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

MISSION VIEJO, Calif., May 15, 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 completed its previously announced sale-leaseback transaction with Mainstreet Health Investments Inc. (TSX:HLP.U) ("MHI"). Pursuant to the transaction documents, Ensign simultaneously sold and entered into a master lease for two skilled nursing facilities and one assisted living community. The master lease includes 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 operated by Ensign for many years. In conjunction with the transaction, MHI released Ensign from its lease obligations on three new transitional care facilities that have been under development in Kansas and Texas.

"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 initial lease to EBITDAR ratios exceed two times as of the commencement date.

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 no longer have any outstanding lease obligations with MHI or MPG for any newly constructed facilities.

Ensign affiliates now own the real estate of 50 of the 215 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 215 healthcare facilities, twenty hospice agencies, eighteen 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 health care real estate company with a portfolio of high quality properties located in the United States and Canada. Our properties are operated by best-in-class health care providers primarily under long-term, triple net leases. Our mission is to create long-term shareholder value while providing an investment opportunity that matters. For more information visit www.mainstreethealthinvestments.com.

SOURCE: The Ensign Group, Inc.

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