

Strawberry Fields REIT

NYSE American: "STRW"

May 31, 2024





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Forward-looking statements involve inherent uncertainty and may ultimately prove to be incorrect or false. You are cautioned to not place undue reliance on forward-looking statements. Except as otherwise may be required by law, we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or actual operating results.

Factors that may cause actual results to differ materially from current expectations include, but are not limited to, various factors beyond management’s control, risks, uncertainties and other factors described in the sections entitled “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” in the Company’s Form S-11 filed with the Securities and Exchange Commission (the “SEC”) on August 21, 2023. Nothing in this presentation should be regarded as a representation by any person that the forward-looking statements set forth herein will be achieved or that any of the contemplated results of such forward-looking statements will be achieved. You should not place undue reliance on forward-looking statements in this presentation, which speak only as of the date they are made and are qualified in their entirety by reference to the cautionary statements herein and the risk factors of the Company described above. The Company undertakes no duty to update these forward-looking statements.

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Use of Projections

This presentation contains projected financial information with respect to the Company. Such projected financial information constitutes forward-looking information and is for illustrative purposes only. The assumptions and estimates underlying such financial forecast information are inherently uncertain and are subject to a wide variety of significant business, economic, competitive and other risks and uncertainties that could cause actual results to differ materially from those contained in such prospective financial information.

Disclaimer Regarding Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures not based on generally accepted accounting principles. The Company presents non-GAAP financial measures when it believes that the additional information is useful and meaningful to investors.

The Company believes that net income as defined by GAAP is the most appropriate earnings measure. We also believe that funds from operations (“FFO”), as defined in accordance with the definition used by the National Association of Real Estate Investment Trusts (“NAREIT”), and adjusted funds from operations (“AFFO”) are important non-GAAP supplemental measures of our operating performance. Because the historical cost accounting convention used for real estate assets requires straight-line depreciation (except on land), such accounting presentation implies that the value of real estate assets diminishes predictably over time. However, since real estate values have historically risen or fallen with market and other conditions, presentations of operating results for a REIT that use historical cost accounting for depreciation could be less informative. Thus, NAREIT created FFO as a supplemental measure of operating performance for REITs that excludes historical cost depreciation and amortization, among other items, from net income, as defined by GAAP. FFO is defined as net income, computed in accordance with GAAP, excluding gains or losses from real estate dispositions, plus real estate depreciation and amortization. AFFO is defined as FFO excluding the impact of straight-line rent, above-/below-market leases, non-cash compensation and certain non-recurring items. We believe that the use of FFO, combined with the required GAAP presentations, improves the understanding of our operating results among investors and makes comparisons of operating results among REITs more meaningful. We consider FFO and AFFO to be useful measures for reviewing comparative operating and financial performance because, by excluding the applicable items listed above, FFO and AFFO can help investors compare our operating performance between periods or as compared to other companies.

While FFO and AFFO are relevant and widely used measures of operating performance of REITs, they 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. FFO and AFFO also do not consider the costs associated with capital expenditures related to our real estate assets nor do they purport to be indicative of cash available to fund our future cash requirements. Further, our computation of FFO and AFFO may not be comparable to FFO and AFFO 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 AFFO differently than we do.

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We believe that the use of FFO, AFFO, EBITDA and Adjusted EBITDA (which can be defined as EBITDA net of the effects of straight-line rent, gain/loss on currency translation costs and the effects of credit provision for doubtful accounts) are helpful to our investors as these metrics are used by management in assessing the health of our business and our operating performance. The non-GAAP financial measures set forth in this presentation are reconciliated to the most directly comparable GAAP measures in our annual report Form 10-K filed with the SEC on March 19, 2024 and in our quarterly report on Form 10-Q filed with the Securities and Exchange Commission on May 14, 2024. Such reconciliations are also available on our website at www.strawberryfieldsreit.com.

This presentation also contains estimates and other information concerning our industry that are based on industry publications, surveys and forecasts. This information involves a number of assumptions and limitations, and we have not independently verified the accuracy or completeness of the information. This presentation includes industry data obtained from publicly available third-party sources. The Company is not aware of any misstatements contained in such industry data, but it has not independently verified it and does not guarantee the accuracy or completeness of such information contained in this presentation.

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Legal Disclaimer

Strawberry Fields REIT


Company Highlights


- The history of our Company began 20+ years ago when our CEO & Chairman Moishe Gubin & one of our Director's Michael Blisko began acquiring skilled nursing facilities in Indiana.
 - In 2015 Strawberry Fields REIT (the "Company") was spun out as a Propco with 33 facilities in Indiana/Illinois
 - The Chairman & CEO, Moishe Gubin, is a founder of the Company and has been involved in every acquisition
- The Company has strong/experienced regional operators leasing its facilities on a NNN basis
 - Currently the Company owns 109 facilities located in 9 states
- The Company has financial strength and stable cash flows:
 - Q2 2024 Annualized dividend yield of 5.2%
 - Q1 2024 AFFO of \$13.1mm
 - 2024 forecasted AFFO/share of \$1.08
 - 2023 AFFO/share of \$1.02
 - Q1 2024 AEBITDA of \$21.4mm
 - 2024 forecasted AEBITDA/share of \$1.72
 - 2023 AEBITDA/share of \$1.53
- Most of the Company's debt is fixed/low interest, long-term HUD guaranteed debt.
 - This debt has a maturity of 20+ years and weighted average interest rate of 3.91%



About Strawberry Fields REIT Inc. (the “Company”)



 The Company is an income producing real estate investment company that owns 97 properties and also holds leasehold interests in three additional properties under a long-term leases. These properties are leased to third-party operators which use them to operate 99 Skilled Nursing Facilities (SNFs), 2 Long Term Acute Care Hospitals (LTACHs) and 8 Assisted Living Facilities (ALFs). These facilities have a total of 12,449 licensed beds.

 We primarily lease our properties on a triple net, long term basis, with annual rent escalations of 1%-3%.



59.6% of our facilities are leased to related parties, including 65 facilities leased to affiliates of two of our Directors.



Our properties are located across 9 states: Arkansas, Illinois, Indiana, Kentucky, Michigan, Ohio, Oklahoma, Tennessee and Texas.



The Company specializes in leasing healthcare properties utilized as SNFs, LTACHs and ALFs. The demand for these types of facilities is expected to continue to grow consistently due the aging population in the U.S.



Our business is financed through a combination of bond debt, HUD guaranteed loans and commercial bank loans.



The operators of our properties primarily provide care to long-term residents who require constant care and rehabilitation.



For the period 2018 through Q1 2024 (annualized), the Company has shown strong growth in Adjusted EBITDA (CAGR: 9.8%) and Adjusted FFO (CAGR: 15.6%).



Portfolio Summary as of March 31, 2024*

Demonstrated Operating Results and Financial Strength

97



Owned assets, plus three assets under long term leases

\$356M+



Acquisition Pipeline

56%***



Portfolio Leverage

12,449



Total number of beds

\$13.1M**

Q1 Adjusted FFO

2023 Adjusted EBITDA: \$52.7M

1.69x****

TTM EBITDARM Rent Coverage



109



Total number of facilities

\$21.4M**

Q1 Adjusted EBITDA

2023 Adjusted EBITDA: \$79.3M

100%

Rent Collected Through Q1 2024



*Data as of March 31, 2024, unless noted otherwise

**See the back page for the reconciliation of AFFO & AEBITDA

***Portfolio leverage is calculated by outstanding Company/Property debt divided by the appraised values of our facilities.

****EBITDARM is a non-GAAP measure; please see the back page for a further explanation. This amount is not audited and is based on annualized operator results as of February 29, 2024.

Proven Acquisition Strategy Driving Significant Growth in the Portfolio

2005 – 2014: Moishe Gubin, our Chairman and CEO, and other investors acquire 33 SNF properties in Indiana and Illinois

2005 to 2014

2008: Infinity, an affiliate of Mr. Gubin, is engaged as consultant to the tenant operators.



2015: Our predecessor, Strawberry Fields REIT, LLC, was founded by Mr. Gubin, Mr. Blisko and other investors acquired their portfolio of 33 SNF properties.

2015: We issued \$68.3 million of Series A bonds that were listed on the Tel Aviv Stock Exchange, with an initial S&P Israel “iA-” rating. These bonds were paid off in November 2023

2018: We issued \$67.1 million of Series B bonds that were listed on the Tel Aviv Stock Exchange with an initial S&P Israel “iA+” rating. These bonds were paid off in March 2022.

2021: We issued \$64.0 million of Series C bonds that are listed on the Tel Aviv Stock Exchange with an initial S&P Israel “iA+” rating

2021: We created an UPREIT structure, with the Company as the general partner of our operating partnership which holds all of our properties.

2022: We began trading on the OTCQX under the ticker “STRW”.

Feb 2023: We up-listed to the NYSE American

Jan 2024: We entered 2 long-term leases for facilities in Tennessee (246 beds)

2015 to 2024

2015: We expanded into Texas, Ohio, Oklahoma and Michigan through the purchase of 16 properties.

2016: We expanded into Tennessee and Kentucky through the purchase of 8 properties. We sold one property in Illinois.

2017-2018: We purchased 9 properties in Arkansas, together with one in Indiana and one in Kentucky. Tenants engaged three additional consulting groups (Benchmark, Green Park, and Paramount).

2019-2020: We purchased 14 additional properties in Arkansas, Kentucky, Illinois and Indiana.

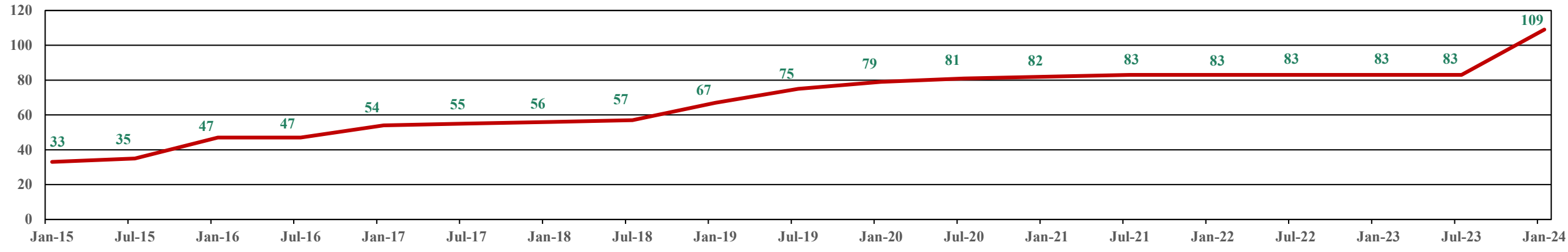
2021: We acquired 5 properties in Tennessee and one in Kentucky. We sold 5 properties in Illinois.

2022: We repaid the Series B Bonds and obtained a \$105.0 million mortgage loan facility

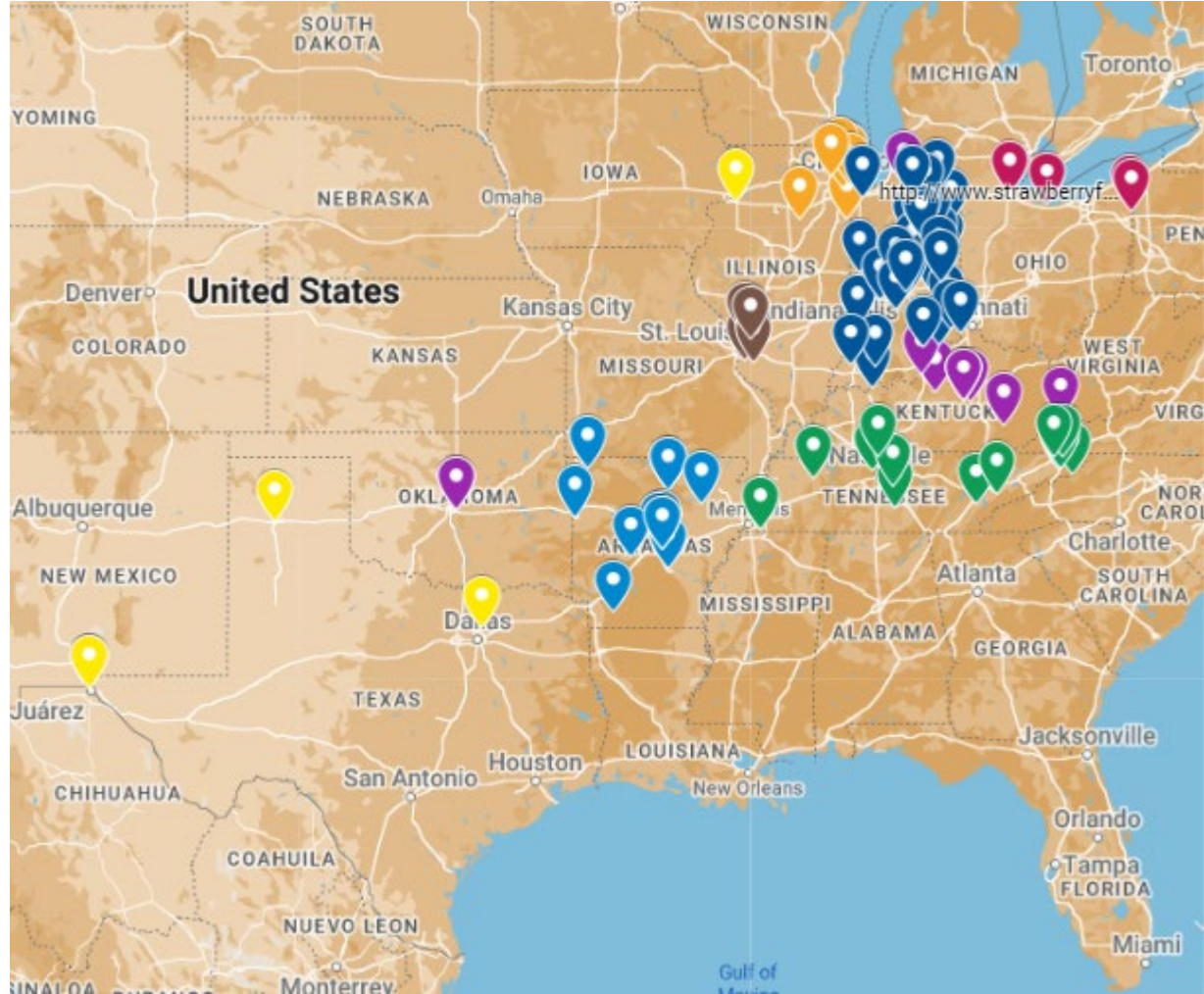
Jan 2023: We acquired a 120 bed SNF in Breathitt County, KY.

Aug 2023: We acquired 19 SNF’s & 5 ALF’s (1,852) beds located in Indiana for \$102mm

SF Growth (Number of Facilities)



Diversified Base of Consultants to Operators



- Infinity of Illinois
- Landmark
- Infinity of Indiana
- Oasis Health Care Group
- Infinity of Tennessee
- AOM Healthcare Management
- Bria Health Services
- Misc. Operators

Portfolio Composition

109 Facilities

12,449 total beds across 9 states
(Illinois, Indiana, Arkansas, Tennessee, Kentucky, Texas, Ohio, Oklahoma, and Michigan)

9 buildings include two types of licensed facilities

In order to leverage scale and efficiencies, the Company focuses on acquiring facilities that are geographically concentrated



☸ Moïshe Gubin, our Chairman and founder, has served as the Chief Executive Officer since inception of the Company. From 2004 to 2014, Mr. Gubin was the Chief Financial Officer and Manager of Infinity Healthcare Management, LLC, a company engaged in managing skilled nursing facilities and other healthcare facilities.


☸ Jeffrey Bajtner has served as our Chief Investment Officer since March 2022. Mr. Bajtner's role with the Company focuses on acquisitions/dispositions of real estate and overseeing our investor relations. From 2015 to May 2021, Mr. Bajtner was a Vice President at BlitzLake Partners, where he oversaw acquisitions for mixed-use developments.


☸ Greg Flamion, our Chief Financial Officer, since joining the Company in January 2024. Previously, Mr. Flamion was a CFO of Zimmerman Advertising, an agency under Omnicom Group Inc. (NYSE: OMC) from 2014-2023. Mr. Flamion also held a number of diverse accounting and finance positions at a variety of publicly traded companies.


☸ David Gross serves as our General Counsel. Mr. Gross is an experienced healthcare and transactional attorney with 10+ years in the healthcare industry. Mr. Gross focuses primarily on acquisition, leasing, disposition and financing of skilled nursing facilities, long term acute care hospitals and medical office space.





**Experienced
Management
Team**

 Moishe Gubin, Chairman, who also serves as our Chief Executive Officer.

 Essel Bailey, Director, has spent the last 50 years engaged in the public and private healthcare capital markets, first as a lawyer specializing in corporate and real estate finance and then as an executive of several healthcare companies. In 1992, as founder and chief executive officer of Omega Healthcare Investors, Inc. (“Omega”), a REIT, Mr. Bailey completed a listing on the NYSE raising \$250mm. Mr. Bailey continued at Omega until 2001 at which time Omega had investments in excess of \$1.5B. Additionally, in 1997 Mr. Bailey founded and separately organized Omega Worldwide Inc. which listed on the NASDAQ, investing \$1.5B in healthcare net leased assets in the UK & Australia. Since 2003, Mr. Bailey has been the Chairman of a private healthcare operating company that owns and operates 29 facilities in 4 states.

 Michael Blisko, Director, who is the Chief Executive Officer of Infinity Healthcare Management. Mr. Blisko is a veteran of leading healthcare consultancy portfolios, as well as the architect in creating cutting edge leadership teams. Mr. Blisko is a principal for a myriad of ancillary companies, including United Rx, a long-term pharmacy, and Bella Monte Recovery a behavioral health addiction center.

 Reid Shapiro, Director, has been the owner of Shappy LLC, a company engaged in business consulting since 2014. From 1998 to 2014, Mr. Shapiro was a partner and co-founder of Elephant Group, Inc., a company engaged in the retail sale of electronic products which grew to approximately 120 locations.

 Jack Levine, Director, is a certified public accountant who has provided financial and consulting services to public and private companies for over 35 years. Since 2019, Mr. Levine has served on the Board of Directors for Blink Charging Co. (NASDAQ: BLNK), a leading owner, operator, and supplier of proprietary electric vehicle (“EV”) charging equipment and networked EV charging services.



Board of Directors

Disciplined Underwriting and Acquisition Strategy



Investment Criteria

- 10% projected ROI
- 20% projected levered IRR over a 10-year investment horizon (initial term of the lease)
- 12% projected ROE at 50% LTV with 8% interest
- Annual lease payment of no more than 80% of operator's pro-forma adjusted EBITDAR*
- Focus on smaller deals that are typically off-market and not typically sought by larger REITs.

Due Diligence

- Diligence includes review of operator-level financials (3+ years) and evaluation of existing and anticipated future reimbursements in proposed area
- Thorough review of facility information, including licensing status, zoning and tenant leasehold improvements
- Careful review of potential operators, including background checks and personal financial statements

Asset Management

- Analysis of tenant-furnished operator-level financials, along with operating data, on a monthly basis
- Oversee upkeep of the facilities and review annual surveys to ensure residents are properly cared for
- Evaluation of individual and portfolio property performance, liquidity metrics, lease and debt coverage, occupancy, planned capital expenditures, and other measures
- In-person visits to each facility in the portfolio at least 2 – 3 times per year

Recent Acquisitions

- Acquisition of 6 facilities in Tennessee and Kentucky with a combined 515 beds for \$81mm in 2021
- Acquisition of 120 bed SNF in Kentucky for \$6.0mm in Jan. 2023
- Acquisition of 19 SNF's and 5 ALF's (1,852 beds) in Indiana for \$102.0mm in Aug. 2023

* "EBITDAR" is defined as earnings before interest, taxes, depreciation, amortization and rent.

Strong Relationships with Experienced Consulting Groups & Operators

- Our 97 properties are leased to 109 operators that receive consulting services from 11 experienced consulting groups across 9 states.
- We seek to ensure that our tenants have the benefit of experienced consulting groups with a proven track record of assisting operators to provide first class care while maintaining profitability.
- Consulting groups provide the following services to each operator:
 - Billing
 - Collections
 - Regulatory Monitoring
 - Appropriate Medical Care
 - Sales & Marketing



Strawberry's operators have demonstrated ability to generate consistent and strong profitability despite operating in states that other skilled nursing competitors have had difficulties navigating.



- Provides consulting services to 88 operators with over 10,000 beds (including 64 Strawberry facilities with 5,414 licensed beds)
- Founded in 2008 by Michael Blisko and Moishe Gubin, who are directors of the Company.



- Founded in 2017 by Joseph Meisels
- Operates 15 Strawberry facilities in Texas, Kentucky, Illinois, Oklahoma, and Michigan with 1,659 licensed beds



- Founded in 2021 by Matis Herzka, Abraham Schreiber and Zalmen Scheinbaum
- Provides consulting services to 14 operators in Arkansas with 1,572 licensed beds (all 14 properties are leased from Strawberry)



- Founded in 2012 by Avrum Weinfeld, Daniel Weiss & Natan Weiss and headquartered in Skokie, IL
- Provides consulting services to 17 operators in Illinois with over 2,800 beds (including 5 Strawberry facilities located in southern Illinois with 654 licensed beds)



- Founded in the 2000's by the Sherman family
- Provides consulting services to 22 operators (including 4 Strawberry facilities with 238 licensed beds) in New York and Ohio.



- Founded in the 2000 by Gary and Malisa Blake
- Provides consulting services to 150+ operators in Texas (including 3 Strawberry facilities with 441 licensed beds).

* Affiliated Consulting Group



Skilled Nursing Industry in the U.S



Nursing Home Industry in the U.S - Summary

High barriers to entry:

- Significant set-up costs
- Regulatory restrictions
- Specialized knowledge

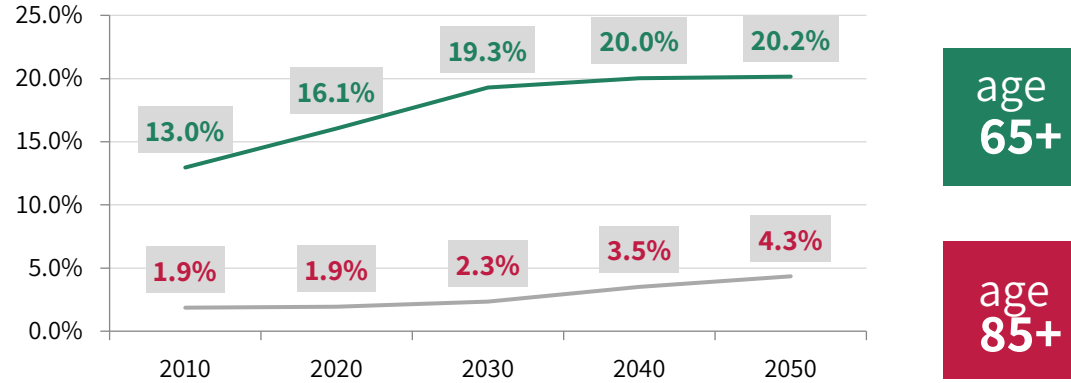
Federal and state-level subsidies through Medicaid & Medicare



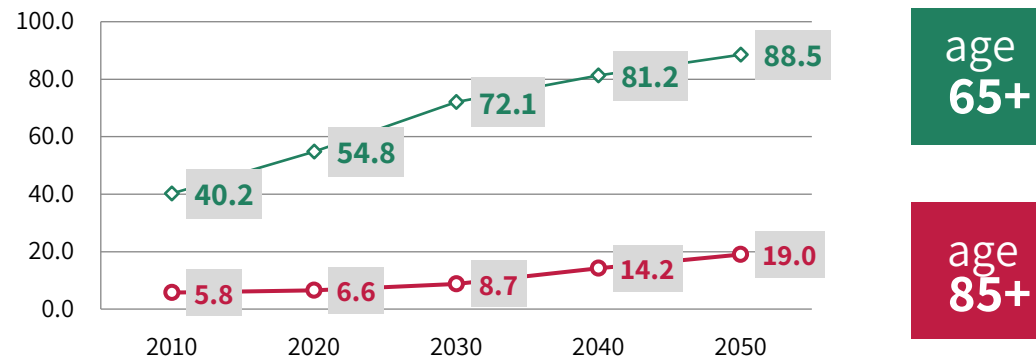
Growing demand due to an increase in life expectancy

Low supply of new nursing homes and restriction on licensing

% of Total Population



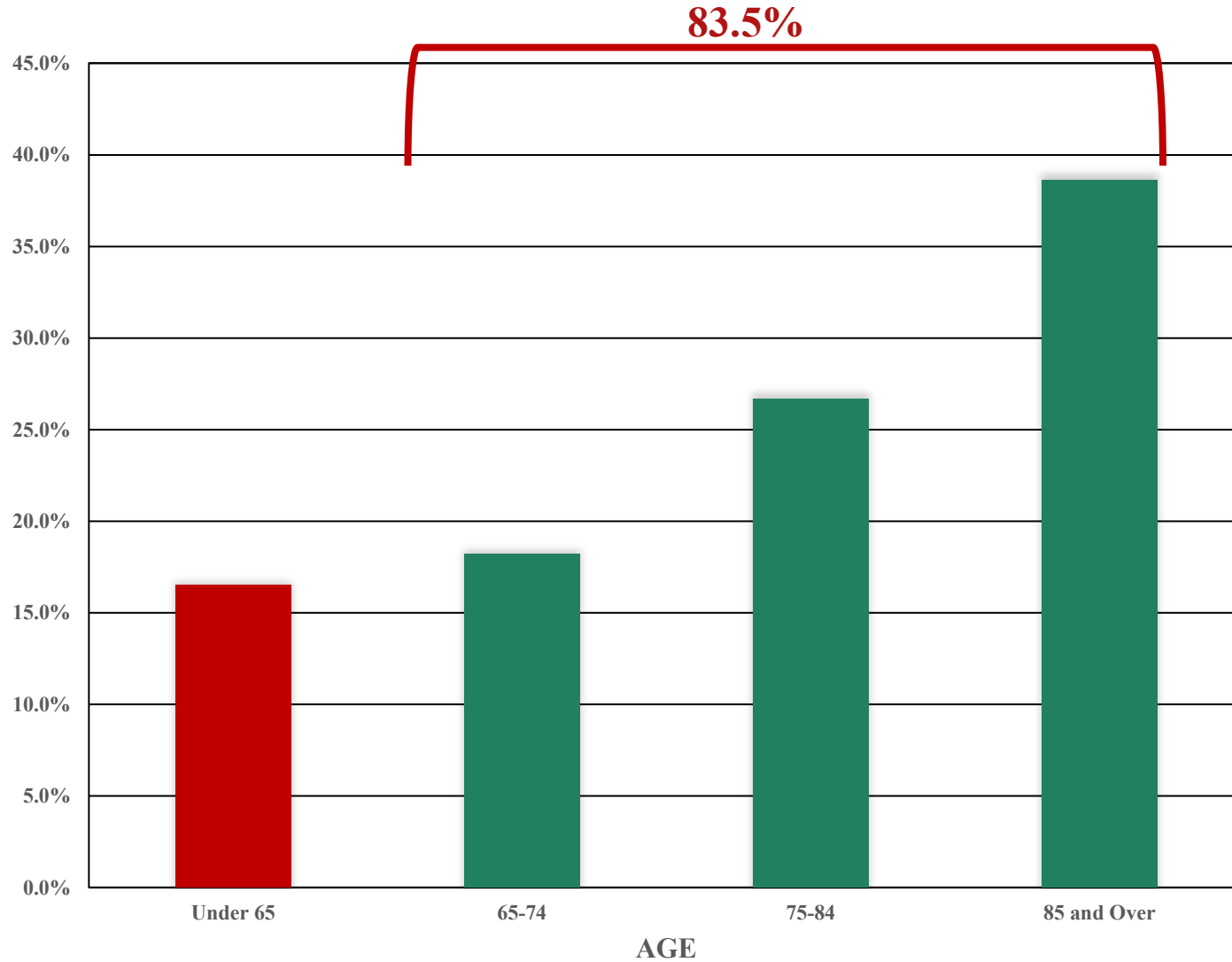
Total Population for Age Group



Trends in population

As a result of an increase in life expectancy in the United States, by 2030 the population of individuals aged 65 and over is expected to be more than 72 million.⁽¹⁾

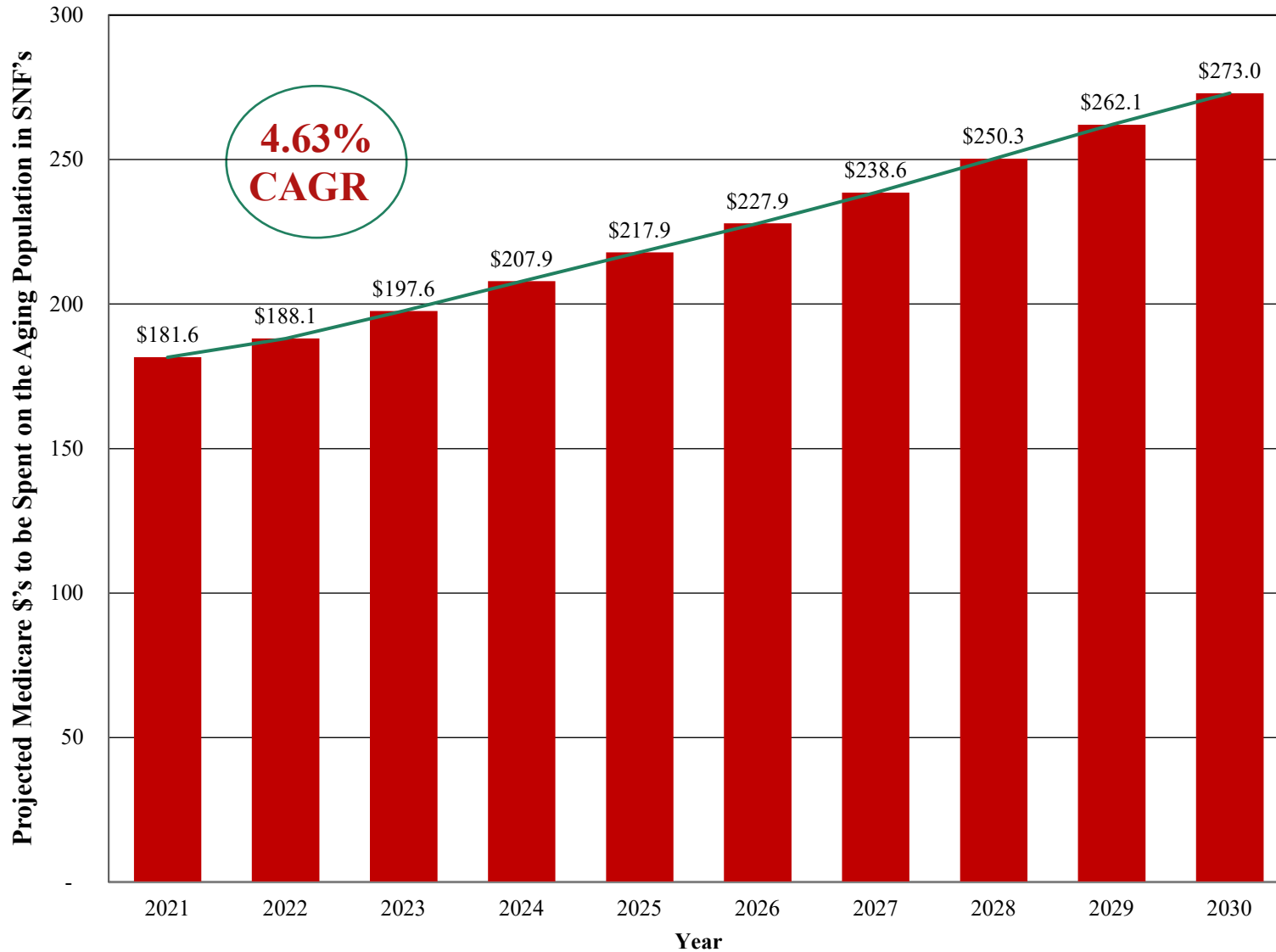
(1) United State Census Bureau



Age Demographic of the Average SNF Resident*

The services that a long-term resident receives at a SNF is geared towards those who need constant care or cannot take care of themselves anymore. The percentage of residents that are in SNF's aged 65+ is 83.5%.

* Source: CDC.gov National Center for Health Statistics



Increased Spend on Aging Population

Due to the increase in life expectancy in the United States, which will result in a greater amount of the population being individuals aged 65+ there will be an increase in spending on care for
*.this demographic

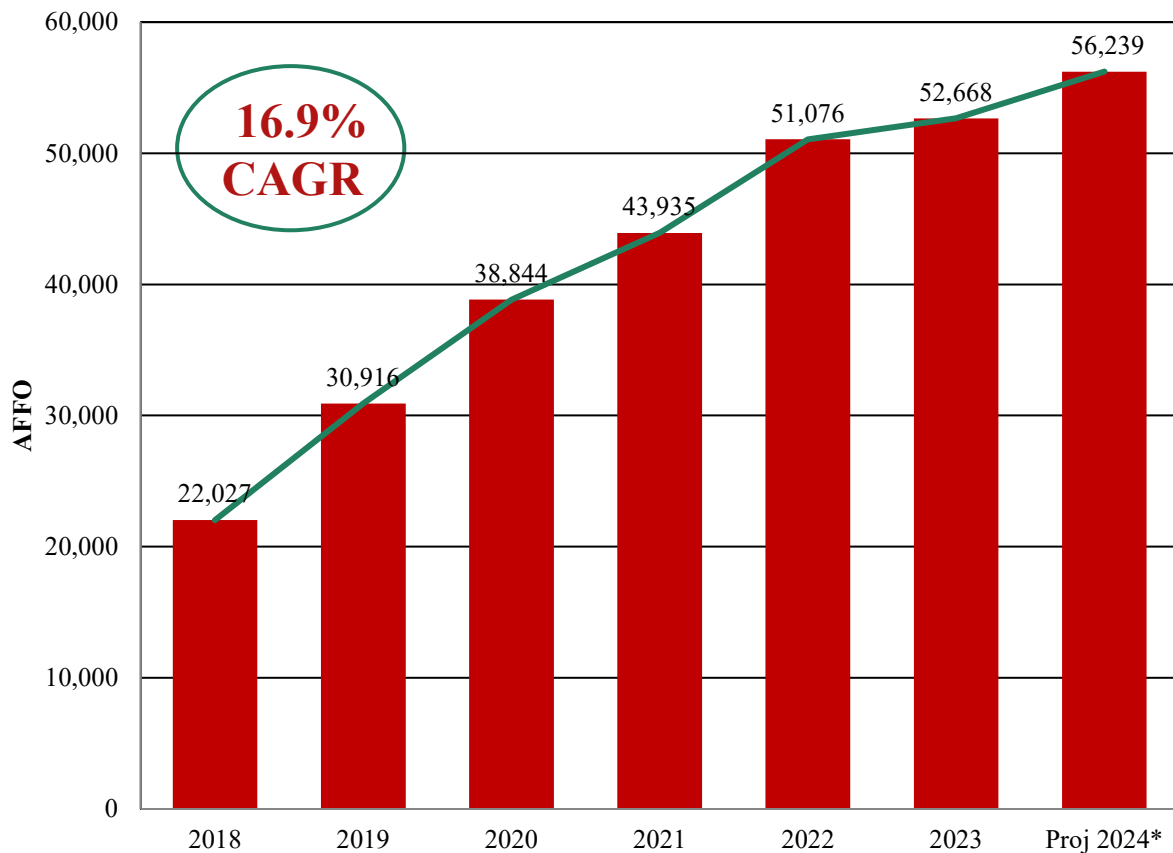
Centers for Medicare & Medicaid Services *



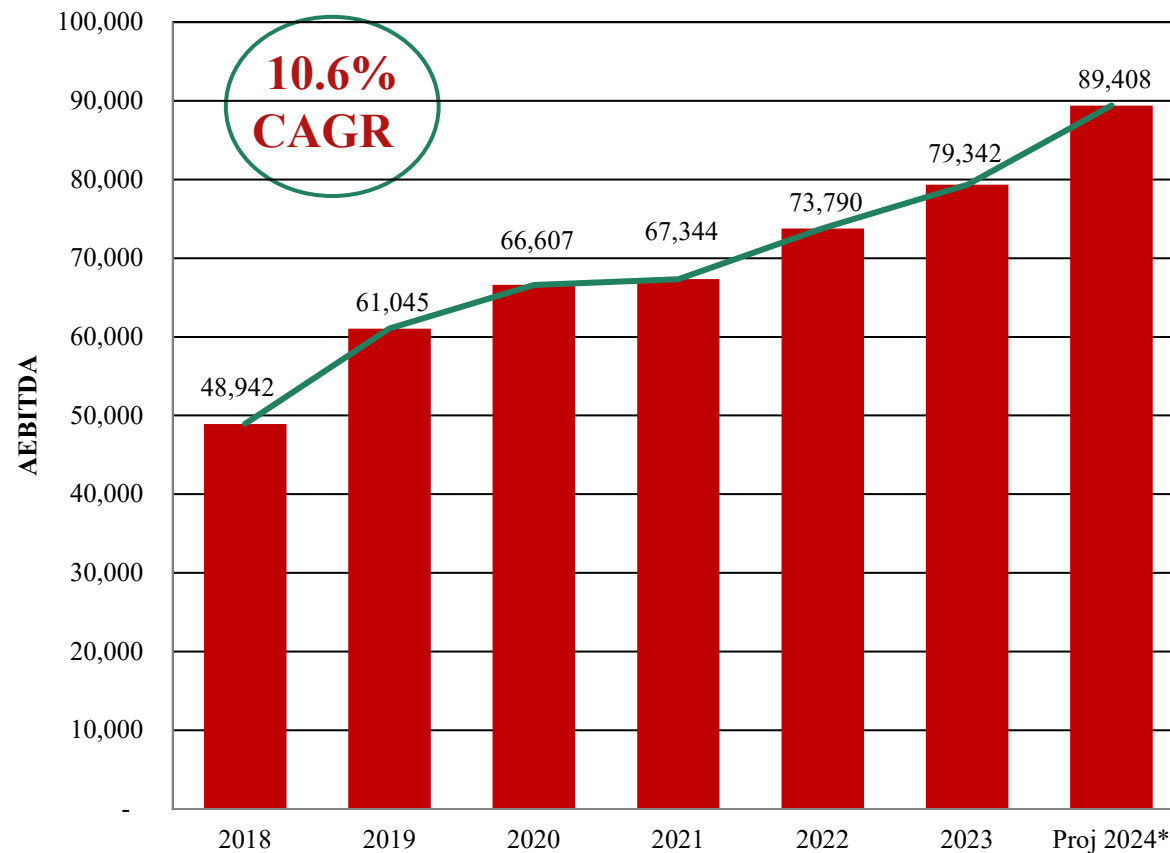
Financial Highlights

Adjusted FFO and Adjusted EBITDA Growth 2018 – Projected 2024

Adjusted FFO Growth (\$/thousands)



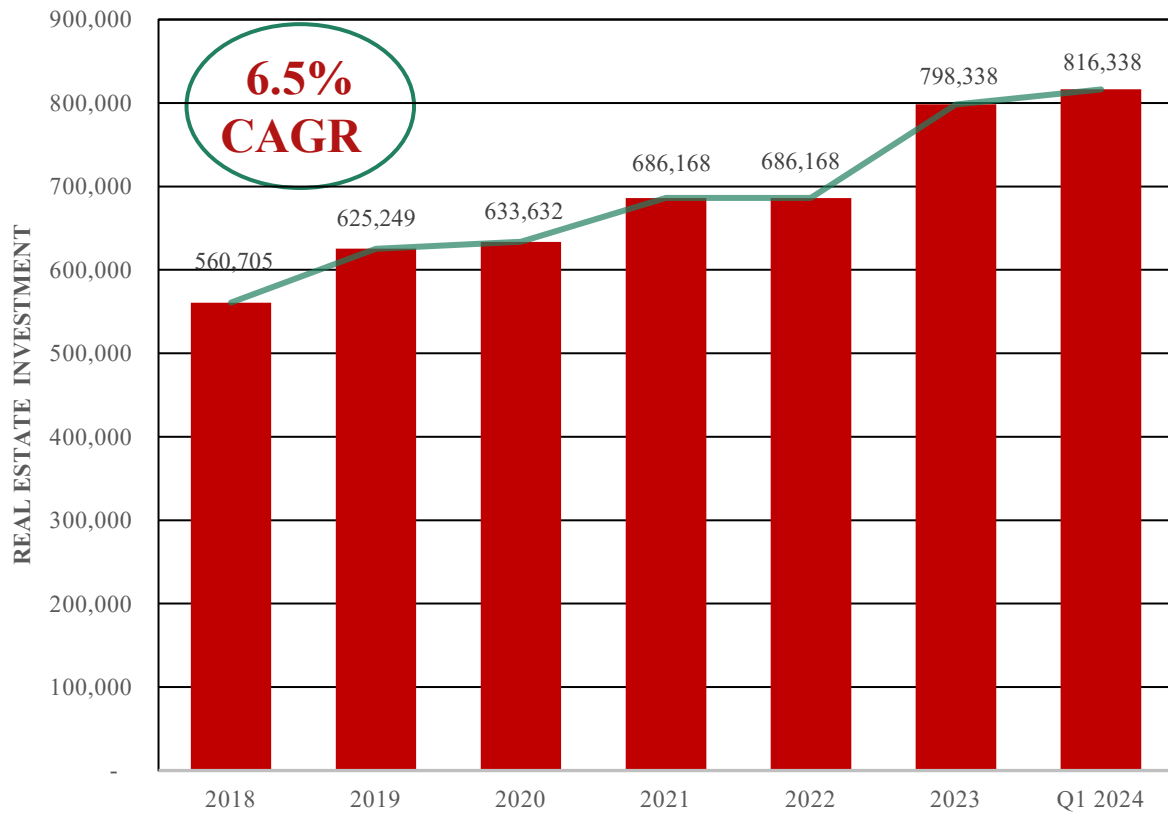
Adjusted EBITDA Growth (\$/thousands)



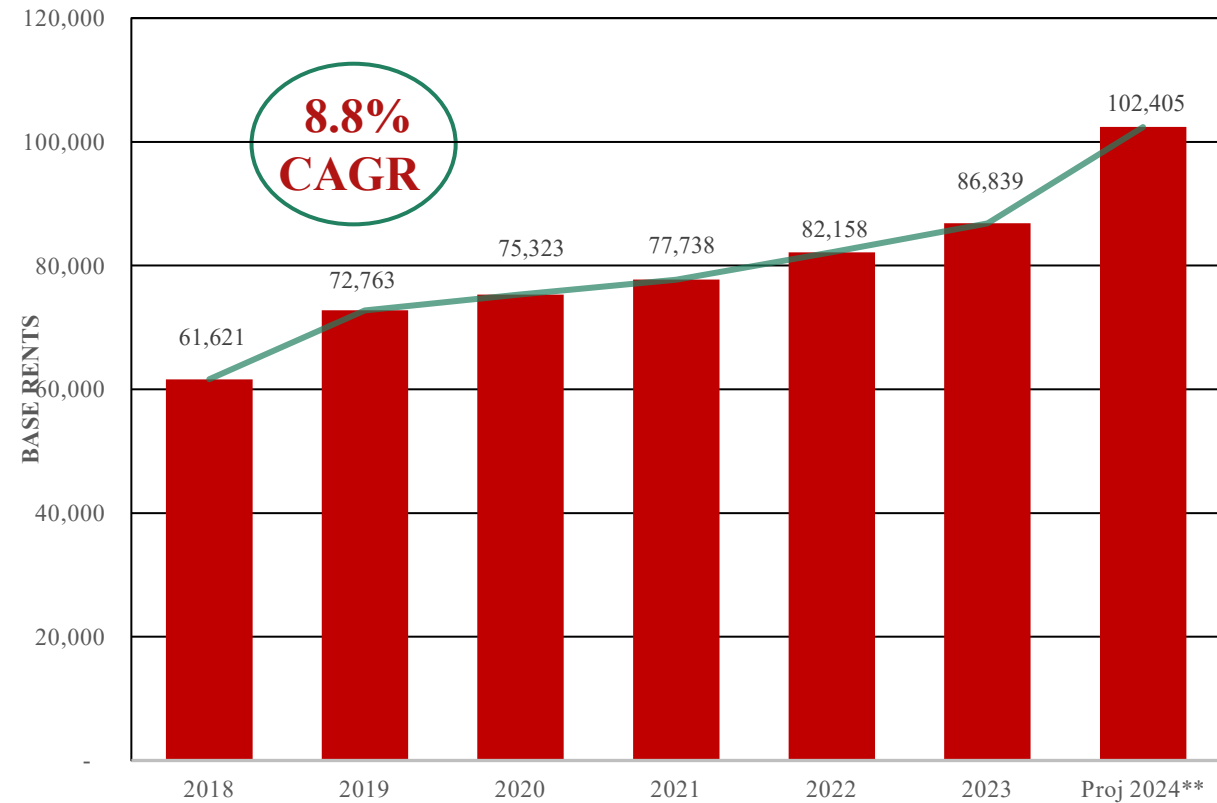
*2024 projections include an additional \$3.75mm of rent that will be collected during 2024 relating to the February 2024 new Indiana Master Lease

Assets Growth and Base Rent Growth 2018 - Projected 2024

Total Assets Growth (GAAP) CAGR (\$/thousands)



Average Base Rent CAGR (\$/thousands)*



*Average Base Rent is calculated as the annual rents collected from tenants, including straight-line adjustments.

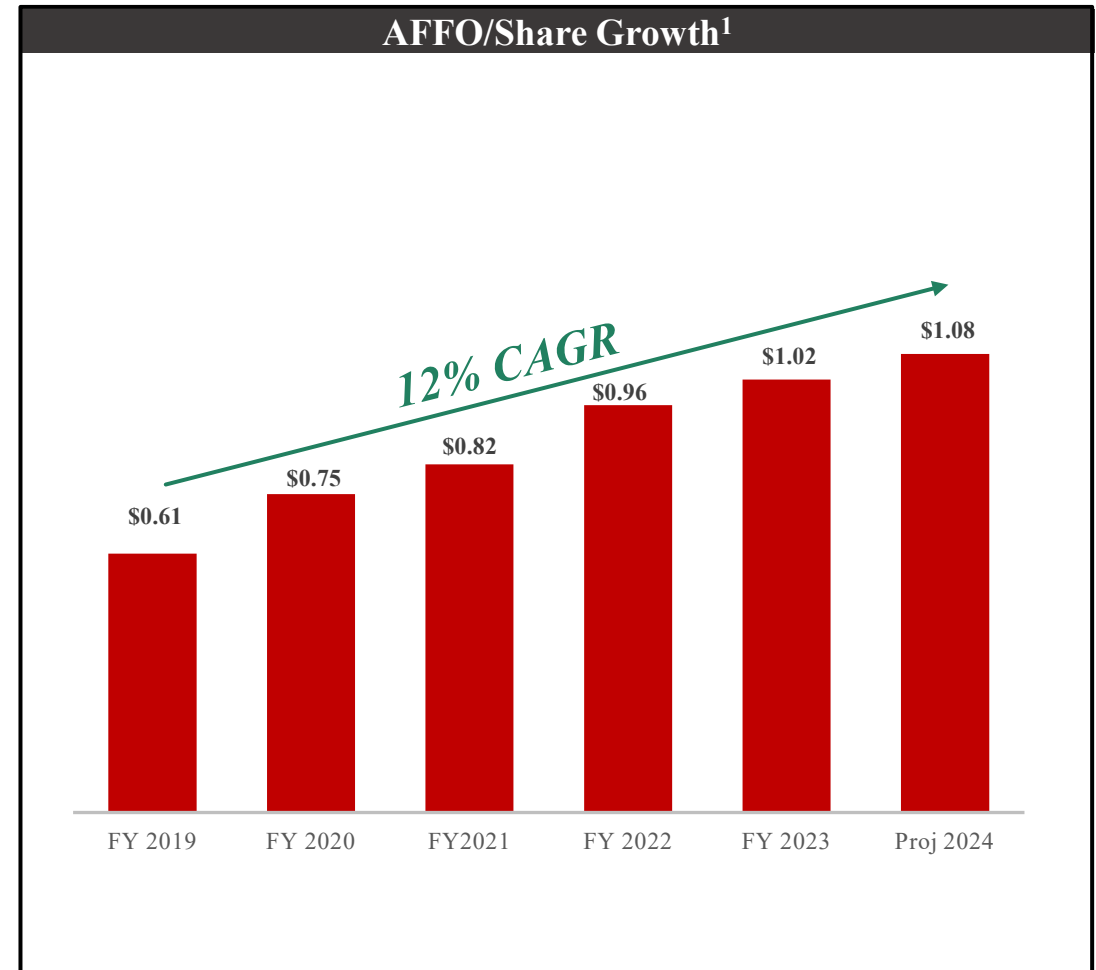
**2024 projections include an additional \$3.75mm of rent that will be collected during 2024 relating to the February 2024 new Indiana Master Lease



Industry Leading Growth In AFFO

Significant AFFO Growth driven Accretive reinvestment of cash flow, scaling operations and utilizing HUD debt

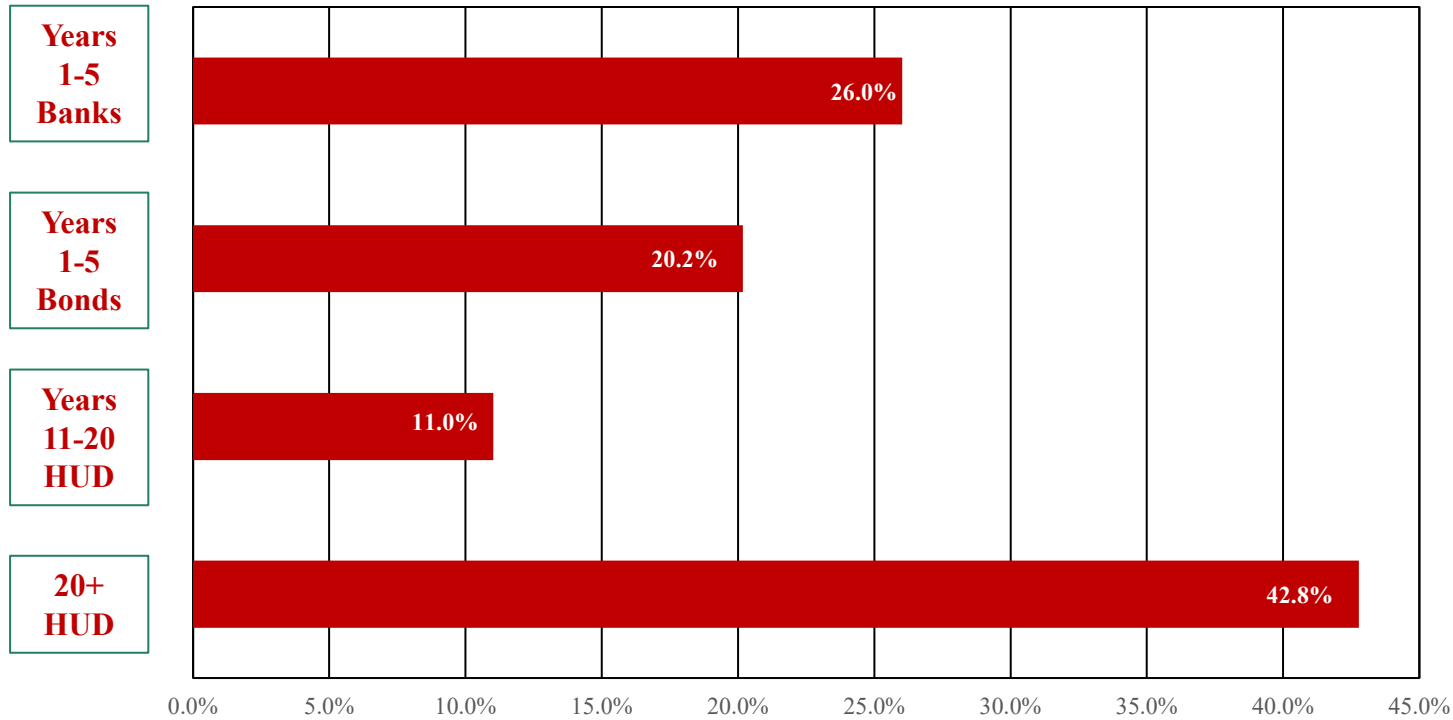
Illustrative Reinvestment of Cash Flow	
2024 Estimated AFFO	\$56,239,000
Payout Ratio	47.0%
Retained Cash Flow	\$29,786,000
Targeted Acquisition ROE	15.0%
Incremental AFFO	\$4,468,000
Organic AFFO Growth	7.9%



1) 2019 and 2020 shares calculated based on number of membership units outstanding each year and assumed same conversion ratio as formation transaction

Debt Structure as of March 31, 2024

Debt Maturity



HUD Guaranteed Debt
\$269.4MM
Weighted average cost: 3.91%

Secured Bank Debt
\$163.9MM
Interest rate: SOFR+3.5%

Secured Bond Series C
\$59.9MM
Interest rate: 5.70%

Unsecured Bond Series D
\$67.1MM
Interest rate: 9.10%

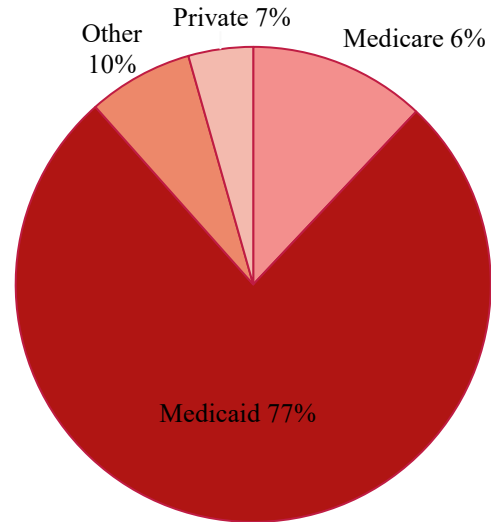


SNF Facility Occupancy of 66.8%*

SNF Average Facility Size of 123 Beds

SNF PPD Average of 82 Residents**

Operators Payor Mix



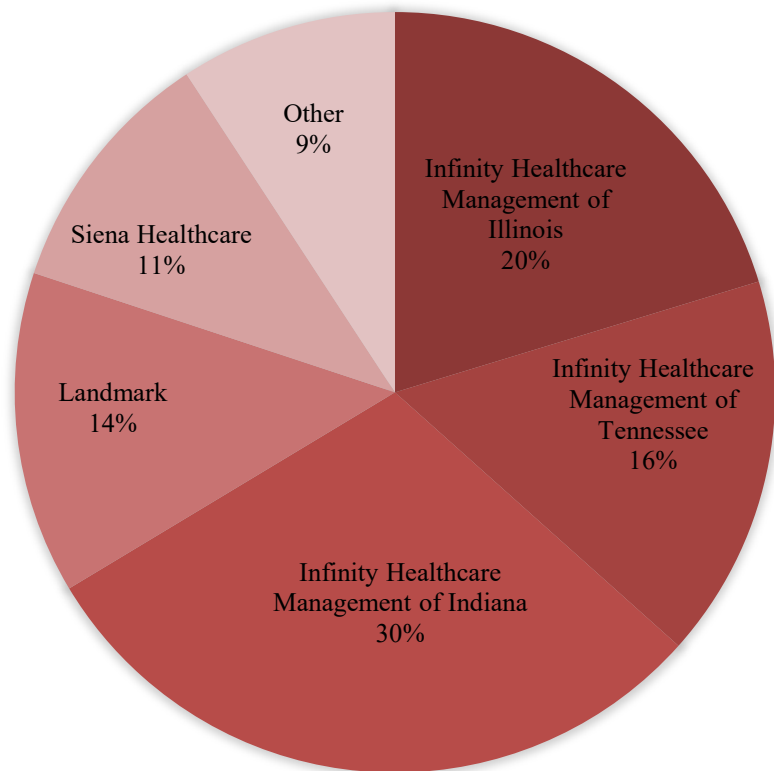
**Strawberry
Fields REIT
Facility
Statistics as
of February
2024**

*Based on SNF licensed beds.

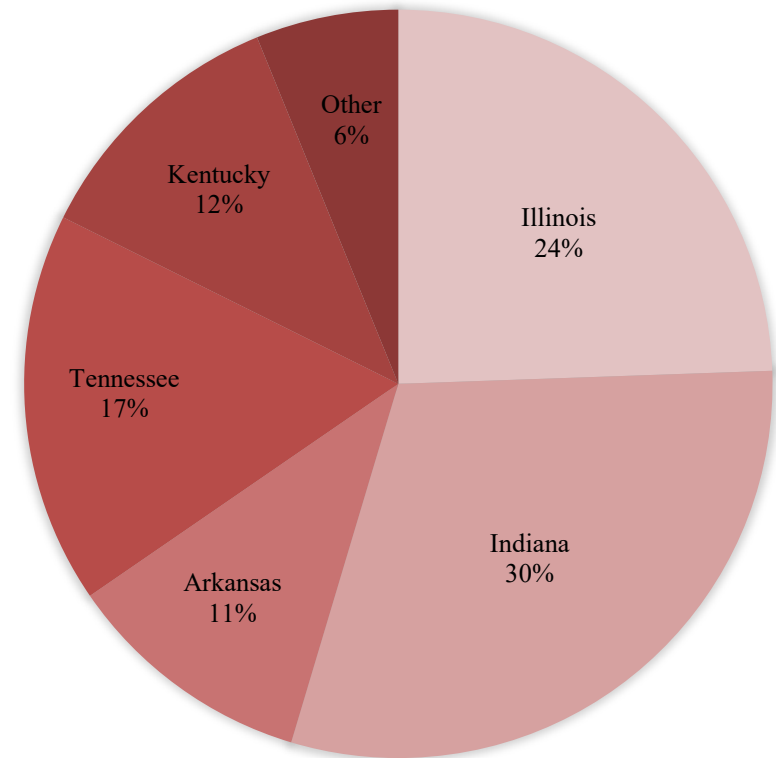
**PPD (“Per Patient Day”) is a metric used in the SNF industry to measure how much of any resource is used for residents in a 24-hour period.

Facility Operator & State Diversification*

Base Rent by Related Consultant



Base Rent by State



* Reflects contractual rents as of May 14, 2024





STRAWBERRY FIELDS

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Non-GAAP Measure Reconciliation

Adjustments to FFO ("AFFO"):

(dollars in \$1,000s)

	<u>Q1 2024</u>	<u>2023</u>
Net income	\$ 5,992	\$ 20,244
Depreciation and amortization	8,098	29,235
Funds from Operations	14,090	49,479
Adjustments to FFO:		
Credit for doubtful accounts	-	2,451
Straight-line rent	(968)	(30)
Straight-line rent receivable write-off	-	230
Contact cancellation expense for proposed financing	-	1,000
Foreign currency transaction (gain) loss	-	(462)
Funds from Operations, as Adjusted	\$ 13,121	\$ 52,668

Q1 2024 AFFO Annualized	\$ 52,489
Projected additional contractual rent to be collected*	3,750
Projected Annualized 2024 AFFO	\$ 56,239

*2024 projections include an additional \$3.75mm of rent that will be collected during 2024 relating to the February 2024 new Indiana Master Lease

Adjustments to EBITDA ("AEBITDA"):

(dollars in \$1,000s)

	<u>Q1 2024</u>	<u>2023</u>
Net income (loss)	\$ 5,992	\$ 20,244
Depreciation and amortization	8,098	29,235
Interest expense	8,293	26,674
EBITDA	22,383	76,153
Credit for doubtful accounts	-	2,451
Straight-line rent	(968)	(30)
Straight-line rent receivable write-off	-	230
Contact cancellation expense for proposed financing	-	1,000
Foreign currency transaction (gain) loss	-	(462)
Adjusted EBITDA	\$ 21,414	\$ 79,342

Q1 2024 AEBITDA Annualized	\$ 85,658
Projected additional contractual rent to be collected*	3,750
Projected Annualized 2024 AFFO	\$ 89,408

EBITDARM is a non-GAAP measure that for any period of determination, the aggregate net operating income of Tenant for such period to the extent derived from the operation of the Premises as reflected in their financials, adjusted to add thereto, to the extent allocable to the Premises for the applicable period of determination, without duplication, (1) interest expense, (2) income tax expense, (3) depreciation and amortization expense, (4) base rent, and (5) management fee expenses.

