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The Ensign Group Announces Sale-Leaseback Transaction with Mainstreet Health Investments Inc.

MISSION VIEJO, Calif., March 14, 2017 (GLOBE NEWSWIRE) -- The Ensign Group, Inc. (NASDAQ:ENSG), the parent company of the Ensign™ group of skilled nursing, rehabilitative care services, home health care, hospice care, and assisted living companies, announced today that it has entered into definitive agreements to simultaneously sell and lease two skilled nursing facilities and one assisted living community to Mainstreet Health Investments Inc. (TSX:HLP.U) ("MHI"). Upon closing the transaction, Ensign will lease the properties from MHI under a triple-net master lease with an initial 20 year term and CPI-based annual escalators. The properties are located within high-density neighborhoods of the Los Angeles and Phoenix metro markets and have been owned and operated by Ensign for many years. In conjunction with the transaction, MHI has agreed to release Ensign from its lease obligations on three transitional care facilities in Kansas and Texas that are currently under development.

"This transaction not only demonstrates the significant value inherent in our owned real estate, but it also shows that we have several levers we can pull to strengthen our already healthy balance sheet," said Christopher Christensen, Ensign's President and Chief Executive Officer. "As with the spin-off transaction that we completed in June 2014, we took a very conservative approach to both the sale price and the lease structure. We are very excited to capture some of the value we've created in these real estate assets while simultaneously ensuring that we will continue serving each of these communities for decades to come," he said, noting that the anticipated lease to EBITDAR ratios will exceed two times as of the commencement date.

The proposed transaction is subject to certain closing conditions, including satisfactory completion of due diligence. There can be no assurances that any such conditions will be satisfied or that the transaction will be consummated.

Upon closing this transaction, the number of Healthcare Resorts that are currently operated by an Ensign subsidiary, and were developed by Mainstreet Property Group ("MPG"), will include five in Kansas, one in Texas and one in Colorado. In addition, Ensign affiliates will no longer have any outstanding lease obligations with MHI or MPG with respect to facilities under development. As a result of the sale-leaseback transaction, Ensign affiliates will own the real estate of 48 of the 211 healthcare facilities within the portfolio.

Mr. Christensen reaffirmed that Ensign continues to see many opportunities for growth within its existing footprint and in new markets. He also indicated that the organization is actively seeking and negotiating several other transactions to acquire real estate and to lease both well performing and struggling skilled nursing, assisted living and other healthcare-related businesses.

About Ensign™:

The Ensign Group, Inc.'s independent operating subsidiaries provide a broad spectrum of skilled nursing and assisted living services, physical, occupational and speech therapies, home health and hospice services, and other rehabilitative and healthcare services at 211 healthcare facilities, fifty-one of which are owned, twenty hospice agencies, seventeen home health agencies and three home care businesses across fourteen states. More information about Ensign is available at <http://www.ensigngroup.net>.

About Mainstreet Health Investments Inc.

Mainstreet Health Investments Inc. is a North American health care real estate company with a growing portfolio of high quality properties located in the United States and Canada and operated by best-in-class senior living and care operators primarily under long-term leases. Its mission is to create long-term shareholder value while providing an investment opportunity that matters. For more information, visit www.mainstreethealthinvestments.com.

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