CareTrust REIT, Inc.
Form 424B5
August 14, 2015
Table of Contents

Filed Pursuant to Rule 424(b)(5)

Registration No. 333-204594

PROSPECTUS SUPPLEMENT

(To prospectus dated June 19, 2015)

14,200,000 Shares

CareTrust REIT, Inc.

Common Stock

We are offering 14,200,000 shares of our common stock, par value $0.01 per share (our common stock). Some members of our management and board of directors are purchasing shares of our common stock in this offering.

Our common stock is traded on the NASDAQ Global Select Market under the symbol CTRE. The last sale price for our common stock on August 12, 2015, as reported on the NASDAQ Global Select Market (NASDAQ), was $11.05 per share.

We intend to elect to be taxed and intend to qualify as a real estate investment trust (REIT) for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2014. To assist us in qualifying as a REIT, among other purposes, our Articles of Amendment and Restatement (our charter) contain certain restrictions relating to the ownership and transfer of our stock, including provisions generally restricting a stockholder from owning more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of our common stock, and generally restricting a stockholder from owning more than 9.8% in value of the outstanding shares of all classes or series of our capital stock. See Description of Capital Stock Restrictions on Transfer and Ownership of CareTrust Stock in the accompanying prospectus.

We are an emerging growth company under the federal securities laws and, therefore, are subject to reduced reporting requirements. Investing in our common stock involves risks. See Risk Factors beginning on page S-16 of this prospectus supplement and page 3 of the accompanying prospectus and the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference into this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

	Per share	**Total**
Public offering price	$ 10.5000	$ 149,100,000
Underwriting discount	$ 0.4725	$ 6,709,500
Proceeds to us, before expenses	$ 10.0275	$ 142,390,500

The underwriters may also purchase up to an additional 2,130,000 shares of common stock from us, at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement.

Delivery of the shares of common stock is expected to be made in New York, New York on or about August 18, 2015.

Joint Book-Running Managers

KeyBanc Capital Markets **Raymond James** **BMO Capital Markets**

Barclays **RBC Capital Markets**

Co-Managers

Canaccord Genuity **Fifth Third Securities**

The date of this prospectus supplement is August 12, 2015.

Table of Contents

You should rely only on the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus and, if applicable, any free writing prospectus that we have authorized for use in connection with this offering. We have not, and the underwriters have not, authorized anyone to provide you with information that is different. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that other may give. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus that we have authorized for use in connection with this offering is accurate only as of their respective dates and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since those dates.

We are not, and the underwriters are not, making an offer to sell the securities described in this prospectus supplement in any jurisdiction in which an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make an offer or solicitation. Neither this prospectus supplement nor the accompanying prospectus constitutes an offer, or an invitation on our behalf or on behalf of the underwriters or any agents, to subscribe for and purchase any of the securities and may not be used for or in connection with any offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. This prospectus supplement also adds to, updates and changes information contained in the accompanying prospectus. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. The accompanying prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (SEC) using a shelf registration statement. Under the shelf registration statement, from time to time, we may offer and sell warrants, common stock or preferred stock, or any combination thereof, in one or more offerings.

It is important that you read and consider all of the information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents to which we have referred you in Incorporation of Certain Information by Reference on page S-iv of this prospectus supplement and Where You Can Find More Information on page S-36 of this prospectus supplement.

In this prospectus supplement, unless otherwise indicated herein or the context otherwise indicates the terms CareTrust, we, us, our and the Company refer to CareTrust REIT, Inc., together with its consolidated subsidiarie With respect to REIT matters, we, our and us refer only to CareTrust REIT, Inc. and not to its consolidated subsidiaries. References to Ensign generally refer to The Ensign Group, Inc. and its consolidated subsidiaries, unless the context requires otherwise. References to pro forma or on a pro forma basis refer to giving pro forma effect to the Transactions, the Recent Acquisitions, the Refinancing Transaction, the Liberty Acquisition (each term as defined below) and this offering and the use of net proceeds therefrom as described in the sections entitled Prospectus Supplement Summary Summary Historical and Pro Forma Financial Data and Unaudited Pro Forma Consolidated and Combined Financial Statements.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference may constitute forward-looking statements. 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, shou similar expressions, or the negative of these terms, are intended to identify such forward-looking statements. These statements are based on management s current expectations and beliefs and are subject to a number of risks and uncertainties that could lead to actual results differing materially from those projected, forecasted or expected. Although we believe that the assumptions underlying the forward-looking statements are reasonable, we can give no assurance that our expectations will be attained. Factors which could have a material adverse effect on our operations and future prospects or which could cause actual results to differ materially from our expectations include, but are not limited to:

the ability and willingness of our tenants to meet and/or perform their financial and other obligations under their respective Master Leases (as defined below), including the Ensign Master Leases (as defined below), including their respective obligations to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities;

the ability of our tenants to comply with laws, rules and regulations in the operation of the properties we lease to them;

the ability and willingness of our tenants to renew their leases with us upon their expiration, and the ability to reposition our properties on the same or better terms in the event of nonrenewal or in the event we replace an existing tenant, and obligations, including indemnification obligations, we may incur in connection with the replacement of an existing tenant;

the ability and willingness of the seller in the Liberty Acquisition (as defined below) to complete the sale of the portfolio and to comply with its obligations to us and the new operator under its contractual arrangements with us and them, before, during and after the closing of the Liberty Acquisition, as well as the ability and willingness of the new operator to obtain the requisite licensure and certifications to operate the Liberty Portfolio (as defined below), and to fulfill its obligations under such contractual arrangements before, during and after the closing;

the availability of, and the ability of our management to identify, suitable acquisition opportunities and to acquire and lease some of such properties on favorable terms;

the ability and willingness of Ensign to meet and/or perform its remaining obligations under the other contractual arrangements that it entered into with us in connection with our Spin-Off (as defined below) from Ensign in 2014, and any of its obligations thereunder to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities;

the ability to achieve some or all of the remaining benefits that we expected to achieve from the Spin-Off;

the ability to generate sufficient cash flows to service our outstanding indebtedness;

access to debt and equity capital markets;

fluctuating interest rates;

the ability to retain our key management personnel;

the ability to qualify or maintain our status as a REIT;

changes in the U.S. tax law and other state, federal or local laws, whether or not specific to REITs; and

other risks inherent in the real estate business, including potential liability relating to environmental matters and illiquidity of real estate investments.

We urge you to carefully consider these risks and review the additional disclosures we make concerning risks and other factors that may materially affect the outcome of our forward-looking statements and our future business and operating results, including those made under Risk Factors in this prospectus supplement and under Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2014, as such risk factors may be amended, supplemented or superseded from time to time by other reports we file with the SEC in the future, including subsequent Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. We caution you that any forward-looking statements made in this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference are not guarantees of future performance, events or results, and you should not place undue reliance on these forward-looking statements, which speak only as of their respective dates. 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.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to incorporate by reference information into this prospectus supplement and the accompanying prospectus, which means that we can disclose important information about us by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be a part of this prospectus supplement and the accompanying prospectus. Information that we file with the SEC after the date of this prospectus supplement and that is incorporated by reference in this prospectus supplement will automatically modify and supersede the information included or incorporated by reference in this prospectus supplement and the accompanying prospectus to the extent that the subsequently filed information modifies or supersedes the existing information. This prospectus supplement incorporates by reference the documents and reports listed below (other than portions of these documents that are deemed to have been furnished and not filed in accordance with SEC rules):

our Annual Report on Form 10-K for the year ended December 31, 2014 (filed with the SEC on February 11, 2015);

our Quarterly Reports on Form 10-Q for the period ended March 31, 2015 (filed with the SEC on May 12, 2015) and for the period ended June 30, 2015 (filed with the SEC on August 10, 2015);

the portions of our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 28, 2015 that are incorporated by reference into Part III of our Annual Report on Form 10-K for the year ended December 31, 2014;

our Current Reports on Form 8-K filed with the SEC on April 20, 2015, June 1, 2015, June 9, 2015 (with respect to Item 5.07 only), August 6, 2015 and August 10, 2015 (with respect to Item 1.01 only);

the description of our common stock, par value $0.01 per share, contained in our Registration Statement on Form 10 initially filed with the SEC on November 7, 2013 (File No. 001-36181), including any amendments or reports filed for the purpose of updating such description; and

any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act) until we sell all of the securities offered by this prospectus supplement.

Table of Contents

If you make a request for such information in writing or by telephone, we will provide you, without charge, a copy of any or all of the information incorporated by reference into this prospectus supplement. Any such request should be directed to:

CareTrust REIT, Inc.

905 Calle Amanecer, Suite 300

San Clemente, California 92673

(949) 542-3130

MARKET AND INDUSTRY DATA

This prospectus supplement includes information with respect to market share and industry conditions, which are based upon internal estimates and various third-party sources. While management believes that such data is reliable, we have not independently verified any of the data from third-party sources nor have we ascertained the underlying assumptions relied upon therein. Similarly, our internal research is based upon management s understanding of industry conditions, and such information has not been verified by any independent sources. Accordingly, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under Risk Factors in this prospectus supplement and under Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2014, as such risk factors may be amended, supplemented or superseded from time to time by other reports we file with the SEC in the future, including any subsequent Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.

FINANCIAL INFORMATION

Prior to June 1, 2014, we were a wholly owned subsidiary of Ensign. On June 1, 2014, Ensign completed the separation of its healthcare business and its real estate business into two separate and independent publicly traded companies through the distribution of all of the outstanding shares of common stock of CareTrust to Ensign stockholders on a pro rata basis (the Spin-Off). Ensign stockholders received one share of CareTrust common stock for each share of Ensign common stock held at the close of business on May 22, 2014, the record date for the Spin-Off. The Spin-Off was effective from and after June 1, 2014, with shares of CareTrust common stock distributed by Ensign on June 2, 2014.

CareTrust was formed on October 29, 2013 and had minimal activity prior to the Spin-Off. This prospectus supplement includes and incorporates herein by reference consolidated and combined financial statements and information that reflect, for all periods presented, the historical financial position, results of operations and cash flows of (i) the skilled nursing, assisted living and independent living facilities that Ensign contributed to CareTrust immediately prior to the Spin-Off, (ii) the operations of the three independent living facilities that CareTrust operated immediately following the Spin-Off and (iii) the new investments that CareTrust has made after the Spin-Off. Ensign Properties is the predecessor of CareTrust, and its historical financial statements have been prepared on a carve-out basis from Ensign s consolidated financial statements using the historical results of operations, cash flows, assets and liabilities attributable to such skilled nursing, assisted living and independent living facilities, and include allocations of income, expenses, assets and liabilities from Ensign. These allocations reflect significant assumptions. Although CareTrust s management believes such assumptions are reasonable, the consolidated and combined financial statements do not fully reflect what CareTrust s financial position, results of operations and cash flows would have been had it been a stand-alone company during the periods presented. In addition, although we include in this prospectus supplement pro forma financial information giving effect to the Transactions, the Recent Acquisitions, the Refinancing Transaction, the Liberty Acquisition and this offering and the use of net proceeds therefrom as described under Prospectus Supplement Summary Summary Historical and Pro Forma Financial Data and Unaudited Pro Forma Consolidated and Combined Financial Statements , this information is presented for illustrative purposes and is based on assumptions, some of which may not materialize, and actual results reported in periods following the Spin-Off may differ significantly from those reflected in the pro forma financial information for a number of reasons. Accordingly, the historical financial information and our pro forma financial information included and/or incorporated by reference in this prospectus supplement should not be relied upon as being indicative of future results.

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

The information below is a summary of the more detailed information included in or incorporated by reference in this prospectus supplement and the accompanying prospectus. You should read carefully the following summary together with the more detailed information contained in this prospectus supplement, the accompanying prospectus, any free writing prospectus we may provide you in connection with this offering, and the information incorporated by reference into those documents, including the risk factors described on page S-16 of this prospectus supplement and on page 3 of the accompanying prospectus and the Risk Factors section in our Annual Report on Form 10-K for the year ended December 31, 2014. This summary is not complete and does not contain all of the information you should consider when making your investment decision. This prospectus supplement relates only to the offering of common stock.

Our Company

CareTrust is an independent publicly-traded, self-administered, self-managed REIT primarily engaged in the ownership, acquisition and leasing of healthcare-related properties. We hold substantially all of the real property that was owned by Ensign as of December 31, 2013, as well as additional properties that we have acquired since the Spin-Off. As of August 7, 2015, we owned and leased to independent operators, including to Ensign, on a triple-net basis under multiple long-term leases (each, a Master Lease and collectively, the Master Leases, and with respect to those Master Leases for properties leased to affiliates of Ensign, an Ensign Master Lease and collectively, the Ensign Master Leases), 104 skilled nursing facilities (SNFs), assisted living facilities (ALFs) and independent living facilities (ILFs), which had a total of 10,822 operational beds located in Arizona, California, Colorado, Florida, Georgia, Idaho, Iowa, Minnesota, Nebraska, Nevada, Texas, Utah, Virginia and Washington. As of August 7, 2015, we also owned and operated three ILFs, which had a total of 264 units and are located in Texas and Utah. As of August 7, 2015, the Company had one other real estate investment, consisting of an $8.0 million preferred equity investment.

We have leased 94 of our properties to subsidiaries of Ensign pursuant to the Ensign Master Leases, which consist of eight triple-net leases, each with its own pool of properties that have varying maturities and diversity in property geography. The Ensign Master Leases provide for initial terms in excess of ten years with staggered expiration dates and no purchase options. At the option of Ensign, each Ensign Master Lease may be extended for up to either two or three five-year renewal terms beyond the initial term and, if elected, the renewal will be effective for all of the leased property then subject to the Ensign Master Lease. The rent is a fixed component that was initially set near the time of the Spin-Off. The annual revenues from the Ensign Master Leases are $56.0 million during each of the first two years of the Ensign Master Leases. The Ensign lease coverage ratio was approximately 2.0x based on earnings before interest, taxes, depreciation, amortization and rent (EBITDAR) from the leased properties for the twelve months ended March 31, 2015 (calculated assuming that all of the leased properties were owned for the full 12-month period). A management fee equal to five percent of gross revenues is included as a reduction to EBITDAR. Commencing in the third year under the Ensign Master Leases, the annual revenues from the Ensign Master Leases will be escalated annually by an amount equal to the product of (1) the lesser of the percentage change in the Consumer Price Index (but not less than zero) or 2.5%, and (2) the prior year s rent.

As of August 7, 2015, we had acquired and leased an additional 10 properties to other tenants. All of these properties are leased on triple-net Master Leases that have maturities ranging from 12 to 15 years and no purchase options. At the option of the tenants, each of these Master Leases may be extended for up to two five-year renewal terms beyond the initial term and, if elected, the renewal will be effective for all of the leased property then subject to the Master Lease. Annual revenues from these Master Leases total approximately $7.0 million, and the rents escalate annually by an amount equal to the product of (1) the percentage change in the Consumer Price Index (CPI) (but not less than zero nor more than 3.0 to 3.5%), and (2) the prior year s

Table of Contents

rent. The consolidated lease coverage ratio on these additional assets was approximately 1.29x based on EBITDAR from the leased properties at acquisition.

We currently 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, and maintenance and repair costs). We conduct and manage our business as one operating segment for internal reporting and internal decision making purposes. We expect to grow our portfolio by pursuing opportunities to acquire additional properties that will be leased to a diverse group of local, regional and national healthcare providers, which may include Ensign, as well as senior housing operators and related businesses. We also expect to continue diversifying our portfolio over time, including by acquiring properties in different geographic markets and in different asset classes, with different tenants/operators. While growing our portfolio, maintaining balance sheet strength and liquidity will be a priority.

We intend to elect to be taxed and intend to qualify as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2014. 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 s wholly owned subsidiary, CareTrust GP, LLC, which is the sole general partner of the Operating Partnership. To qualify and 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.

Our Industry

We operate as a REIT that invests in income-producing healthcare-related properties. We expect to grow our portfolio by pursuing opportunities to acquire additional properties that will be leased to a diverse group of local, regional and national healthcare providers, which may include Ensign, as well as senior housing operators and related businesses. We also anticipate diversifying our portfolio over time, including by acquiring properties in different geographic markets and in different asset classes, and by placing them with an increasingly-wider group of tenants/operators. Our portfolio primarily consists of SNFs, ALFs and ILFs.

The skilled nursing industry 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. The skilled nursing industry has evolved in recent years, which we believe 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.

Significant Acquisition and Consolidation Opportunities. The skilled nursing 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 15,700 facilities as of December 2013, as compared with over 16,700 facilities as of December 2000. We expect that the supply and demand balance in the skilled nursing industry will continue to improve due to the shift of patient care to lower cost settings, an aging population and increasing life expectancies.

Table of Contents

Increased Demand Driven by Aging Populations and Increased Life Expectancy. As life expectancy continues to increase in the United States and seniors account for a higher percentage of the total U.S. population, we believe the overall demand for skilled nursing services will increase. At present, the primary market demographic for skilled nursing services is individuals age 75 and older. According to the 2010 U.S. Census, there were over 40 million people in the United States in 2010 that were over 65 years old. The 2010 U.S. Census estimates this group is one of the fastest growing segments of the United States population and is expected to more than double between 2000 and 2030. According to the Centers for Medicare & Medicaid Services, nursing home expenditures are projected to grow from approximately $151 billion in 2012 to approximately $264 billion in 2022, representing a compounded annual growth rate of 5.7%. We believe that these trends will support an increasing demand for skilled nursing services, which in turn will likely support an increasing demand for our properties.

Portfolio Summary

We have a geographically diverse portfolio of properties, consisting of the following types:

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. 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 August 7, 2015, our portfolio included 86 SNFs, ten of which include assisted or independent living operations.

Assisted Living Facilities. ALFs are licensed healthcare facilities 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 facilities are often in apartment-like buildings with private residences ranging from single rooms to large apartments. Certain ALFs may offer higher levels of personal assistance for residents requiring memory care as a result of Alzheimer s disease or other forms of dementia. Levels of personal assistance are based in part on local regulations. As of August 7, 2015, our portfolio included 17 ALFs, some of which also contain independent living units.

Independent Living Facilities. ILFs, also known as retirement communities or senior apartments, are not healthcare facilities. The facilities typically consist of entirely self-contained apartments, complete with their own kitchens, baths and individual living spaces, as well as parking for tenant vehicles. They are most often rented unfurnished, and generally can be personalized by the tenants, typically an individual or a couple over the age of 55. These facilities offer various services and amenities such as laundry, housekeeping, dining options/meal plans, exercise and wellness programs, transportation, social, cultural and recreational activities, on-site security and emergency response programs. As of August 7, 2015, our portfolio of four ILFs includes one that is operated by Ensign and three that are operated by us.

Our portfolio of SNFs, ALFs and ILFs is broadly diversified by geographic location throughout the United States, including concentrations in Texas and California. Our properties are grouped into four categories: (1) SNFs these are properties that are comprised exclusively of SNFs; (2) Skilled Nursing Campuses these are properties that include a combination of SNFs and ALFs or ILFs or both; (3) ALFs and ILFs these are properties that include ALFs or ILFs, or a combination of the two; and (4) ILFs operated by CareTrust these are ILFs operated by CareTrust, unlike the other properties, which are leased to third-party operators.

Our Competitive Strengths

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

Geographically Diverse Property Portfolio. After the expected consummation of the Liberty Acquisition, we expect to own properties in 15 different states with concentrations in Texas, California and Ohio. The properties in any one state do not account for more than 30% of our total operational beds and units. 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. All of our properties (except for the three ILFs that we own and operate) are leased to our tenants under long-term, triple-net leases, pursuant to which the operators are responsible for all facility 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.

Financially Secure Primary Tenant. Ensign is an established provider of healthcare services with strong financial performance and accounted for approximately 91% of our revenues for the twelve months ended June 30, 2015 and approximately 71% after giving pro forma effect to the Liberty Acquisition. The lease coverage ratio of our Ensign portfolio has grown from 1.85x at the time of the Spin-Off to 2.00x for the twelve months ended March 31, 2015. 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*.

Ability to Identify Talented Operators. As a result of our management team s operating experience and network of relationships and insight, we anticipate that we will be able to identify and pursue working relationships with qualified local, regional and national healthcare providers and seniors housing operators. We expect to continue our disciplined focus on pursuing investment opportunities, primarily with respect to stabilized assets but also some strategic investment in improving properties, while seeking dedicated and engaged operators who possess local market knowledge, have solid operating records and emphasize quality services and outcomes. We intend to support these operators by providing strategic capital for facility acquisition, upkeep and modernization. Our management team s experience gives us a key competitive advantage in objectively evaluating an operator s financial position, care and service programs, operating efficiencies and likely business prospects.

Experienced Management Team. Gregory K. Stapley, our Chairman and Chief Executive Officer, has extensive experience in the real estate and healthcare industries. Mr. Stapley has more than 29 years of experience in the acquisition, development and disposition of real estate, including healthcare facilities and office, retail and industrial properties, including more than 14 years at Ensign. Our Chief Financial Officer, William M. Wagner, has more than 23 years of accounting and finance experience, primarily in real estate, including 11 years of experience working extensively for REITs. Most notably, he worked for both Nationwide Health Properties, Inc., a healthcare REIT, and Sunstone Hotel Investors, Inc., a lodging REIT, serving as Senior Vice President and Chief Accounting Officer of each company. David M. Sedgwick, our Vice President of Operations, is a licensed nursing home administrator with more than 12 years of experience in skilled nursing operations, including turnaround operations, and trained over 100 Ensign nursing home administrators while he was Ensign s Chief Human Capital Officer. Our executives have years of public company experience, including experience accessing both debt and equity capital markets to fund growth and maintain a flexible capital structure.

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 will allow 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 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 facilities from third parties and the expansion and upgrade of current facilities. We employ what we believe to be a disciplined, opportunistic acquisition strategy with a focus on the acquisition of skilled nursing, assisted living and independent living facilities, as well as medical office buildings, long-term acute care hospitals and inpatient rehabilitation facilities. As we acquire 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, mortgage debt and unsecured debt which, together with our anticipated ability to complete future equity financings, we expect will fund the growth of our property portfolio.

Develop New Tenant Relationships. We cultivate new relationships with tenants and healthcare providers in order to expand the mix of tenants operating our properties and, in doing so, to reduce our dependence on Ensign. 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 that there is a significant opportunity to be a capital source to healthcare operators through the acquisition and leasing of healthcare properties that are consistent with our investment and financing strategy at appropriate risk-adjusted rates of returns, but that, 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 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.

Table of Contents

Fund Strategic Capital Improvements. We support operators by providing capital to them for a variety of purposes, including capital expenditures and facility 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.

Pursue Strategic Development Opportunities. We work with operators and developers to identify strategic development opportunities. These opportunities may involve replacing or renovating facilities 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.

Recent Developments

Recent Acquisitions

On July 1, 2015, we acquired the 70-unit/115 bed Bristol Court Assisted Living memory care facility located in St. Petersburg, Florida for approximately $8.5 million (the Bristol Court Acquisition). In connection with the Bristol Court Acquisition, we entered into a Master Lease with Better Senior Living Consulting, LLC (BSLC), which assumed operations of the facility effective as of July 1, 2015. The Master Lease with BSLC carries an initial term of 15 years with two five-year renewal options and CPI-based rent escalators. We anticipate the facility will generate initial annual lease revenue to us of $0.7 million, representing an initial cash yield of approximately 8.5%.

On July 1, 2015, we acquired the Shamrock Nursing and Rehabilitation Center, a 105-bed SNF located in Dublin, Georgia, for approximately $8.3 million (the Shamrock Acquisition and together with the Bristol Court Acquisition, the Recent Acquisitions). In connection with the Shamrock Acquisition, we entered into a Master Lease with Trillium Healthcare Group, LLC (Trillium), which assumed operations of the SNF effective as of July 1, 2015. The Master Lease with Trillium carries an initial term of 15 years with two five-year renewal options and CPI-based rent escalators. We anticipate the facility will generate initial annual lease revenue to us of $0.8 million, representing an initial cash yield of approximately 9.6%.

Liberty Nursing Centers Portfolio

On May 13, 2015, we entered into a purchase and sale agreement with affiliates of Liberty Nursing Centers (Liberty) to acquire a 14-facility skilled nursing and assisted living portfolio (the Liberty Portfolio), currently owned and operated by Liberty, for approximately $175 million, exclusive of estimated transaction costs of approximately $3.4 million (the Liberty Acquisition). The facilities are located throughout Ohio and collectively include 1,102 SNF beds, 100 ALF units and 56 ILF units available for occupancy. The Liberty Portfolio had an occupancy rate of 82.1% as of May 31, 2015 and a lease coverage ratio of 1.30x based on EBITDAR. We intend to use the net proceeds from this offering to fund a portion of the purchase price of the Liberty Acquisition and to pay related fees and expenses. We intend to use cash on hand and borrowings under our New Credit Facility (as defined below) to fund the remaining portion of the purchase price of the Liberty Acquisition. See Use of Proceeds. Completion of the Liberty Acquisition is subject to customary closing conditions, and is expected to close at the beginning of the fourth quarter of 2015.

Table of Contents

The following table displays the property type and the related number of operational beds and units available for occupancy of the facilities expected to be acquired as part of the Liberty Portfolio:

Location	Property Type	Total Beds/Units	SNF Beds	ALF Units	ILF Units
Beavercreek, Ohio	SNF	90	90		
Bellbrook, Ohio	SNF	45	45		
Cincinnati, Ohio	SNF	65	65		
Cincinnati, Ohio	SNF	100	100		
Cincinnati, Ohio	SNF	100	100		
Dayton, Ohio	Skilled Nursing Campus	196	115	54	27
Englewood, Ohio	SNF	125	125		
Jamestown, Ohio	SNF	43	43		
Middletown, Ohio	Skilled Nursing Campus	103	58	16	29
Oxford, Ohio	SNF	55	55		
Portsmouth, Ohio	SNF	92	92		
Toledo, Ohio	SNF	105	105		
Willard, Ohio	Skilled Nursing Campus	89	59	30	
Xenia, Ohio	SNF	50	50		
Total		1,258	1,102	100	56

In connection with the Liberty Acquisition, we have entered into a Master Lease with Pristine Senior Living, LLC (Pristine), which is expected to assume operations of the 14 facilities effective as of October 1, 2015. The Master Lease with Pristine carries an initial term of 15 years with two five-year renewal options and CPI-based rent escalators. In connection with the Liberty Acquisition, the seller has also agreed to transfer two additional SNFs located in Fremont, Ohio and Mansfield, Ohio to Pristine, both of which are leased from unrelated third parties. We anticipate the Liberty Portfolio will generate initial annual lease revenue to us of $17.2 million, representing an initial cash yield of approximately 9.6% after including estimated transaction costs of approximately $3.4 million.

Refinancing Transaction

On August 5, 2015, we entered into a credit and guaranty agreement (the Credit Agreement), which governs our new unsecured revolving credit facility (the New Credit Facility), with the Operating Partnership, as borrower, several banks and other financial institutions and lenders (the Lenders) and KeyBank National Association, in its capacity as administrative agent for the Lenders, as an issuing bank and swingline lender. The Credit Agreement provides for a borrowing capacity of up to $300.0 million and includes an accordion feature that allows the Operating Partnership to increase the borrowing availability by up to an additional $200.0 million, subject to terms and conditions. The Credit Agreement has a maturity date of August 5, 2019, and includes an option to extend for up to two periods of six months each. The obligations of the Operating Partnership under the Credit Agreement are guaranteed by CareTrust REIT, Inc. and certain of its subsidiaries. In connection with our entry into the New Credit Facility, we used borrowings thereunder of approximately $25.0 million and cash on hand to repay $35.0 million of indebtedness under our senior secured revolving credit facility (the Existing Credit Facility).

The 2014 Spin-Off from Ensign

On June 1, 2014, Ensign completed the Spin-Off of CareTrust. In the Spin-Off, Ensign stockholders received one share of CareTrust common stock for each share of Ensign common stock held at the close of business on May 22, 2014, the record date for the Spin-Off. The Spin-Off was effective from and after June 1, 2014, with all of the outstanding shares of our common stock distributed to Ensign stockholders on a pro rata

Table of Contents

basis on June 2, 2014. To govern our relationship with Ensign after the Spin-Off, we entered into, among others: (1) a separation and distribution agreement setting forth the mechanics of the Spin-Off, certain organizational matters and other ongoing obligations of Ensign and CareTrust; (2) the Ensign Master Leases; (3) an agreement pursuant to which Ensign and CareTrust agreed to make certain business opportunities available to each other during the one-year period following the Spin-Off (which has now expired); (4) an agreement relating to tax matters; (5) an agreement pursuant to which Ensign provides certain administrative and support services to CareTrust on a transitional basis (which has also now expired); and (6) an agreement relating to employee matters. For more information, see Certain Relationships and Related Party Transactions and Our Relationship with Ensign Following the Spin-Off, which are incorporated herein by reference from our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 28, 2015.

We intend to elect to be taxed and intend to qualify as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2014. In order to comply with certain REIT qualification requirements, on October 17, 2014, our board of directors declared a special dividend to stockholders of $132.0 million, or approximately $5.88 per common share (the Special Dividend), which represents the amount of accumulated earnings and profits allocated to CareTrust as a result of the Spin-Off. The Special Dividend was paid on December 10, 2014, to stockholders of record as of October 31, 2014, in a combination of both cash and stock. The cash portion totaled $33.0 million and the stock portion totaled $99.0 million. We issued 8,974,249 shares of common stock in connection with the stock portion of the Special Dividend.

In connection with and prior to the Spin-Off, we entered into several financing transactions. The financing transactions include, among other things, (1) the issuance by the Operating Partnership and CareTrust Capital Corp. of $260.0 million aggregate principal amount of 5.875% Senior Notes due 2021 (the Notes); (2) the Operating Partnership s entry into the Existing Credit Facility; and (3) the incurrence of approximately $50.7 million of additional secured mortgage indebtedness on ten of our properties (collectively, the Financing Transactions). We used a portion of the net proceeds from the offering of the Notes to make a transfer to Ensign in order for Ensign to repay certain indebtedness, pay trade payables and, subject to the approval of Ensign s board of directors, pay up to eight regular quarterly dividends.

The Spin-Off, the Special Dividend and the Financing Transactions (including the transfer of a portion of the net proceeds of the offering of the Notes to Ensign as described above) are collectively referred to herein as the Transactions.

Our Corporate Information

We were formed as a Maryland corporation and a wholly-owned subsidiary of Ensign on October 29, 2013. On June 1, 2014, the Spin-Off became effective and we became a separate and independent publicly-traded company. Our principal executive offices are located at 905 Calle Amanecer, Suite 300, San Clemente, California 92673 and our telephone number is (949) 542-3130. We maintain a website at *www.caretrustreit.com*. The information contained on or that can be accessed through our website is not incorporated by reference into, and is not part of, this prospectus supplement, other than documents that we file with the SEC that are incorporated by reference into this prospectus supplement.

Table of Contents

The Offering

Common stock offered by us	14,200,000 shares (16,330,000 shares if the underwriters exercise their option to purchase additional shares of common stock in full).
Common stock to be outstanding after this offering	46,011,409 shares (48,141,409 shares if the underwriters exercise their option to purchase additional shares of common stock in full), based on 31,811,409 shares of our common stock outstanding as of August 12, 2015.
Option to purchase additional shares from us	We have granted the underwriters a 30-day option to purchase up to 2,130,000 additional shares of our common stock at the public offering price, less the underwriting discount.
Use of proceeds by us	We estimate that the net proceeds to us from this offering, after deducting the underwriting discount and estimated offering expenses payable by us, will be approximately $141.8 million (or $163.1 million if the underwriters exercise their option to purchase additional shares of common stock in full). We intend to use the net proceeds from this offering to fund a portion of the purchase price of the Liberty Acquisition and to pay related fees and expenses. We intend to use cash on hand and borrowings under our New Credit Facility to fund the remaining portion of the purchase price of the Liberty Acquisition. If we do not consummate the Liberty Acquisition, we intend to use the net proceeds from this offering for general corporate purposes, which may include, among other things, future acquisitions, debt repayment and working capital. We may temporarily invest the net proceeds before use. See Use of Proceeds.
NASDAQ symbol	CTRE
Ownership and transfer restrictions	To assist us in qualifying as a REIT, among other purposes, our charter contains certain restrictions relating to the ownership and transfer of our stock, including provisions generally restricting a stockholder from owning more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of our common stock, and generally restricting a stockholder from owning more than 9.8% in value of the outstanding shares of all classes or series of our capital stock. See Description of Capital Stock Restrictions on Transfer and Ownership of CareTrust Stock in the accompanying prospectus.

Risk Factors	Investing in our common stock involves risks. See Risk Factors beginning on page S-16 of this prospectus supplement and page 3 of the accompanying prospectus and the Risk Factors section in our Annual Report on Form 10-K for the year ended December 31, 2014, and the other information included in or incorporated by reference in this prospectus supplement and the accompanying prospectus in

S-9

Table of Contents

connection with this offering, to read about factors you should consider before buying our common stock.

Except as otherwise indicated, all information in this prospectus supplement assumes no exercise by the underwriters of their option to purchase an additional 2,130,000 shares of common stock from us.

Table of Contents

Summary Historical and Pro Forma Financial Data

The following table sets forth summary financial data for CareTrust on a historical basis for the periods presented, as well as on a pro forma basis for the year ended December 31, 2014 and the six months ended June 30, 2015. Prior to the Spin-Off, we did not operate our business separately from Ensign. We use the term Ensign Properties to mean the carve-out business of the entities that owned the SNFs, ALFs and ILFs that we now own following the Spin-Off, and the operations of the three ILFs that we operate following the Spin-Off. Ensign Properties is the predecessor of CareTrust.

The summary historical financial data as of December 31, 2014 and 2013 and for each of the years ended December 31, 2014, 2013 and 2012 has been derived from CareTrust s audited consolidated and combined financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference into this prospectus supplement. The summary historical financial data as of the year ended December 31, 2012 has been derived from Ensign Properties audited combined financial statements not included or incorporated by reference in this prospectus supplement. The summary historical financial data as of June 30, 2015 and for the six months ended June 30, 2015 and 2014 has been derived from CareTrust s unaudited condensed consolidated and combined financial statements included in our Quarterly Report on Form 10-Q for the period ended June 30, 2015, which is incorporated by reference into this prospectus supplement. The summary historical financial data as of June 30, 2014 has been derived from Ensign Properties unaudited condensed combined financial statements not included or incorporated by reference in this prospectus supplement. Our management believes the assumptions underlying Ensign Properties combined financial statements and accompanying notes are reasonable. However, such combined financial statements may not necessarily reflect our financial condition and results of operations in the future, or what they would have been had we been a separate, stand-alone company during the periods presented. The results for any interim period are not necessarily indicative of the results of operations to be expected for a full fiscal year. The unaudited condensed consolidated and combined financial statements reflect, in the opinion of management, all adjustments necessary for the fair presentation of the financial condition and results of operations for such periods.

The unaudited pro forma consolidated and combined financial data for the year ended December 31, 2014 has been derived from the pro forma consolidated and combined income statement included in this prospectus supplement. This pro forma data gives effect to the (w) Transactions, including: (1) the full amount of rental income that would have been payable pursuant to the Ensign Master Leases (had they been in effect for the entire period); (2) the distribution of 22,435,938 shares of CareTrust common stock by Ensign to Ensign stockholders in the Spin-Off; (3) the offering of $260.0 million aggregate principal amount of the Notes; (4) the transfer to Ensign of approximately $220.8 million of proceeds from the issuance of the Notes in order for Ensign to repay certain indebtedness, pay trade payables and, subject to the approval of Ensign s board of directors, pay up to eight regular quarterly dividends; (5) the incurrence of an additional $50.7 million of secured mortgage indebtedness, and the anticipated interest expense related thereto; and (6) the elimination of income tax provisions in conjunction with the election of REIT status, (x) the Recent Acquisitions, (y) our entry into the New Credit Facility and the use of borrowings thereunder of approximately $25.0 million and cash on hand to repay $35.0 million of indebtedness outstanding under our Existing Credit Facility (the Refinancing Transaction) and (z) the Liberty Acquisition and this offering and the use of net proceeds therefrom to fund a portion of the purchase price of the Liberty Acquisition and to pay related fees and expenses. We intend to use cash on hand and borrowings under our New Credit Facility to fund the remaining portion of the purchase price of the Liberty Acquisition. The unaudited pro forma consolidated and combined financial data for the six months ended June 30, 2015 has been derived from the pro forma consolidated financial data included in this prospectus supplement. This pro forma data gives effect to (x) the Recent Acquisitions, (y) the Refinancing Transaction and (z) the Liberty Acquisition and this offering and the use of net proceeds therefrom.

Table of Contents

The unaudited pro forma consolidated and combined statement of operations for the year ended December 31, 2014 and six months ended June 30, 2015 assumes the Transactions, the Recent Acquisitions, the Refinancing Transaction, the Liberty Acquisition and this offering and the use of net proceeds therefrom occurred on January 1, 2014. The unaudited pro forma consolidated balance sheet as of June 30, 2015 assumes the Recent Acquisitions, the Refinancing Transaction, the Liberty Acquisition and this offering and the use of net proceeds therefrom occurred on June 30, 2015. The pro forma financial data is not necessarily indicative of what our actual financial condition and results of operations would have been as of the date and for the periods indicated if we had been a separate, stand-alone company during the periods presented, nor does it purport to represent our future financial condition or results of operations.

The unaudited pro forma consolidated and combined financial data assumes that 100% of taxable income has been distributed and that all relevant REIT qualifying tests, as dictated by the Internal Revenue Code of 1986, as amended (the Code), and the Internal Revenue Service rules and interpretations, were met for the entire year.

The unaudited pro forma consolidated and combined financial data was prepared in accordance with Article 11 of Regulation S-X, using the assumptions set forth in the notes to the unaudited pro forma consolidated and combined statement of operations contained in the section entitled Unaudited Pro Forma Consolidated and Combined Financial Statements. The unaudited pro forma consolidated and combined financial data is presented for illustrative purposes only and does not purport to reflect the results we may achieve in future periods or the historical results that would have been obtained had the Transactions, the Recent Acquisitions, the Refinancing Transaction, the Liberty Acquisition and this offering and the use of net proceeds therefrom been completed on January 1, 2014. The unaudited pro forma consolidated and combined financial data also does not give effect to any anticipated synergies, operating efficiencies or cost savings that may result from the Transactions, the Recent Acquisitions, the Refinancing Transaction, the Liberty Acquisition or this offering and use of net proceeds therefrom which generally would be reflected in general and administrative expenses.

Table of Contents

The following should be read in conjunction with CareTrust s audited consolidated and combined financial statements and accompanying notes, CareTrust s unaudited condensed consolidated and combined financial statements and accompanying notes and Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2014 and in our Quarterly Report on Form 10-Q for the period ended June 30, 2015 and CareTrust s unaudited pro forma consolidated and combined income statement and accompanying notes in the section entitled Unaudited Pro Forma Consolidated and Combined Financial Statements.

	As of or For the Year Ended December 31,				As of or For the Six Months Ended June 30,		
	Pro Forma 2014	2014	2013	2012	Pro Forma 2015	2015	2014
	(in thousands, except per share data)						
Income statement data:							
Total revenues	$ 82,384	$ 58,897	$ 48,796	$ 42,063	$ 43,692	$ 34,334	$ 26,936
Income (loss) before provision for income taxes	6,762	(8,143)	(272)	232	10,292	4,304	(10,687)
Net income (loss)	6,762	(8,143)	(395)	110	10,292	4,304	(10,740)
Earnings (loss) per common share:							
Basic	0.18	(0.36)	(0.02)	0.00	0.23	0.13	(0.48)
Diluted	0.18	(0.36)	(0.02)	0.00	0.23	0.13	(0.48)
Weighted-average number of common shares:							
Basic	36,988	22,788	22,228	22,228	45,468	31,268	22,230
Diluted	36,988	22,788	22,228	22,436	45,468	31,268	22,230
Balance sheet data:							
Total assets		$ 482,572	$ 430,466	$ 398,978	$ 679,601	$ 511,176	$ 513,352
Total liabilities		369,110	267,777	214,430	429,525	402,890	365,694
Total equity		113,462	162,689	184,548	250,077	108,286	147,658
Other financial data:							
Dividends declared per common share	$ 6.01	$ 6.01	$	$	$ 0.32	$ 0.32	$
FFO(1)	33,154	14,853	23,023	21,213	24,203	15,565	1,529
FAD(1)	34,706	16,559	23,740	21,933	25,965	17,327	2,046

(1) We believe that net income, as defined by U.S. generally accepted accounting principles (GAAP), is the most appropriate earnings measure. We also believe that Funds From Operations (FFO), as defined by the National Association of Real Estate Investment Trusts (NAREIT), and Funds Available for Distribution (FAD) are important non-GAAP supplemental measures of operating performance for a REIT. FFO is defined as net income (loss) computed in accordance with GAAP, excluding gains or losses from real estate dispositions, real estate depreciation and amortization and impairment charges, and adjustments for unconsolidated partnerships and joint ventures. FAD is defined as FFO excluding non-cash expenses, such as stock-based compensation expense,

amortization of deferred financing costs and the effects of straight-line rent. We believe that the use of FFO and FAD, combined with the required GAAP presentations, improves the understanding of operating results of REITs among investors and makes comparisons of operating results among such companies more meaningful. We consider FFO and FAD to be useful measures for reviewing comparative operating and financial performance because, by excluding gains or losses from real estate dispositions, impairment charges and real estate depreciation and amortization, and, for FAD, by excluding non-cash expenses such as stock-based compensation expense and amortization of

Table of Contents

deferred financing costs, FFO and FAD can help investors compare our operating performance between periods and to other REITs. However, our computation of FFO and FAD may not be comparable to FFO and FAD reported by other REITs that do not define FFO in accordance with the current NAREIT definition or that interpret the current NAREIT definition or define FAD differently than we do. Further, FFO and FAD do not represent cash flows from operations or net income as defined by GAAP and should not be considered an alternative to those measures in evaluating our liquidity or operating performance.

The following table reconciles our calculations of FFO and FAD to net income, the most directly comparable GAAP financial measure, for the years ended December 31, 2014, 2013 and 2012, for the six months ended June 30, 2015 and 2014, and on a pro forma basis for the year ended December 31, 2014 and six months ended June 30, 2015:

	For the Year Ended December 31,				For the Six Months Ended June 30,		
	Pro Forma 2014	**2014**	**2013**	**2012**	**Pro Forma 2015**	**2015**	**2014**
				(in thousands)			
Net income (loss)	$ 6,762	$ (8,143)	$ (395)	$ 110	$ 10,292	$ 4,304	$ (10,740)
Real estate related depreciation and amortization	26,392	22,996	23,418	21,103	13,911	11,261	12,269
FFO	33,154	14,853	23,023	21,213	24,203	15,565	1,529
Amortization of stock-based compensation		154	18	15	660	660	
Amortization of deferred financing costs	1,552	1,552	699	705	1,102	1,102	517
FAD	$ 34,706	$ 16,559	$ 23,740	$ 21,933	$ 25,965	$ 17,327	$ 2,046

See Management s Discussion and Analysis of Financial Condition and Results of Operations Components of Our Revenues and Expenses in our Annual Report on Form 10-K for the year ended December 31, 2014 and in our Quarterly Report on Form 10-Q for the period ended June 30, 2015, each of which are incorporated by reference into this prospectus supplement, for a discussion of our general and administrative expenses and interest expense amounts.

Table of Contents

Pro Forma Portfolio Summary

The following table displays the geographic distribution of our facilities by property type and the related number of operational beds and units available for occupancy by asset class as of June 30, 2015 on a pro forma basis, giving effect to the Liberty Acquisition and the Recent Acquisitions.

	Total[(1)]		SNFs		Skilled Nursing Campuses				ALFs and ILFs[(1)]	
State	Properties	Beds / Units	Facilities	Beds	Campuses	SNF Beds	ALF Units	ILF Units	Facilities	Units
TX	27	3,241	22	2,699	1	123	77	20	4	322
CA	18	1,991	14	1,465	2	158	121	24	2	223
OH	14	1,258	11	870	3	232	100	56		
AZ	10	1,327	7	799	1	162	100		2	266
UT	12	1,305	9	907	1	235	37		2	126
CO	6	633	4	380					2	253
ID	9	567	5	408	1	45	24		3	90
WA	8	754	7	652					1	102
NV	3	304	1	92					2	212
NE	5	366	3	220	2	105	41			
IA	5	356	3	185	2	109	62			
FL	1	70							1	70
GA	1	105	1	105						
MN	1	28							1	28
VA	1	39							1	39
Total	121	12,344	87	8,782	13	1,169	562	100	21	1,731

(1) ALFs and ILFs include ALFs or ILFs, or a combination of the two, operated by our tenants and three ILFs operated by us.

RISK FACTORS

Before purchasing shares of our common stock, you should consider carefully the information under the heading Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and in the accompanying prospectus, and the following risk factors, each of which could materially adversely affect our operating results and financial condition. You should also carefully consider the other information included in this prospectus supplement, the accompanying prospectus and other information incorporated by reference herein. Each of the risks described in our Annual Report on Form 10-K, the accompanying prospectus and below could result in a decrease in the value of our common stock and your investment therein. Although we have tried to discuss what we believe are key risk factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time, and we cannot predict those risks or estimate the extent to which they may affect our financial performance or the value of our common stock. The information contained, and incorporated by reference, in this prospectus supplement and in the accompanying prospectus includes forward-looking statements that involve risks and uncertainties, and we refer you to the Cautionary Statement Regarding Forward-Looking Statements section in this prospectus supplement and the accompanying prospectus.

Risks Related to This Offering and Our Common Stock

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 the best interests of our stockholders. 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 and Amended and Restated Bylaws (our bylaws) and Maryland law contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids and to encourage prospective acquirers to negotiate with our board of directors rather than to attempt a hostile takeover. Our charter and

Table of Contents

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) provide that stockholders are not allowed to act 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 we have the authority to issue; (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) permit only the board of directors to amend the bylaws; (6) establish certain advance notice procedures for stockholder proposals, and provide procedures for the nomination of candidates for our board of directors; (7) provide that special meetings of stockholders may only be called by the Company or upon written request of stockholders entitled to be at the meeting; (8) 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; (9) provide for supermajority approval requirements for amending or repealing certain provisions in our charter; and (10) provide for a classified board of directors of three separate classes with staggered terms. In addition, specific anti-takeover provisions of the Maryland General Corporation Law could make it more difficult for a third party to attempt a hostile takeover. These provisions include:

- 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.

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 will apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our board of directors determines is not in our best interests. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

The market price and trading volume of our common stock may fluctuate.

Our common stock began trading (on a regular-way basis) on the NASDAQ on June 3, 2014. There can be no assurance that an active trading market for our common stock will be sustained in the future, and the market price of our common stock may fluctuate, depending upon many factors, some of which may be beyond our control, including, but not limited to:

- a shift in our investor base;

our quarterly or annual earnings, or those of other comparable companies;

actual or anticipated fluctuations in our operating results;

our ability to obtain financing as needed;

changes in laws and regulations affecting our business;

changes in accounting standards, policies, guidance, interpretations or principles;

announcements by us or our competitors of significant investments, acquisitions or dispositions;

the failure of securities analysts to cover our common stock;

- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating performance and stock price of other comparable companies;
- overall market fluctuations; and
- general economic conditions and other external factors.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of our common stock.

Sales or issuances of shares of our common stock could adversely affect the market price of our common stock.

Sales of substantial amounts of shares of our common stock in the public market, or the perception that such sales might occur, could adversely affect the market price of our common stock. The issuance of our common stock in connection with property, portfolio or business acquisitions or the exercise of outstanding stock options or otherwise could also have an adverse effect on the market price of our common stock.

We and our executive officers and directors have agreed that, for a period of 60 days from the date of this prospectus, we and they will not, without the prior written consent of KeyBanc Capital Markets Inc., Raymond James & Associates Inc. and BMO Capital Markets Corp., dispose of or hedge any shares or any securities convertible into or exchangeable for our common stock. KeyBanc Capital Markets Inc., Raymond James & Associates Inc. and BMO Capital Markets Corp., in its sole discretion, may release any of the securities subject to these lock-up agreements at any time without notice. If the restrictions under the lock-up agreements are waived, our common stock may become available for sale into the market, subject to applicable law, which could reduce the market price for our common stock.

If we do not consummate the Liberty Acquisition, we will have broad discretion as to the use of the net proceeds we receive from this offering and may not use them effectively.

If we do not consummate the Liberty Acquisition, we will retain broad discretion to use the net proceeds from this offering for general corporate purposes, which may include, among other things, future acquisitions, debt repayment and working capital. We may temporarily invest the net proceeds before use. Accordingly, you will have to rely upon the judgment of our management with respect to the use of those net proceeds. Our management may spend a portion or all of the net proceeds we receive from this offering in ways that our stockholders may not desire or that may not yield a favorable return. The failure by our management to apply these funds effectively could harm our business.

We are an emerging growth company, and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). For as long as we continue to be an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies. As an emerging growth company, we are not required to, among other things, (1) provide an auditor s attestation report on management s assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002, as amended (the Sarbanes-Oxley Act), (2) comply with any new rules that may be adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotation or a supplement to the auditor s report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer, (3) comply with any new audit rules adopted by the Public Company Accounting Oversight Board after April 5, 2012 unless the SEC determines otherwise, (4) comply with any new or revised financial accounting standards applicable to public companies until such standards are also applicable to private companies under Section 102(b)(1) of the JOBS Act, (5) provide certain disclosure regarding executive compensation required of larger public companies in our periodic reports, proxy statements and registration statements, or (6) hold a nonbinding advisory vote on executive compensation and obtain stockholder approval of any golden parachute payments not previously approved. Accordingly, the information that we provide stockholders in our filings with the SEC may be different than what is available with respect to other public companies. If some investors find our common stock less attractive as a result of our reliance on these exemptions, there may be a less active trading market for our common stock and our stock price may be more volatile and adversely affected.

In addition, Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 13(a) of the Exchange Act for complying with new or revised accounting standards applicable to public companies. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of this extended transition period. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates for such new or revised standards. We may elect to comply with public company effective dates at any time, and such election would be irrevocable pursuant to Section 107(b) of the JOBS Act.

We will remain an emerging growth company until the earliest of (1) the last day of the first fiscal year in which our total annual gross revenues exceed $1 billion, (2) the date on which we are deemed to be a large accelerated filer, as defined in Rule 12b-2 under the Exchange Act or any successor statute, which would occur if the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter, (3) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three-year period, and (4) the end of the fiscal year following the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement filed under the Securities Act of 1933, as amended (the Securities Act).

Failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could materially and adversely affect our business and the market price of our common stock.

Under the Sarbanes-Oxley Act, we must maintain effective disclosure controls and procedures and internal control over financial reporting, which require significant resources and management oversight. Internal control over financial reporting is complex and may be revised over time to adapt to changes in our business, or changes in applicable accounting rules. We cannot assure you that our internal control over financial reporting will be effective in the future or that a material weakness will not be discovered with respect to a prior period for which we had previously believed that internal controls were effective. Matters impacting our internal controls may cause us to be unable to report our financial data on a timely basis, or may cause us to restate previously issued financial data, and thereby subject us to adverse regulatory consequences, including sanctions or investigations by the SEC, or violations of applicable stock exchange listing rules. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in the reliability of our financial statements is also likely to suffer if we or our independent registered public accounting firm reports a material weakness in our internal control over financial reporting. This could materially adversely affect us by, for example, leading to a decline in the market price for our common stock and impairing our ability to raise capital.

As an emerging growth company, we are excluded from Section 404(b) of the Sarbanes-Oxley Act, which otherwise would require our auditors to formally attest to and report on the effectiveness of our internal control over financial reporting. If we cannot maintain effective disclosure controls and procedures or favorably assess the effectiveness of our internal control over financial reporting, or, once we are no longer an emerging growth company, our independent registered public accounting firm cannot provide an unqualified attestation report on the effectiveness of our internal control over financial reporting, investor confidence and, in turn, the market price of our common stock could decline.

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

We expect to make quarterly dividend payments in cash, but in no event will the annual dividend be less than 90% of our REIT taxable income on an annual basis, 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 prospectus. Dividends are authorized by our board of directors and declared by us based upon a number of factors, including actual results of operations, restrictions under Maryland law or applicable debt covenants, our financial condition, our taxable income, the annual distribution requirements under the REIT provisions of the Code, our operating expenses and other factors our directors deem relevant. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash dividends or year-to-year increases in cash dividends in the future.

Furthermore, while we are required to pay dividends in order to maintain our REIT status, we may elect not to maintain our REIT status, in which case we would no longer be required to pay such dividends. Moreover, 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. If we elect not to maintain our REIT status or to satisfy any required distributions in shares of common stock in lieu of cash, such action could negatively affect our business and financial condition as well as the market price of our common stock. No assurance can be given that we will pay any dividends on shares of our common stock in the future.

Your percentage ownership in us may be diluted in the future.

Your percentage ownership in us may be diluted in the future because of equity awards that we expect will be granted to our directors, officers and employees, as well as other equity instruments such as debt and equity financing. Our board of directors has adopted the CareTrust REIT, Inc. and CTR Partnership, L.P. Incentive Award Plan (the Incentive Award Plan) which provides for the grant of stock-based compensation, including stock options, restricted stock, performance awards, restricted stock units and other incentive awards to our officers, employees and directors in connection with their employment with or services provided to us. Subject to adjustment in the event of a merger, recapitalization, stock split, reorganization or similar transaction, the maximum aggregate number of shares available for issuance under the Incentive Award Plan is 5,000,000. As of June 30, 2015, an aggregate of 4,585,280 shares of common stock were available for future issuance under the awards granted pursuant to the Incentive Award Plan.

We may incur or issue debt or issue equity, which may negatively affect the market price of our common stock.

We may in the future incur or issue debt or issue equity or equity-related securities. Upon our liquidation, lenders and holders of our debt and holders of our preferred stock (if any) would receive a distribution of our available assets before common stockholders. Any future incurrence or issuance of debt would increase our interest cost and could adversely affect our results of operations and cash flows. We are not required to offer any additional equity securities to existing common stockholders on a preemptive basis. Therefore, additional issuances of common stock, directly or through convertible or exchangeable securities (including limited partnership interests in our operating partnership), warrants or options, will dilute the holdings of our existing common stockholders and such issuances, or the perception of such issuances, may reduce the market price of our common stock. Any preferred stock issued by us would likely have a preference on distribution payments, periodically or upon liquidation, which could eliminate or otherwise limit our ability to make distributions to common stockholders. Because our decision to incur or issue debt or issue equity or equity-related securities in

Table of Contents

the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, nature or success of our future capital raising efforts. Thus, common stockholders bear the risk that our future incurrence or issuance of debt or issuance of equity or equity-related securities will adversely affect the market price of our common stock.

We may issue preferred stock with terms that could dilute the voting power or reduce the value of our common stock.

While we currently have no specific plan to issue preferred stock, our charter authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designations, powers, privileges, preferences, including preferences over our common stock respecting dividends and distributions, terms of redemption and relative participation, optional or other rights, if any, of the shares of each such series of preferred stock and any qualifications, limitations or restrictions thereof, as our board of directors may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, the repurchase or redemption rights or liquidation preferences we could assign to holders of preferred stock could affect the residual value of the common stock.

ERISA may restrict investments by plans in our common stock.

A plan fiduciary considering an investment in our common stock should consider, among other things, whether such an investment is consistent with the fiduciary obligations under the Employee Retirement Income Security Act of 1974, as amended (ERISA), including whether such investment might constitute or give rise to a prohibited transaction under ERISA, the Code or any substantially similar federal, state or local law and, if so, whether an exemption from such prohibited transaction rules is available.

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering, after deducting the underwriting discount and estimated offering expenses payable by us, will be approximately $141.8 million (or $163.1 million if the underwriters exercises their option to purchase additional shares of common stock in full). We intend to use the net proceeds from this offering to fund a portion of the purchase price of the Liberty Acquisition and to pay related fees and expenses. We intend to use cash on hand and borrowings under our New Credit Facility to fund the remaining portion of the purchase price of the Liberty Acquisition.

If we do not consummate the Liberty Acquisition, we intend to use the net proceeds from this offering for general corporate purposes,