aware, whether or not such information is developed by him or her, except to the extent that such disclosure or use is directly related to and required by the Executive's performance in good faith of duties for the Company. The Executive will take all appropriate steps to safeguard Confidential Information in his or her possession and to protect it against disclosure, misuse, espionage, loss and theft. The Executive shall deliver to the Company at the termination of the period of employment, or at any time the Company may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof) relating to the Confidential Information of the business of the Company or any of its affiliates which the Executive may then possess or have under his or her control. Notwithstanding the foregoing, the Executive may truthfully respond to a lawful and valid subpoena or other legal process, but shall give the Company the earliest possible notice thereof and shall, as much in advance of the return date as reasonably possible, make available to the Company and its counsel the documents and other information sought, and shall assist the Company and such counsel in resisting or otherwise responding to such process. The Executive understands that nothing in this Agreement is intended to limit the Executive's right (i) to discuss the terms, wages, and working conditions of the Executive's employment to the extent permitted and/or protected by applicable labor laws, (ii) to report Confidential Information in a confidential manner either to a federal, state or local government official or to an attorney where such disclosure is for the purpose of reporting or investigating a suspected violation of law, including disclosures that are protected under the whistleblower provisions of federal law or regulations, or (iii) to disclose Confidential Information in an anti-retaliation lawsuit or other legal proceeding.

so long as that disclosure or filing is made under seal and the Executive does not otherwise disclose such Confidential Information, except pursuant to court order. The Company encourages Executive, to the extent legally permitted, to give the Company the earliest possible notice of any such report or disclosure. Pursuant to the Defend Trade Secrets Act of 2016, the Executive acknowledges that he or she may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of Confidential Information that: (a) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed in a lawsuit or other proceeding, provided that such filing is made under seal. Further, the Executive understands that the Company will not retaliate against him or her in any way for any such disclosure made in accordance with the law. In the event a disclosure is made, and the Executive files any type of proceeding against the Company alleging that the Company retaliated against him or her because of his or her disclosure, the Executive may disclose the relevant Confidential Information to his or her attorney and may use the Confidential Information in the proceeding if (x) the Executive files any document containing the Confidential Information under seal, and (y) the Executive does not otherwise disclose the Confidential Information except pursuant to court or arbitral order.

4.2. Non-Solicitation of Employees and Consultants. While employed and for a period of twenty-four months after the Severance Date, the Executive will not directly or indirectly through any other person (i) induce or attempt to induce any employee or independent contractor of the Company or any affiliate of the Company to leave the employ or service, as applicable, of the Company or such affiliate, or in any way interfere with the relationship between the Company or any such affiliate, on the one hand, and any employee or independent contractor thereof, on the other hand, or (ii) hire any person who was an employee of the Company or any affiliate of the Company until twelve months after such individual's employment relationship with the Company or such affiliate has been terminated.

4.3. Return of Company Property. Upon request by the Company in connection with any termination of employment, the Executive will promptly deliver to the Company all property belonging to the Company then in the Executive's custody, possession or control. The Executive may retain his or her mobile phone number, personal effects located on Company property, all address books and contact data, and any personal data contained in any file, computer, server or storage facility of the Company or to which the Company has access.

4.4. Withholding of Taxes. Notwithstanding anything else herein to the contrary, the Company may withhold (or cause to be withheld, as the case may be) from any amounts otherwise due or payable under or pursuant to this Agreement such federal, state and local income, employment, or other taxes as may be required to be withheld pursuant to any applicable law or regulation.

4.5. Section 280G Excise Tax. Notwithstanding anything contained in this Agreement to the contrary, to the extent that the payments and benefits provided under this Agreement and benefits provided to, or for the benefit of, Executive under any other Company plan or agreement, including, for certainty, any or all of the Severance Benefits, as applicable,

and any benefits under the Incentive Award Plan (collectively, the “Benefits”) would be subject to the Excise Tax, the Benefits shall be reduced (but not below zero) if and to the extent that a reduction in the Benefits would result in Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the Excise Tax), than if Executive received all of the Benefits (such reduced amount is referred to hereinafter as the “Limited Benefit Amount”). The Company shall reduce or eliminate the Benefits by first reducing or eliminating any cash payments, then by reducing or eliminating any accelerated vesting of any equity awards, and then by reducing or eliminating any other Benefits, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the date of the transaction triggering the Excise Tax. The provisions of this subsection 4.5 shall take precedence over the provisions of any other plan, arrangement or agreement governing the Executive’s right and entitlements to any benefits or compensation.

4.6. Clawback. All payments made to Executive by the Company pursuant to this Agreement, the Incentive Award Plan, the Executive Compensation Plan or any other plan or agreement are subject to the terms of the Company’s recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of bonuses or awards or any shares or other cash or property received with respect to the bonuses or awards (including any value received from a disposition of the shares acquired upon payment of the bonuses or equity awards). In addition, if following the Executive’s Authorized Retirement, the Executive breaches the Executive’s affirmation that he or she is retiring from full-time employment and commences full-time employment at any time following the Severance Date, the Executive shall be required to pay back to the Company the after-tax amount of the Authorized Retirement Benefit within 60 days following such breach.

5. Beneficiaries; Successors and Assigns.

5.1. Payment in the Case of Death and Disability. In the event any amount or other benefit is payable or deliverable pursuant to this Agreement following the Executive’s death or Disability, payment and delivery shall be made to (a) in the event of a Disability, to the Executive to the extent the Executive has the capacity to receive amounts and other such benefits, or if the Executive is deceased or lacks capacity, (b) to the trustee of a trust previously identified by the Executive in a formal written directive to the Company, or (c) to the executor of the Executive’s estate or the Executive’s custodian, as the case may be.

5.2. Assignment. This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive’s legal representatives.

5.3. Assumption. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. Without limiting the generality of the preceding sentence, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume and expressly agree to perform this Agreement in the same manner and to

the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, “Company” shall mean the Company as hereinbefore defined and any successor or assignee, as applicable, which assumes and agrees to perform this Agreement by operation of law or otherwise.

6. Arbitration. The Executive and the Company agree that any controversy arising out of or relating to this Agreement, its enforcement or interpretation, or because of an alleged breach, default, or misrepresentation in connection with any of its provisions, or any other controversy arising out of Executive’s employment, including, but not limited to, any state or federal statutory claims, shall be submitted to arbitration in Orange County, California, before a sole arbitrator (the “Arbitrator”) selected from the Judicial Arbitration and Mediation Services, Inc., as the exclusive forum for the resolution of such dispute; provided, however, that provisional injunctive relief may, but need not, be sought by either party to this Agreement in a court of law while arbitration proceedings are pending, and any provisional injunctive relief granted by such court shall remain effective until the matter is finally determined by the Arbitrator. The arbitration shall be conducted in accordance with the laws of the State of California. Final resolution of any dispute through arbitration may include any remedy or relief which the Arbitrator deems just and equitable, including any and all remedies provided by applicable state or federal statutes. At the conclusion of the arbitration, the Arbitrator shall issue a written decision that sets forth the essential findings and conclusions upon which the Arbitrator’s award or decision is based. Any award or relief granted by the Arbitrator hereunder shall be final and binding on the parties hereto and may be enforced by any court of competent jurisdiction. The parties acknowledge and agree that they are hereby waiving any rights to trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other in connection with any matter whatsoever arising out of or in any way connected with this Agreement or Executive’s employment. The parties agree that the Company shall be responsible for payment of the forum costs of any arbitration hereunder, including the Arbitrator’s fee, but that each party shall bear its own attorney’s fees and other expenses.

7. Notices. Any notice provided for in this Agreement must be in writing and must be either personally delivered, transmitted via telecopier, mailed by first class mail (postage prepaid and return receipt requested) or sent by reputable overnight courier service (charges prepaid) to the recipient at the address below indicated or at such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party. Notices will be deemed to have been given hereunder and received when delivered personally, when received if transmitted via telecopier, five days after deposit in the U.S. mail and one day after deposit with a reputable overnight courier service.

If to the Company:

Attention: [Board of Directors] [Chief Executive Officer]
CareTrust REIT, Inc.
24901 Dana Point Harbor Drive, Suite A200
Dana Point, CA 92629

If to the Executive:

to the address most recently on file in the payroll records of the Company, or such other address as the Executive may from time to time designate in writing and deliver to the Company in accordance herewith.

8. Miscellaneous.

8.1. Number and Gender; Examples. Where the context requires, the singular shall include the plural, the plural shall include the singular, and any gender shall include all other genders. Where specific language is used to clarify by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates.

8.2. At-Will Employment. The parties agree that the Executive's employment with the Company constitutes "at-will" employment and may be terminated at any time, with or without cause or notice, by the Company or the Executive. The Executive understands and agrees that neither the Executive's job performance nor promotions, commendations, bonuses or the like (in each case, if any) from the Company give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of the Executive's employment with the Company.

8.3. Section Headings. The section headings of, and titles of paragraphs and subparagraphs contained in, this Agreement are for the purpose of convenience only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation thereof.

8.4. Governing Law. This Agreement shall be deemed to have been executed and delivered within the State of California, and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and governed by, the laws of the State of California without regard to principles of conflict of laws.

8.5. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provisions or applications and to this end the provisions of this Agreement are declared to be severable.

8.6. Survival. This Agreement shall survive any Separation from Service by Executive (including without limitation for Executive's death or Disability), any Change in Control of the Company, and any bankruptcy, dissolution, merger or other disposition of the Company or its assets. If the Company is not the surviving entity in any Change of Control transaction, the Company shall require the successor to assume this Agreement in connection with any Change in Control.

8.7. Entire Agreement. This Agreement (and the other documents referred to herein) embodies the entire agreement of the parties hereto respecting the matters within its scope. This Agreement supersedes any prior Change in Control and Severance Agreement entered into

between the Company and Executive and all prior and contemporaneous agreements of the parties hereto that directly or indirectly bears upon the subject matter hereof. Any prior negotiations, correspondence, agreements, proposals or understandings relating to the subject matter hereof shall be deemed to have been merged into this Agreement, and to the extent inconsistent herewith, such negotiations, correspondence, agreements, proposals, or understandings shall be deemed to be of no force or effect. There are no representations, warranties, or agreements, whether express or implied, or oral or written, with respect to the subject matter hereof, except as expressly set forth herein. Notwithstanding anything above in this subsection 8.7 to the contrary, and for purposes of clarity, any written equity award agreement evidencing the terms and conditions of an equity award granted by the Company to the Executive (as to such award only), as well as the Company's rights under any trade secret, confidentiality, inventions or similar agreement or policy, are not integrated into this Agreement and shall continue in effect.

8.8. Modifications. This Agreement may not be amended, modified or changed (in whole or in part), except by a formal, definitive written agreement which is executed by both of the parties hereto; provided, however, that any such subsequent agreement that would contract the Executive's rights under this Agreement must expressly refer to this Agreement in order for it to amend, modify or change (in whole or in part) the Executive's rights under this Agreement.

8.9. Waiver. No waiver of any breach of any term or provision of this Agreement shall be construed to be, nor shall be, a waiver of any other breach of this Agreement. No waiver shall be binding unless in writing and signed by the party giving such waiver.

8.10. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which together shall constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories. Photographic copies of such signed counterparts may be used in lieu of the originals for any purpose.

8.11. Legal Counsel; Mutual Drafting. Each party recognizes that this is a legally binding contract and acknowledges and agrees that they have had the opportunity to consult with legal counsel of their choice. Each party has cooperated in the drafting, negotiation and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against either party on the basis of that party being the drafter of such language. The Executive agrees and acknowledges that he or she has read and understands this Agreement, is entering into it freely and voluntarily, and has been advised to seek counsel prior to entering into this Agreement and has had ample opportunity to do so.

8.12. Section 409A.

8.12.1. It is intended that any amounts payable under this Agreement shall either be exempt from or comply with Section 409A of the Code (including the Treasury regulations and other published guidance relating thereto) ("Code Section 409A") so as not to subject the Executive to payment of any additional tax, penalty or interest imposed

under Code Section 409A. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the Executive.

8.12.2. If the Executive is a “specified employee” within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the Executive’s Separation from Service, the Executive shall not be entitled to any payment or benefit pursuant to Section 2 until the earlier of (i) the date which is six (6) months after his or her Separation from Service for any reason other than death, or (ii) the date of the Executive’s death. The provisions of this subsection 8.12 shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Code Section 409A. Any amounts otherwise payable to the Executive upon or in the six (6) month period following the Executive’s Separation from Service that are not so paid by reason of this subsection 8.12 shall be paid (without interest) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after the Executive’s Separation from Service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of the Executive’s death).

8.12.3. To the extent that any benefits or reimbursements pursuant to this Agreement are taxable to the Executive, any reimbursement payment due to the Executive pursuant to this Agreement shall be paid to the Executive on or before the last day of the Executive’s taxable year following the taxable year in which the related expense was incurred. The benefits and reimbursements pursuant to this Agreement are not subject to liquidation or exchange for another benefit and the amount of such benefits and reimbursements that the Executive receives in one taxable year shall not affect the amount of such benefits or reimbursements that the Executive receives in any other taxable year. The Executive agrees to promptly submit to the Company receipts and any other documentation reasonably required to substantiate any such benefits and reimbursements in order to facilitate the timely payment or reimbursement of the same.

[The remainder of this page has intentionally been left blank.]

IN WITNESS WHEREOF, the Company and the Executive have executed this Agreement as of the Effective Date.

“COMPANY”

CARETRUST REIT, INC.,
a Maryland corporation, for itself and its
several subsidiaries and affiliates

By: __
Name: __
Title: __

“EXECUTIVE”

[NAME]

**SECOND AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT
AND GUARANTY AGREEMENT**

This Second Amendment to Third Amended and Restated Credit and Guaranty Agreement (this “Amendment”) is made as of this 14th day of January, 2026, 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 as amended hereby shall have the same meaning herein.

WITNESSETH:

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 Third Amended and Restated Credit and Guaranty Agreement dated as of December 18, 2024, as amended by that First Amendment to Third Amended and Restated Credit and Guaranty Agreement dated as of May 30, 2025 (collectively, 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. The definition of “Permitted Encumbrances” in Section 1.1 of the Credit Agreement is hereby amended by (a) inserting “and” at the end of clause (viii) thereof and inserting new clause (ix) as follows:

“(ix) Liens in favor of the Loan Parties, or in favor of Persons wholly owned (directly or indirectly) by any Loan Party, on assets located in the United Kingdom, or on equity interests of any Person that owns such assets or is the direct or indirect owner of the equity interests of any such Person that owns such assets, securing intercompany Indebtedness among the Loan Parties, among the Loan Parties and their Subsidiaries or among Subsidiaries of the Loan Parties, which intercompany Indebtedness is advanced to Subsidiaries of the Borrower that own assets in the United Kingdom.”

and (b) amending and restating the proviso after the end of clause (ix) in its entirety as follows: “provided that the term “Permitted Encumbrances” shall not include any Lien securing Indebtedness except as permitted by clause (ix) above.”

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

(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.

(c) The execution, delivery and performance by each Loan Party of this Amendment have been duly authorized by all necessary organizational action of each Loan Party. This Amendment has been duly executed and delivered by each Loan Party and constitutes the valid and binding obligations of each Loan Party, enforceable against it in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(d) The execution, delivery and performance by each Loan Party of this Amendment (i) do not require any consent or approval of, registration or filing with, or any action by, any Governmental Authority, (ii) will not violate any Requirement of Law applicable to any Loan Party, or any judgment, order or ruling of any Governmental Authority, (iii) will not violate or result in a default under any Contractual Obligation of any Loan Party, and (iv) will not result in the creation or imposition of any Lien on any asset of any Loan Party, except, in each case, as would not reasonably be expected to result in a Material Adverse Effect.

3. Conditions to Effectiveness. This Amendment shall not be effective (the "Second 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 Required 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.

(c) Administrative Agent shall have received payment of all fees, expenses and other amounts due and payable on or prior to the Second Amendment Effective Date, including, without limitation, reimbursement or payment of all reasonable and

documented out-of-pocket expenses of the Administrative Agent, the Lead Arrangers and their Affiliates required to be reimbursed or paid by the Borrower under the Credit Agreement, under any other Loan Document and under any agreement with the Administrative Agent or the Lead Arrangers, in each case, to the extent that a detailed invoice is delivered to the Borrower at least one (1) Business Day prior to the Second Amendment Effective Date.

(d) 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. The execution, delivery and performance of this Amendment shall not, except as expressly provided herein, constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of Administrative Agent or any Lender under the Credit Agreement or any of the other Loan Documents.

7. On and after the Second Amendment Effective Date, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof”, “herein” or words of like import referring to the Credit Agreement and each reference in the other Loan Documents to “Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by this Amendment.

8. 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/ David Sedgwick

Name: David Sedgwick

Title: President and Chief Executive Officer

CARETRUST REIT, INC., a Maryland corporation

By: /s/ David Sedgwick

Name: David Sedgwick

Title: President and Chief Executive Officer

CARETRUST CAPITAL CORP., a Delaware corporation

By: /s/ David Sedgwick

Name: David Sedgwick

Title: President and Chief Executive Officer

CTRE JV HOLDCO LLC, a Delaware limited liability company

By: CTR Partnership, L.P., its sole member

By: CareTrust GP, LLC, its general partner

By: CareTrust REIT, Inc., its sole member

By: /s/ David Sedgwick

Name: David Sedgwick

Title: President and Chief Executive Officer

[Signature Page to Second Amendment to Third A&R Credit and Guaranty Agreement]

CARETRUST GP, LLC
GULF COAST BUYER 1 LLC
1070 OLD OCEAN HIGHWAY LLC
86 OLD AIRPORT ROAD LLC
7166 JORDAN ROAD LLC
1930 WEST SUGAR CREEK ROAD LLC
3514 SIDNEY ROAD LLC
CTRE 2024 PA HOLDINGS, LLC
PA HOLDCO 1 BETHEL PARK LLC
PA HOLDCO 1 CANONSBURG LLC
PA HOLDCO 1 MONROEVILLE LLC
PA HOLDCO 1 WHITEHALL LLC
PA HOLDCO 2 BETHEL PARK LLC
PA HOLDCO 2 CANONSBURG LLC
PA HOLDCO 2 MONROEVILLE LLC
PA HOLDCO 2 WHITEHALL LLC
60 HIGHLAND ROAD PA OWNER LLC
113 WEST MCMURRAY ROAD PA OWNER LLC
885 MACBETH DRIVE PA OWNER LLC
505 WEYMAN ROAD PA OWNER LLC, each a Delaware limited liability company

By: /s/ David Sedgwick
Name: David Sedgwick
Title: President and Chief Executive Officer

[Signature Page to Second Amendment to Third A&R Credit and Guaranty Agreement]

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,
each a Nevada limited liability company

By: /s/ David Sedgwick
Name: David Sedgwick
Title: President and Chief Executive Officer

[Signature Page to Second Amendment to Third A&R Credit and Guaranty Agreement]

GRANADA INVESTMENTS LLC
GUADALUPE HEALTH HOLDINGS LLC
HILLEDAHL HEALTH HOLDINGS LLC
HILLVIEW HEALTH HOLDINGS LLC
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
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,
each a Nevada limited liability company

By: /s/ David Sedgwick
Name: David Sedgwick
Title: President and Chief Executive Officer

[Signature Page to Second Amendment to Third A&R Credit and Guaranty Agreement]

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
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/ David Sedgwick
Name: David Sedgwick
Title: President and Chief Executive Officer

[Signature Page to Second Amendment to Third A&R Credit and Guaranty Agreement]

160 NORTH PATTERSON, LLC
4075 54TH STREET, LLC
8665 LA MESA BOULEVARD, LLC
7039 ALONDRA BOULEVARD, LLC
10625 LEFFINGWELL ROAD, LLC,
each a California limited liability company

By: /s/ David Sedgwick
Name: David Sedgwick
Title: President and Chief Executive Officer

[Signature Page to Second Amendment to Third A&R Credit and Guaranty Agreement]

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

By: /s/ Eric Hafertepen
Name: Eric Hafertepen
Title: Senior Vice President

[Signature Page to Second Amendment to Third A&R Credit and Guaranty Agreement]

BMO BANK N.A., as a Lender

By: /s/ Darin Mainquist
Name: Darin Mainquist
Title: Managing Director

[Signature Page to Second Amendment to Third A&R Credit and Guaranty Agreement]

RAYMOND JAMES BANK, as a Lender

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

[Signature Page to Second Amendment to Third A&R Credit and Guaranty Agreement]

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender

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

[Signature Page to Second Amendment to Third A&R Credit and Guaranty Agreement]

THE HUNTINGTON NATIONAL BANK, as a Lender

By: /s/ Michael J. Kinnick

Name: Michael J. Kinnick

Title: Senior Vice President

[Signature Page to Second Amendment to Third A&R Credit and Guaranty Agreement]

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

By: /s/ Jason Baeten

Name: Jason Baeten

Title: Executive Director

[Signature Page to Second Amendment to Third A&R Credit and Guaranty Agreement]

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

By: /s/ Darren Merten

Name: Darren Merten

Title: Director

[Signature Page to Second Amendment to Third A&R Credit and Guaranty Agreement]

MORGAN STANLEY BANK, N.A., as a Lender

By: /s/ Gretell Merlo
Name: Gretell Merlo
Title: Authorized Signatory

[Signature Page to Second Amendment to Third A&R Credit and Guaranty Agreement]

M&T BANK, as a Lender

By:/s/ Cameron Daboll
Name: Cameron Daboll
Title: SVP / Director

[Signature Page to Second Amendment to Third A&R Credit and Guaranty Agreement]

ROYAL BANK OF CANADA, as a Lender

By: /s/ William Behuniak
Name: William Behuniak
Title: Authorized Signatory

[Signature Page to Second Amendment to Third A&R Credit and Guaranty Agreement]

LIST OF SUBSIDIARIES OF CARETRUST REIT, INC.

	<u>Entity Name</u>	<u>Jurisdiction of Organization or Formation</u>
1.	CareTrust GP, LLC	Delaware
2.	CTR Partnership, L.P.	Delaware
3.	CareTrust Capital Corp.	Delaware
4.	18th Place Health Holdings LLC	Nevada
5.	49th Street Health Holdings LLC	Nevada
6.	4th Street Holdings LLC	Nevada
7.	51st Avenue Health Holdings LLC	Nevada
8.	Anson Health Holdings LLC	Nevada
9.	Arapahoe Health Holdings LLC	Nevada
10.	Arrow Tree Health Holdings LLC	Nevada
11.	Avenue N Holdings LLC	Nevada
12.	Big Sioux River Health Holdings LLC	Nevada
13.	Boardwalk Health Holdings LLC	Nevada
14.	Bogardus Health Holdings LLC	Nevada
15.	Burley Healthcare Holdings LLC	Nevada
16.	Casa Linda Retirement LLC	Nevada
17.	Cedar Avenue Holdings LLC	Nevada
18.	Cherry Health Holdings LLC	Nevada
19.	CM Health Holdings LLC	Nevada
20.	Cottonwood Health Holdings LLC	Nevada
21.	Dallas Independence LLC	Nevada
22.	Dixie Health Holdings LLC	Nevada
23.	Emmett Healthcare Holdings LLC	Nevada
24.	Ensign Bellflower LLC	Nevada
25.	Ensign Highland LLC	Nevada
26.	Ensign Southland LLC	Nevada
27.	Everglades Health Holdings LLC	Nevada
28.	Expo Park Health Holdings LLC	Nevada
29.	Expressway Health Holdings LLC	Nevada
30.	Falls City Health Holdings LLC	Nevada
31.	Fifth East Holdings LLC	Nevada
32.	Fig Street Health Holdings LLC	Nevada
33.	Flamingo Health Holdings LLC	Nevada
34.	Fort Street Health Holdings LLC	Nevada
35.	Gazebo Park Health Holdings LLC	Nevada
36.	Gillette Park Health Holdings LLC	Nevada
37.	Golfview Holdings LLC	Nevada

38.	Granada Investments LLC	Nevada
39.	Guadalupe Health Holdings LLC	Nevada
40.	Gulf Coast Buyer 1 LLC	Delaware
41.	Hillendahl Health Holdings LLC	Nevada
42.	Hillview Health Holdings LLC	Nevada
43.	Irving Health Holdings LLC	Nevada
44.	Ives Health Holdings LLC	Nevada
45.	Jefferson Ralston Holdings LLC	Nevada
46.	Jordan Health Properties LLC	Nevada
47.	Josey Ranch Healthcare Holdings LLC	Nevada
48.	Kings Court Health Holdings LLC	Nevada
49.	Lafayette Health Holdings LLC	Nevada
50.	Lemon River Holdings LLC	Nevada
51.	Lockwood Health Holdings LLC	Nevada
52.	Long Beach Health Associates LLC	Nevada
53.	Lowell Health Holdings LLC	Nevada
54.	Lowell Lake Health Holdings LLC	Nevada
55.	Lufkin Health Holdings LLC	Nevada
56.	Meadowbrook Health Associates LLC	Nevada
57.	Memorial Health Holdings LLC	Nevada
58.	Mesquite Health Holdings LLC	Nevada
59.	Mission CCRC LLC	Nevada
60.	Moenium Holdings LLC	Nevada
61.	Mountainview Communitycare LLC	Nevada
62.	Northshore Healthcare Holdings LLC	Nevada
63.	Oleson Park Health Holdings LLC	Nevada
64.	Orem Health Holdings LLC	Nevada
65.	Paredes Health Holdings LLC	Nevada
66.	Plaza Health Holdings LLC	Nevada
67.	Polk Health Holdings LLC	Nevada
68.	Prairie Health Holdings LLC	Nevada
69.	Price Health Holdings LLC	Nevada
70.	Queen City Health Holdings LLC	Nevada
71.	Queensway Health Holdings LLC	Nevada
72.	RB Heights Health Holdings LLC	Nevada
73.	Regal Road Health Holdings LLC	Nevada
74.	Renee Avenue Health Holdings LLC	Nevada
75.	Rillito Holdings LLC	Nevada
76.	Rio Grande Health Holdings LLC	Nevada
77.	Salmon River Health Holdings LLC	Nevada
78.	Salt Lake Independence LLC	Nevada

79.	San Corrine Health Holdings LLC	Nevada
80.	Saratoga Health Holdings LLC	Nevada
81.	Silver Lake Health Holdings LLC	Nevada
82.	Silverada Health Holdings LLC	Nevada
83.	Sky Holdings AZ LLC	Nevada
84.	Snohomish Health Holdings LLC	Nevada
85.	South Dora Health Holdings LLC	Nevada
86.	Stillhouse Health Holdings LLC	Nevada
87.	Temple Health Holdings LLC	Nevada
88.	Tenth East Holdings LLC	Nevada
89.	Terrace Holdings AZ LLC	Nevada
90.	Trinity Mill Holdings LLC	Nevada
91.	Trousdale Health Holdings LLC	Nevada
92.	Tulalip Bay Health Holdings LLC	Nevada
93.	Valley Health Holdings LLC	Nevada
94.	Verde Villa Holdings LLC	Nevada
95.	Wayne Health Holdings LLC	Nevada
96.	Willits Health Holdings LLC	Nevada
97.	Willows Health Holdings LLC	Nevada
98.	Wisteria Health Holdings LLC	Nevada
99.	CTR Arvada Preferred, LLC	Delaware
100.	CTR Cascadia Preferred, LLC	Delaware
101.	160 North Patterson Avenue, LLC	California
102.	4075 54th Street, LLC	California
103.	8665 La Mesa Boulevard, LLC	California
104.	7039 Alondra Boulevard, LLC	California
105.	10625 Leffingwell Road, LLC	California
106.	Serento Holding Company, LLC*	Delaware
107.	17803 Imperial Hwy, LLC*	California
108.	1740 San Dimas, LLC*	California
109.	CTRE Vista JV, LLC*	Delaware
110.	247 E. Bobier Drive, LLC*	California
111.	Pacific SNF Holding Company, LLC*	Delaware
112.	Morgan Hills 370 Realty LLC*	California
113.	Capitola 1935 Realty LLC*	California
114.	2985 N. G. Street Holding, LLC*	Delaware
115.	2985 N. G. Street PropCo, LLC*	California
116.	Lakewest SNF Realty, LLC*	Texas
117.	Alamitos Katella Holding Company, LLC*	Delaware
118.	3902 Katella Avenue, LLC*	California
119.	3952 Katella Avenue, LLC*	California

120.	8170 Murray Holding Company, LLC*	Delaware
121.	8170 Murray PropCo, LLC*	California
122.	CTRE EA TN HoldCo, LLC*	Delaware
123.	1900 Parr Avenue TN LLC*	Delaware
124.	2031 Avondale Street TN LLC*	Delaware
125.	800 Volunteer Drive TN LLC*	Delaware
126.	1536 Appling Care Lane TN LLC*	Delaware
127.	5070 Sanderlin Avenue TN LLC*	Delaware
128.	765 Bert Johnston Avenue TN LLC*	Delaware
129.	45 Forest Cove TN LLC*	Delaware
130.	121 Physicians Dr TN LLC*	Delaware
131.	597 West Forest Avenue TN LLC*	Delaware
132.	1513 N 2 nd Street TN LLC*	Delaware
133.	5275 Millennium Drive AL LLC*	Delaware
134.	1245 E College St TN LLC*	Delaware
135.	7424 Middlebrook Pike TN LLC*	Delaware
136.	7512 Middlebrook Pike TN LLC*	Delaware
137.	460 Hannings Lane TN LLC*	Delaware
138.	1630 E Reelfoot Ave TN LLC*	Delaware
139.	900 Professional Park Drive TN LLC*	Delaware
140.	119 Kittrell Street TN LLC*	Delaware
141.	444 One Eleven Place TN LLC*	Delaware
142.	4343 Ashland City Highway TN LLC*	Delaware
143.	2650 North Mt Juliet Road TN LLC*	Delaware
144.	202 East Mtcs Road TN LLC*	Delaware
145.	813 S Dickerson Rd TN LLC*	Delaware
146.	895 Powers Blvd TN LLC*	Delaware
147.	704 Dupree Road TN LLC*	Delaware
148.	175 Hospital Drive TN LLC*	Delaware
149.	727 East Church Street TN LLC*	Delaware
150.	835 East Poplar Avenue TN LLC*	Delaware
151.	1070 Old Ocean Highway LLC	Delaware
152.	86 Old Airport Road LLC	Delaware
153.	7166 Jordan Road LLC	Delaware
154.	1930 West Sugar Creek Road LLC	Delaware
155.	3514 Sidney Road LLC	Delaware
156.	CTRE Loma Linda JV, LLC	Delaware
157.	CTRE 2024 PA Holdings, LLC	Delaware
158.	PA HoldCo 1 Bethel Park LLC	Delaware
159.	PA HoldCo 2 Bethel Park LLC	Delaware
160.	60 Highland Road PA Owner LLC	Delaware

161.	PA HoldCo 1 Canonsburg LLC	Delaware
162.	PA HoldCo 2 Canonsburg LLC	Delaware
163.	113 West McMurray Road PA Owner LLC	Delaware
164.	PA HoldCo 1 Monroeville LLC	Delaware
165.	PA HoldCo 2 Monroeville LLC	Delaware
166.	885 MacBeth Drive PA Owner LLC	Delaware
167.	PA HoldCo 1 Whitehall LLC	Delaware
168.	PA HoldCo 2 Whitehall LLC	Delaware
169.	505 Weyman Road PA Owner LLC	Delaware
170.	CTRE JV HoldCo LLC	Delaware
171.	1350 Reche Road Holding Company LLC*	Delaware
172.	1350 Reche Road LLC*	California
173.	Valle Vista and Crestview Holding Company, LLC*	Delaware
174.	1025 West 2 nd Avenue LLC*	California
175.	350 South Vine Street LLC*	California
176.	CTRE EA PNW Holdco, LLC*	Delaware
177.	140 S Marion Ave WA LLC*	Delaware
178.	1116 E Lauridsen Blvd WA LLC*	Delaware
179.	2701 Clare Ave WA LLC*	Delaware
180.	21400 72 nd Ave W WA LLC*	Delaware
181.	650 West Hemlock St WA LLC*	Delaware
182.	495 N 13 th Ave WA LLC*	Delaware
183.	1310 NW Deane WA LLC*	Delaware
184.	75 Shore Dr OR Propco LLC*	Delaware
185.	2200 Ironwood Pl ID LLC*	Delaware
186.	210 West Lacrosse Ave ID LLC*	Delaware
187.	2830 I Street NE WA LLC*	Delaware
188.	CTRE PropCo HoldCo, LLC	Delaware
189.	CTRE JV OpCo HoldCo, LLC	Delaware
190.	CTRE OpCo HoldCo, LLC	Delaware
191.	CTRE PropCo TX Venture, LLC*	Delaware
192.	4701 Ratcliffe Drive PropCo, LLC*	Delaware
193.	2760 West Walker Street PropCo, LLC*	Delaware
194.	3151 Southfork Parkway PropCo, LLC*	Delaware
195.	CTRE OpCo TX Venture, LLC*	Delaware
196.	CTRE HoldCo TX Venture, LLC*	Delaware
197.	4701 Ratcliffe Drive OpCo, LLC*	Delaware
198.	2760 West Walker Street OpCo, LLC*	Delaware
199.	3151 Southfork Parkway OpCo, LLC*	Delaware
200.	CR Red Sub REIT LLC	Delaware
201.	CR United Holdco LLC	Delaware

202.	CR United (Jersey) Limited	Jersey
203.	CR United Bidco Limited	United Kingdom
204.	CareTrust UK Limited (f/k/a Care REIT PLC)	United Kingdom
205.	Impact Holdco 1 Ltd	United Kingdom
206.	Impact Finance 1 Ltd	United Kingdom
207.	Impact Property 1 Ltd	United Kingdom
208.	Impact Property 2 Ltd	United Kingdom
209.	Impact Holdco 2 Ltd	United Kingdom
210.	Impact Finance 2 Ltd	United Kingdom
211.	Impact Property 3 Ltd	United Kingdom
212.	Romney Care Home Ltd	United Kingdom
213.	Impact Holdco 3 Ltd	United Kingdom
214.	Impact Finance 3 Ltd	United Kingdom
215.	Impact Property 4 Ltd	United Kingdom
216.	Butterfly Cumbria Properties Ltd	United Kingdom
217.	Impact Holdco 4 Ltd	United Kingdom
218.	Impact Finance 4 Ltd	United Kingdom
219.	Impact Property 7 Ltd	United Kingdom
220.	Impact Holdco 5 Ltd	United Kingdom
221.	Impact Finance 5 Ltd	United Kingdom
222.	Impact Property 8 Ltd	United Kingdom
223.	Welford Bidco 2 Midco Ltd	United Kingdom
224.	Welford Bidco 4 Midco Ltd	United Kingdom
225.	Eastleigh Care Group Limited	United Kingdom
226.	Woodleigh Christian Care Home Limited	United Kingdom
227.	Impact Property 5 Ltd	United Kingdom
228.	Carleton Hall (Lowestoft) Ltd	United Kingdom
229.	Impact Property 6 Ltd	United Kingdom
230.	Abingdon Manor Care Centre Limited	United Kingdom
231.	Prestige Care (Auguste Communities) Limited	United Kingdom
232.	Henry Newton Care Ltd	United Kingdom
233.	Kingdom Finco 1 Limited	United Kingdom
234.	Kingdom Homes Limited	United Kingdom
235.	Barrogil Limited	United Kingdom
236.	Larne Care Centre Limited	United Kingdom
237.	Larne C C Limited	United Kingdom
238.	Alphacare Management Services No. 2 Limited	United Kingdom
239.	Welford Bidco 5 Midco Ltd	United Kingdom
240.	Morris Care Ltd	United Kingdom
241.	Rosefield Care Limited	United Kingdom
242.	Amicura Cleveland Park Limited	United Kingdom

243.	Amicura Scarborough Limited	United Kingdom
244.	Amicura Nuneaton Limited	United Kingdom
245.	Roseway Care Limited	United Kingdom
246.	Amicura Knottingley Limited	United Kingdom
247.	Absolute Healthcare North Limited	United Kingdom

* Subsidiaries held through a joint venture.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statement No. 333-269998 on Form S-3 and Registration Statement No. 333-196634 on Form S-8 of our reports dated February 12, 2026, relating to the financial statements of CareTrust REIT, Inc., and the effectiveness of CareTrust REIT Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2025.

/s/ Deloitte & Touche LLP

Costa Mesa, California
February 12, 2026

CERTIFICATION

I, David M. Sedgwick, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: February 12, 2026

CERTIFICATION

I, Derek J. Bunker, certify that:

1. I have reviewed this Annual Report on Form 10-K 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/ Derek J. Bunker

Derek J. Bunker
Chief Financial Officer and Treasurer

Date: February 12, 2026

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 Annual Report on Form 10-K of CareTrust REIT, Inc. (the “Company”) for the fiscal year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), David M. Sedgwick, President and Chief Executive Officer of the Company, and Derek J. Bunker, 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: February 12, 2026

/s/ Derek J. Bunker

Name: Derek J. Bunker
Title: Chief Financial Officer and Treasurer
Date: February 12, 2026

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, and it is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.