

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 8, 2024

Strawberry Fields REIT, Inc.  
(Exact name of registrant as specified in its charter)

Maryland  
(State or Other Jurisdiction  
of Incorporation)

001-41628  
(Commission  
File Number)

84-2336054  
(I.R.S. Employer  
Identification No.)

6101 Nimitz Parkway  
South Bend, Indiana 46628  
(Address of Principal Executive Office) (Zip Code)

(574) 807-0800  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.00001 par value	STRW	NYSE American

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

## Cautionary Note Regarding Forward-Looking Statements

This Current Report on Form 8-K filed by Strawberry Fields REIT, Inc. (the “Company”) includes information that may constitute forward-looking statements. These forward-looking statements are based on the Company’s current beliefs, assumptions and expectations regarding future events, which in turn are based on information currently available to the Company. By their nature, forward-looking statements address matters that are subject to risks and uncertainties. Forward-looking statements include, without limitation, statements relating to projected industry growth rates, the Company’s current growth rates and the Company’s present and future cash flow position. A variety of factors could cause actual events and results, as well as the Company’s expectations, to differ materially from those expressed in or contemplated by the forward-looking statements. Risk factors affecting the Company are discussed in detail in the Company’s filings with the Securities and Exchange Commission. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except to the extent required by applicable securities laws.

### Item 2.02 Results of Operations and Financial Condition.

On August 12, 2024, the Company issued a press release regarding its financial results for the quarter ended June 30, 2024. The Company’s press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference herein.

### Item 8.01 Other Events.

On August 8, 2024 the Company’s Board of Directors declared a cash dividend on its common stock (the “Common Stock”) in the amount of \$0.13 per share (the “Dividend”). The Dividend will be payable in cash on September 30, 2024 to holders of record of the Common Stock as of September 16, 2024.

In accordance with General Instruction B.2 of Form 8-K, the information set forth in Item 2.02 and Item 8.01, is deemed to be “furnished” and shall not be deemed to be “filed” for purposes of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or the Securities Act of 1933, as amended (the “Securities Act”), and shall not be incorporated by reference into any filing by the Company under the Exchange Act or the Securities Act, regardless of any general incorporation language in such filing except as shall be expressly set forth by specific reference in any such filing.

### Item 9.01 Financial Statements and Exhibits.

#### (d) Exhibits

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
99.1	<a href="#">Press Release dated August 12, 2024, Regarding Financial Results for the Quarter Ended June 30, 2024</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

**Strawberry Fields REIT, Inc.**

Dated: August 12, 2024

By: /s/ Moishe Gubin

Moishe Gubin  
Chief Executive Officer and Chairman

**Exhibit 99.1****STRAWBERRY FIELDS REIT ANNOUNCES SECOND QUARTER 2024 OPERATING RESULTS AND DECLARED A CASH DIVIDEND OF \$0.13 PER COMMON SHARE**

South Bend, IN. August 12, 2024 (ACCESSWIRE) –Strawberry Fields REIT, Inc. (NYSE AMERICAN: STRW) (the “Company”) reported today its operating results for the quarter ended June 30, 2024.

**FINANCIAL HIGHLIGHTS**

- 100% of contractual rents collected.
- On April 1, 2024 the Company renewed the IN Master lease (original expiration date July 31, 2025) for 10 years with two 5 years options and added to the lease one more entity that was not part of the original lease. The base rent for the first year is \$15.5 million with 3% annual escalations.
- On April 22, 2024 the Company completed its dual listing on the Tel Aviv Stock Exchange. In connection with the dual listing, the Company is traded on two exchanges (NYSE & TASE). Additionally, the Company will be able to issue debt associated with Strawberry Fields REIT Inc.
- On June 1, 2024 the Company acquired a property comprised of an 68-bed skilled nursing facility and 10 bed assisted living facility near Georgetown, Indiana. The acquisition was for \$5.85 million and the Company funded the acquisition utilizing cash from the balance sheet. The base rent for the first year is \$585 thousand with 3% annual escalations.
- June 28, 2024 the Company was added to the Russell 3000 Index.
- For the quarters ended June 30, 2024, and June 30, 2023:
  - FFO was \$15.2 million and \$12.7 million, respectively.
  - AFFO was \$14.3 million and \$13.4 million, respectively.
  - Net income was \$7.0 million and \$5.7 million, respectively.
  - Rental income received was \$29.2 million and \$21.8 million, respectively.
- For the six months ended June 30, 2024, and June 30, 2023:
  - FFO was \$29.3 million and \$23.8 million, respectively.
  - AFFO was \$27.4 million and \$26.5 million, respectively.
  - Net income was \$13.0 million and \$9.8 million, respectively.
  - Rental income received was \$57.1 million and \$44.7 million, respectively.

Moishe Gubin, the Company’s Chairman & CEO, noted: “During the second quarter of 2024, the Company continued to see strong/accretive growth. Over the 12 months the Company’s projected SL rents increased from \$84.2mm to \$106.7mm; mainly due to acquisitions and renegotiations of existing master leases. The Company also closed on a SNF in Georgetown, Indiana for \$5.85 million which was added to an existing Master Lease. Additionally, the company continues to have a robust pipeline and has been reviewing deals in a disciplined manner.”

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Mr. Gubin continued to say “The addition of the Company to the Russell 3000 Index was a big achievement for Strawberry Fields REIT. Being a part of this Index has expanded the Company’s shareholder base significantly to both institutional and retail investors. We strive to grow the Company both operationally and through its shareholder base in the future and we are excited to continue down this path.”

## **Q2 2024 Quarterly Results of Operations:**

### ***Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023:***

Rental revenues: The increase in Rental Revenues of \$5.0 million or 20.4% is due to higher income from the purchase of additional properties, annual lease escalations, and lease renewals.

Depreciation and Amortization: The increase in depreciation and amortization of \$1.2 million or 17.7% is primarily due to new properties and lease rights purchased since June 30, 2023 offset by lower depreciation from fully depreciated assets.

General and administrative expenses: The increase in general and administrative expenses of \$1.1 million or 120.9% reflects higher amounts for legal, insurance, corporate salaries and expenses.

Interest expense, net: The increase in interest expense of \$2.4 million or 45.1% is primarily due to an increase in the additional interest on a new loan from Popular Bank and a Series D Bonds issuance that occurred since 2Q 2023.

Miscellaneous expense: The decrease in miscellaneous expense of \$1.0 million is a result of a fee paid in 2023 to an investment banking firm to cancel an agreement with respect to a proposed financing transaction.

Net Income: The increase in net income from \$5.7 million during the second quarter of 2023, to \$7.0 million income during the second quarter of 2024 is primarily a result of higher rental income in the second quarter of 2024 offset by higher depreciation and amortization expenses, higher general and administrative expenses, higher property taxes, and an increase in interest expense.

### ***Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023:***

Rental revenues: The increase in Rental revenue of \$8.6 million or 17.6% is due to renegotiation of certain leases, acquisition of new properties, annual rent increases and renewal of leases.

Depreciation and Amortization: The increase in depreciation of \$2.3 million or 16.8% is primarily purchases of new properties and lease rights offset by lower depreciation from fully depreciated assets.

Loss on real estate investment impairment: In February 2023, one facility under one of our southern Illinois master leases was closed. The closure was made at the request of the tenant and was mainly for efficiency reasons. This facility was leased under a master lease with two other facilities. The closure did not result in any reduction in the aggregate rent payable under the master lease, which was paid without interruption. However, the closure did result in a write off of the remaining book value of the property and an impairment loss on the P&L. On April 30, 2024, the company sold the property to The Village of Smithton, a municipality in Illinois, and paid off the outstanding mortgage. The sale of the property did not result in any material P&L impact.

General and administrative: The increase in general and administrative of \$1.2 million or 51.0% is primarily a result of higher insurance, higher corporate salaries and other expenses.

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Interest expense, net: The increase in interest expense of \$5.3 million or 47.7% is primarily related to an increase in the additional interest on a new loan from Popular Bank and a Series D Bonds issuance that occurred since 2Q 2023

Miscellaneous Expense: The decrease in miscellaneous expense of \$1.0 million is the result of a fee paid to an investment banking firm in connection with the cancellation of an agreement with respect to a proposed financing transaction.

Net Income: The increase in net income to \$13.0 million in 2024 is primarily a result of higher rental income in 2024 offset by higher interest expenses, higher depreciation and amortization expenses, higher general and administrative expenses and the absence of a real estate impairment loss.

## **Dividend**

On August 8, 2024, our Board of Directors declared a cash dividend of \$0.13 per share. The dividend will be paid on September 30, 2024 to common shareholders of record as of the close of business on September 16, 2024.

## **Safe Harbor Statement**

Certain statements in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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,” “should,” “seek(s)” and 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: (i) the COVID-19 pandemic and the measures taken to prevent its spread and the related impact on our business or the businesses of our tenants; (ii) the ability and willingness of our tenants to meet and/or perform their obligations under the triple-net leases we have entered into with them, including, without limitation, their respective obligations to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities; (iii) the ability of our tenants to comply with applicable laws, rules and regulations in the operation of the properties we lease to them; (iv) 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, as well as any obligations, including indemnification obligations, we may incur in connection with the replacement of an existing tenant; (v) the availability of and the ability to identify (a) tenants who meet our credit and operating standards, and (b) suitable acquisition opportunities, and the ability to acquire and lease the respective properties to such tenants on favorable terms; (vi) the ability to generate sufficient cash flows to service our outstanding indebtedness; (vii) access to debt and equity capital markets; (viii) fluctuating interest rates; (ix) the ability to retain our key management personnel; (x) the ability to maintain our status as a real estate investment trust (“REIT”); (xi) changes in the U.S. tax law and other state, federal or local laws, whether or not specific to REITs; (xii) other risks inherent in the real estate business, including potential liability relating to environmental matters and illiquidity of real estate investments; and (xiii) any additional factors included under “Risk Factors” in our Annual Report Form 10-K dated March 19, 2024, including in the section entitled “Risk Factors” in Item 1A of Part I of such report, as such risk factors may be amended, supplemented or superseded from time to time by other reports we file with the SEC.

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Forward-looking statements speak only as of the date of this press release. 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.

### **Non-GAAP Financial Measures**

Reconciliations, definitions and important discussions regarding the usefulness and limitations of the Non-GAAP Financial Measures used in this release can be found below.

### ***About Strawberry Fields REIT***

Strawberry Fields REIT, Inc., is a self-administered real estate investment trust engaged in the ownership, acquisition, development and leasing of skilled nursing and certain other healthcare-related properties. The Company's portfolio includes 110 healthcare facilities with an aggregate of 12,500+ beds, located throughout the states of Arkansas, Illinois, Indiana, Kentucky, Michigan, Ohio, Oklahoma, Tennessee and Texas. The 110 healthcare facilities comprise 100 skilled nursing facilities, eight assisted living facilities, and two long-term acute care hospitals.

Investor Relations:

Strawberry Fields REIT, Inc.

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### **Funds From Operations ("FFO")**

The Company believes 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 uses 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.

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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.

The following table reconciles our calculations of FFO and AFFO for the six and three months ended June 30, 2024 and 2023, to net income the most directly comparable GAAP financial measure, for the same periods:

**FFO and AFFO**

	Six Months Ended June 30,		Three Months Ended June 30,	
	2024	2023	2024	2023
<i>(dollars in \$1,000s)</i>				
Net income	\$ 13,032	\$ 9,821	\$ 7,040	\$ 5,682
Depreciation and amortization	16,324	13,975	8,228	6,987
<b>Funds from Operations</b>	29,356	23,796	15,268	12,669
<b>Adjustments to FFO:</b>				
Straight-line rent	(1,935)	(787)	(967)	(296)
Loss on real estate investment impairment	-	2,451	-	-
Contract cancellation expense for proposed financing	-	1,000	-	1,000
<b>Funds from Operations, as Adjusted</b>	<b>\$ 27,421</b>	<b>\$ 26,460</b>	<b>\$ 14,301</b>	<b>\$ 13,373</b>