CareTrust REIT, Inc.
Form 424B5
November 15, 2016
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-208925

PROSPECTUS SUPPLEMENT

(To prospectus dated January 25, 2016)

5,500,000 Shares

CareTrust REIT, Inc.

Common Stock

We are offering 5,500,000 shares of our common stock, par value $0.01 per share (our common stock).

Our common stock is traded on the NASDAQ Global Select Market under the symbol CTRE. The last sale price for our common stock on November 14, 2016, as reported on the NASDAQ Global Select Market (NASDAQ), was $13.99 per share.

We elected to be taxed as a real estate investment trust (REIT) for U.S. federal income tax purposes commencing with the taxable year ended December 31, 2014. We believe that we have been organized and have operated, and we intend to continue to operate, in a manner to qualify for taxation as a REIT. To assist us in maintaining REIT status, 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-11 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, 2015, as amended, 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	$ 13.350	$ 73,425,000
Underwriting discount	$ 0.534	$ 2,937,000
Proceeds to us, before expenses	$ 12.816	$ 70,488,000

The underwriters may also purchase up to an additional 825,000 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 November 18, 2016.

Joint Book-Running Managers

Wells Fargo Securities **KeyBanc Capital Markets** **Raymond James**

BMO Capital Markets **Barclays**

Co-Managers

RBC Capital Markets **Canaccord Genuity** **Capital One Securities** **Fifth Third Securities**

The date of this prospectus supplement is November 14, 2016.

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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 different or additional information. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. 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 the date on its respective cover, and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference, unless we indicate otherwise. 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.

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Prospectus Supplement

Prospectus

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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-24 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.

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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 to achieve some or all of the benefits that we expect to achieve from the completed Spin-Off (as defined below);
- the ability and willingness of Ensign to meet and/or perform its obligations under the contractual arrangements that it entered into with us in connection with the Spin-Off, including the Ensign Master Leases (as defined below), and any of its 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, including Ensign, 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 availability of and the ability to identify suitable acquisition opportunities and the ability to acquire and lease the respective properties on favorable terms;
- 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 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, 2015, as amended, 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

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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 as required by law, 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 herein and therein 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, in each case, the portions 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, 2015 (filed with the SEC on February 11, 2016), Amendment No. 1 to our Annual Report on Form 10-K/A (filed with the SEC on March 16, 2016) and Amendment No. 2 to our Annual Report on Form 10-K/A (filed with the SEC on March 18, 2016);

- our Quarterly Reports on Form 10-Q for the quarter ended March 31, 2016 (filed with the SEC on May 11, 2016), for the quarter ended June 30, 2016 (filed with the SEC on August 8, 2016) and for the quarter ended September 30, 2016 (filed with the SEC on November 2, 2016);

- our Current Reports on Form 8-K filed with the SEC on February 4, 2016, March 25, 2016, May 13, 2016, May 16, 2016 (with regard to Item 5.02 only) and May 26, 2016; and

- the description of our common stock 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.

We also incorporate by reference the information contained in all other documents we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act) (other than the portions that are deemed to have been furnished and not filed in accordance with SEC rules, unless otherwise indicated therein) on or after the date of this prospectus supplement and prior to the termination of the offering under this prospectus supplement.

We will provide to each person, including any beneficial owner, to whom a prospectus (or a notice of registration in lieu thereof) is delivered a copy of any or all of the documents incorporated by reference into this prospectus (including any exhibits that are specifically incorporated by reference in those documents) at no cost. Any such request can be made by writing or telephoning us at the following address and telephone number:

CareTrust REIT, Inc.

905 Calle Amanecer, Suite 300

San Clemente, California 92673

(949) 542-3130

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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, 2015, as amended, 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, for the periods prior to the Spin-Off, 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.

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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 herein and therein, including the risk factors described on page S-11 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, 2015, as amended. 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

We are an independent publicly-traded, self-administered, self-managed REIT primarily engaged in the ownership, acquisition and leasing of healthcare-related properties. CareTrust was formed on October 29, 2013, as a wholly owned subsidiary of Ensign. On June 1, 2014, Ensign completed the Spin-Off, which was effective from and after June 1, 2014, with shares of our common stock distributed to Ensign stockholders on June 2, 2014. We hold substantially all of the real property that was previously owned by Ensign. As of September 30, 2016, CareTrust s real estate portfolio consisted of 149 skilled nursing facilities (SNFs), assisted living facilities (ALFs) and independent living facilities (ILFs). Of these properties, 94 are leased to Ensign on a triple-net basis under multiple long-term leases (each, an Ensign Master Lease and, collectively, the Ensign Master Leases) that have cross-default provisions and are all guaranteed by Ensign, 16 are leased to affiliates of Pristine Senior Living (Pristine) under a long-term, triple-net master lease that is guaranteed by Pristine and one of its principals, and 39 are leased to 13 other tenants on a triple-net basis. We also own and operate three ILFs. As of September 30, 2016, the 94 facilities leased to Ensign had a total of 9,916 operating beds and units and are located in Arizona, California, Colorado, Idaho, Iowa, Nebraska, Nevada, Texas, Utah and Washington; the 16 facilities leased to affiliates of Pristine had a total of 1,488 operating beds and units and are located in Ohio; and the 39 remaining leased properties had a total of 2,900 operating beds and units and are located in California, Colorado, Florida, Georgia, Idaho, Indiana, Iowa, Maryland, Michigan, Minnesota, North Carolina, Texas, Virginia, Washington and Wisconsin. The three ILFs that we own and operate had a total of 264 operating units and are located in Texas and Utah. As of September 30, 2016, we had three other real estate investments, consisting of $13.6 million of preferred equity investments.

We generate revenues primarily by leasing healthcare-related properties to healthcare operators in triple-net lease arrangements, under which the tenant is solely responsible for the costs related to the property (including property taxes, insurance, 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 anticipate diversifying our portfolio over time, including by acquiring properties in different geographic markets, and in different asset classes.

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

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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. 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 15,655 facilities as of June 2015, 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.

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 2012 Current Population Survey by the U.S. Census Bureau, there were over 41.5 million people in the United States in 2012 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 $155.6 billion in 2014 to approximately $274 billion in 2024, representing a compounded annual growth rate of 5.3%. 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 September 30, 2016, our portfolio included 116 SNFs, 14 of which include assisted or independent living operations.

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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 September 30, 2016, our portfolio included 32 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 September 30, 2016, 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, with concentrations in California, Ohio and Texas. 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. As of September 30, 2016, our properties are located in 20 different states, with concentrations in California, Ohio and Texas and the properties in any one state do not account for more than 21% of our total operating 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 81% of our 2015 revenues and 60% of our revenues for the nine months ended September 30, 2016, exclusive of tenant reimbursements. 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 believe that we are able to identify and pursue working relationships

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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 President and Chief Executive Officer, has extensive experience in the real estate and healthcare industries. Mr. Stapley has more than 30 years of experience in the acquisition, development and disposition of real estate, including healthcare facilities and office, retail and industrial properties, including 14 years at Ensign. Our Chief Financial Officer, William M. Wagner, has more than 25 years of accounting and finance experience, primarily in real estate, including 12 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.

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

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

Proposed Acquisition

We have a proposed investment of $95.9 million, inclusive of estimated transaction costs, which is subject to a signed purchase agreement that we expect to close at the end of November 2016 (the Proposed Acquisition). The Proposed Acquisition consists of four properties, two of which are located in close proximity to an acute-care hospital, located in the greater Dallas-Fort Worth area of Texas with a total of 540 SNF beds and 28 ALF units. Two of the properties were built in 2009, one was built in 2005, and the fourth was updated and renovated in 2011. These properties will be leased to a regional operator with experienced principals. We anticipate that the Proposed Acquisition will, once closed, generate annual cash rent of approximately $8.6 million and an initial cash yield of approximately 8.9%. Completion of the Proposed Acquisition is subject to typical due diligence contingencies and the satisfaction of customary closing conditions.

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.

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The Offering

Common stock offered by us	5,500,000 shares (6,325,000 shares if the underwriters exercise their option to purchase additional shares of common stock in full).
Common stock to be outstanding after this offering	63,578,786 shares (64,403,786 shares if the underwriters exercise their option to purchase additional shares of common stock in full), based on 58,078,786 shares of our common stock outstanding as of November 4, 2016.
Option to purchase additional shares from us	We have granted the underwriters a 30-day option to purchase up to 825,000 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 $70.0 million (or $80.6 million if the underwriters exercise their option to purchase additional shares of common stock in full). We intend to contribute the net proceeds from this offering to the Operating Partnership, which will in turn apply the net proceeds to fund the Proposed Acquisition and may, in the interim, use such proceeds to repay borrowings outstanding on our credit and guaranty agreement, dated August 5, 2015, as amended by that first amendment dated February 1, 2016, by and among the Company, CareTrust GP, LLC, the Operating Partnership, as the borrower, and certain of its wholly owned subsidiaries, KeyBank National Association, as administrative agent, an issuing bank and swingline lender, and the lenders party thereto (the Credit Facility). See Use of Proceeds.
Conflicts of interest	As described in Use of Proceeds, we intend to contribute the net proceeds from this offering to the Operating Partnership, which may in turn apply the net proceeds to repay borrowings outstanding on our Credit Facility. Affiliates of each of the underwriters are lenders under our Credit Facility and, in such capacity, may receive a portion of the net proceeds from this offering. Such repayment to affiliates of certain of the underwriters may constitute more than 5% of the net proceeds of this offering. Consequently, this offering will be made in compliance with the applicable provisions of Rule 5121 of the Financial Industry Regulatory Authority, Inc. (FINRA). The appointment of a qualified independent underwriter is not required in connection with this offering, because a bona fide public market, as defined in Rule 5121, exists for our common stock. See Underwriting (Conflicts of Interest).

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

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	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-11 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, 2015, as amended, and the other information included in or incorporated by reference in this prospectus supplement and the accompanying prospectus in 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 825,000 shares of common stock from us.

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Summary Historical Financial Data

The following table sets forth summary financial data for CareTrust on a historical basis for the periods presented. 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, 2015 and 2014 and for each of the years ended December 31, 2015, 2014 and 2013 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, 2015, as amended, which is incorporated by reference into this prospectus supplement. We have derived the condensed consolidated income statement data for the nine months ended September 30, 2016 and 2015 from CareTrust s unaudited condensed consolidated financial statements included in the documents 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 unaudited condensed consolidated 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. Interim financial statements are not necessarily indicative of results that may be experienced for the full year or any future reporting period.

The following should be read in conjunction with Selected Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes thereto which appear in the documents incorporated by reference in this prospectus supplement.

	For the Year Ended December 31,			For the Nine Months Ended September 30,	
	2015	2014	2013	2016	2015
	(in thousands, except per share data)				
Income statement data:					
Total revenues	$ 74,951	$ 58,897	$ 48,796	$ 76,436	$ 52,319
Income (loss) before provision for income taxes	10,034	(8,143)	(272)	20,965	5,031
Net income (loss)	10,034	(8,143)	(395)	20,965	5,031
Earnings (loss) per common share:					
Basic	0.26	(0.36)	(0.02)	0.38	0.14
Diluted	0.26	(0.36)	(0.02)	0.38	0.14
Weighted-average number of common shares:					
Basic	37,380	22,788	22,228	54,403	33,916
Diluted	37,380	22,788	22,228	54,403	33,916
Balance sheet data:					
Total assets	$ 673,166	$ 475,140	$ 428,515	$ 845,089	$ 684,972
Total liabilities	410,878	361,678	265,826	482,314	420,410
Total equity	262,288	113,462	162,689	362,775	264,562
Other financial data:					
Dividends declared per common share	$ 0.64	$ 6.01	$	$ 0.51	$ 0.48

FFO(1)	34,109	14,853	23,023	44,325	22,088
FAD(1)	37,831	16,559	23,740	47,132	24,832

(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

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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 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 (loss), the most directly comparable GAAP financial measure, for the years ended December 31, 2015, 2014 and 2013 and for the nine months ended September 30, 2016 and 2015:

	For the Year Ended December 31,			For the Nine Months Ended September 30,	
	2015	**2014**	**2013**	**2016**	**2015**
	(in thousands)				
Net income (loss)	$ 10,034	$ (8,143)	$ (395)	$ 20,965	$ 5,031
Real estate related depreciation and amortization	24,075	22,996	23,418	23,360	17,057
FFO	34,109	14,853	23,023	44,325	22,088
Amortization of stock-based compensation	1,522	154	18	1,207	1,095
Amortization of deferred financing costs	2,200	1,552	699	1,678	1,649
Straight-line rental income					