SABRA

What Happens Inside Our Buildings Matters Most

Investor Presentation | **November 7, 2022**

Disclaimers

Forward-Looking Statements

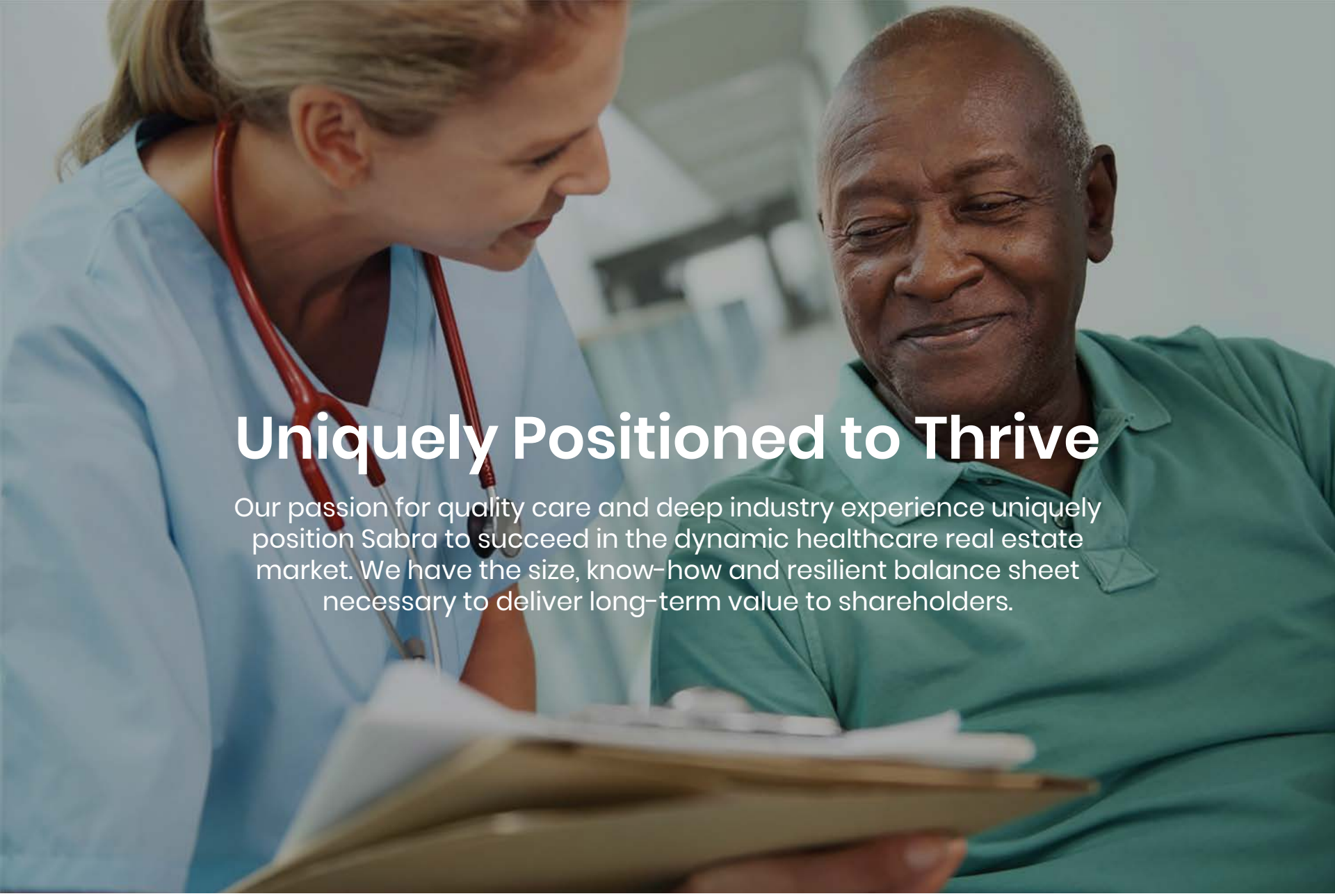
This presentation contains "forward-looking" statements as defined in the Private Securities Litigation Reform Act of 1995. Any statements that do not relate to historical or current facts or matters are forward looking statements. These statements may be identified, without limitation, by the use of "expects," "believes," "intends," "should" or comparable terms or the negative thereof. Examples of forward-looking statements include all statements regarding our expectations regarding our recent and pending investments, and our strategic and operational plans, as well as all statements regarding expected future financial position, results of operations, cash flows, liquidity, financing plans, business strategy, projected expenses and capital expenditures, competitive position, growth opportunities and potential investments, plans and objectives for future operations. Our actual results may differ materially from those projected or contemplated by our forward-looking statements as a result of various factors, including, among others, the following: epidemic diseases, pandemics or other contagious diseases, including the ongoing impact of COVID-19, and measures intended to prevent their spread, and the related impact on our tenants, operators and Senior Housing - Managed communities; operational risks with respect to our Senior Housing - Managed communities; competitive conditions in our industry; the loss of key management personnel; uninsured or underinsured losses affecting our properties and the possibility of environmental compliance costs and liabilities; potential impairment charges and adjustments related to the accounting of our assets; the potential variability of our reported rental and related revenues as a result of Accounting Standards Update ("ASU") 2016-02, Leases, as amended by subsequent ASUs; risks associated with our investment in our unconsolidated joint ventures; catastrophic weather and other natural or man-made disasters, the effects of climate change on our properties and a failure to implement sustainable and energy-efficient measures; increased operating costs for our tenants and operators, due to labor market challenges and macroeconomic factors such as inflation; increased healthcare regulation and enforcement; our tenants' dependency on reimbursement from governmental and other third-party payor programs; the effect of our tenants declaring bankruptcy or becoming insolvent; our ability to find replacement tenants and the impact of unforeseen costs in acquiring new properties; the impact of litigation and rising insurance costs on the business of our tenants; the impact of required regulatory approvals of transfers of healthcare properties; environmental compliance costs and liabilities associated with real estate properties we own; our tenants' or operators' failure to adhere to applicable privacy and data security laws, or a material breach of our or our tenants' or operators' information technology; our concentration in the healthcare property sector, particularly in skilled nursing/transitional care facilities and senior housing communities, which makes our profitability more vulnerable to a downturn in a specific sector than if we were investing in multiple industries; the significant amount of and our ability to service our indebtedness; covenants in our debt agreements that may restrict our ability to pay dividends, make investments, incur additional indebtedness and refinance indebtedness on favorable terms; increases in market interest rates; adverse changes in our credit ratings; our ability to make dividend distributions at expected levels; our ability to raise capital through equity and debt financings; changes in foreign currency exchange rates and other risks associated with our ownership of property outside the U.S.; the relatively illiquid nature of real estate investments; our ability to maintain our status as a real estate investment trust ("REIT") under the federal tax laws; compliance with REIT requirements and certain tax and tax regulatory matters related to our status as a REIT; changes in tax laws and regulations affecting REITs; the ownership limits and takeover defenses in our governing documents and under Maryland law, which may restrict change of control or business combination opportunities; and the exclusive forum provisions in our bylaws.

Additional information concerning risks and uncertainties that could affect our business can be found in our filings with the Securities and Exchange Commission (the "SEC"), including in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021. Forward-looking statements made in this presentation 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 the date hereof. The Company assumes no, and hereby disclaims any, obligation to update any of the foregoing or any other forward-looking statements as a result of new information or new or future developments, except as otherwise required by law.

Disclaimers

Tenant, Operator and Borrower Information
This presentation includes information (e.g., EBITDARM Coverage and Occupancy Percentage) regarding certain of our tenants that lease properties from us and our operators and borrowers, most of which are not subject to SEC reporting requirements. The information related to our tenants, operators and borrowers that is provided in this presentation has been provided by, or derived from information provided by, such tenants, operators and borrowers. We have not independently verified this information. We have no reason to believe that such information is inaccurate in any material respect. We are providing this data for informational purposes only.

Non-GAAP Financial Measures
This presentation contains certain non-GAAP financial measures related to Sabra Health Care REIT, Inc., including annualized cash NOI, net debt to adjusted EBITDA and funds from operations (FFO). These measures may be different than non-GAAP financial measures used by other companies, and the presentation of these measures is not intended to be considered in isolation or as a substitute for financial information prepared and presented in accordance with U.S. generally accepted accounting principles. An explanation of these non-GAAP financial measures is included under "Definitions" in the Appendix, and reconciliations of these non-GAAP financial measures to the GAAP financial measures we consider most comparable are included on the Investors section of our website at https://ir.sabrahealth.com/investors/financials/quarterly-results



Uniquely Positioned to Thrive

Our passion for quality care and deep industry experience uniquely position Sabra to succeed in the dynamic healthcare real estate market. We have the size, know-how and resilient balance sheet necessary to deliver long-term value to shareholders.

"We know what happens inside our buildings matters most. That's why we align ourselves with operators who skillfully and compassionately care for the residents and patients in the buildings we own."

–Rick Matros (he/him),
Chief Executive Officer



Our Strategy — Passion Meets Know-how

Unique, Accretive Investments - Utilize our operational and asset management experience to identify and capitalize on new opportunities where off-market price dislocation exists.

Support Operator Expansion - Be the capital partner of choice for the expansion and growth of leading operators with regional expertise and concentrated in markets with favorable demographics. Structure deals opportunistically across the capital stack.

Creatively Financed Development - Pursue strategic development opportunities and long-term partnerships with leading developers.

Optimize Portfolio - Continue to curate our portfolio to optimize diversification and maintain a mix of assets well-positioned for the future of healthcare delivery.

Prudent Financing – Given our current cost of debt and equity, prioritize available liquidity and recycled capital over new debt and equity issuances to fund investing activity.

Expanding Relationship with Ensign and Avamere

- As detailed in a separate press release, Sabra announced that it will transition the 24-property portfolio previously leased to North American to two of Sabra's existing tenants, Ensign and Avamere, for a combined initial annual rent of $34.5 million.

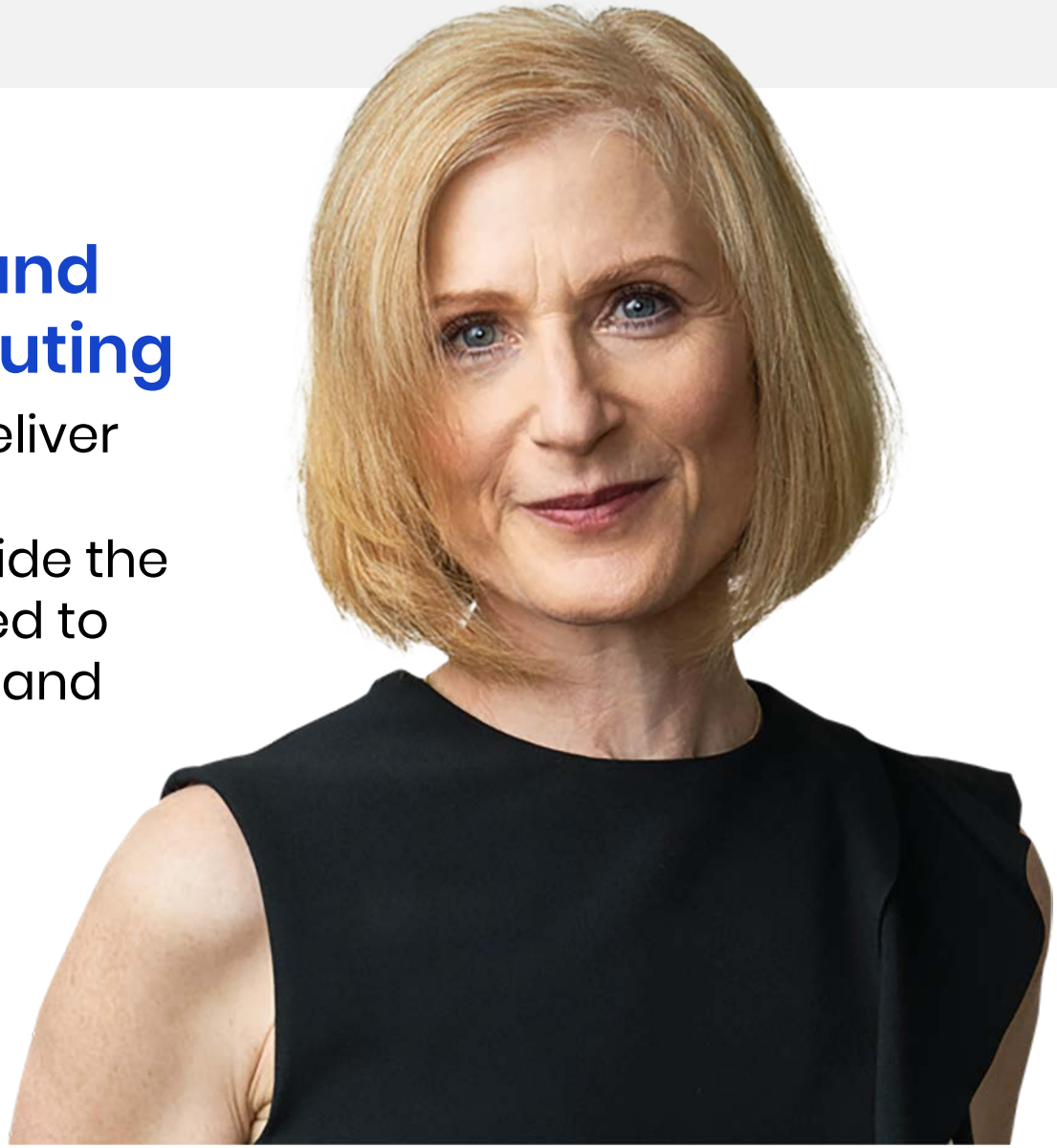
- As a result, Ensign will become one of Sabra's largest relationships, representing approximately 8% of Annualized Cash NOI, while Avamere will remain one of Sabra's largest relationships, also accounting for roughly 8% of Annualized Cash NOI.

- Sabra believes this transaction represents a unique opportunity to improve the long-term value of this high-quality real estate portfolio, noting the enhanced credit profile that supports its rental income, highlighted by Ensign's corporate guaranty and $5 billion of equity market capitalization.

- The transition of these facilities to Ensign operating companies and Avamere is expected to be completed by February 1, 2023 and remains subject to the completion of certain regulatory approvals and other closing conditions. Sabra expects to recognize a total of $14.7 million in revenue from these facilities during the fourth quarter through the end of the transition period, which approximates the rent Sabra would have received during this timeframe under the previous leases with North American.

"By consistently and deliberately executing our strategy, we deliver long-term value to our shareholders and provide the capital our tenants need to invest in their business and deliver quality care."

-Talya Nevo-Hacohen (she/her),
Chief Investment Officer



STRATEGY IN ACTION

Adaptive Reuse for Behavioral Health

- Sabra's growing behavioral health portfolio represents a total investment of approximately $756 million, which accounts for roughly 14% of the Company's Annualized Cash NOI.

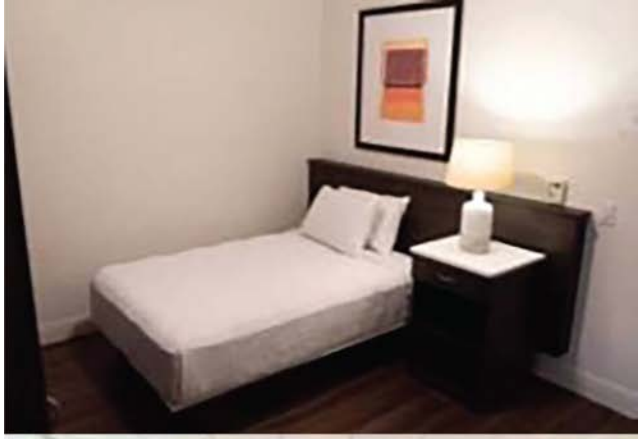
- In total, eleven properties have been converted or are in the process of being converted to addiction treatment centers, and we are negotiating several additional conversion opportunities for existing wholly-owned assets.

Landmark Recovery | Aurora, CO

- Converted a 48-unit memory care community for use as an addiction treatment facility
- The building is net leased to Landmark Recovery
- As of September 30, 2022, Sabra has spent $3.4 million of the $3.5 million capital commitment associated with the conversion
- Began accepting patients in July 2022

Recovery Centers of America | Greenville, SC

- Closed on a 132-bed hotel on December 16, 2021 for conversion to an addiction treatment facility
- As in Monroeville, RCA pre-leased the building under a long-term triple-net lease
- Sabra purchased the hotel for $10.9 million and has agreed to invest up to $22.1 million in renovations to convert it to an addiction treatment facility







Good for the Planet. Good for Our Stakeholders.

"We endeavor to operate efficiently, sustainably and always in the best interest of our stakeholders."

–Rick Matros (he/him),
Chief Executive Officer



Learn more about our commitment to strong corporate governance and our ongoing ESG efforts in our latest corporate sustainability report available on our website at sabrahealth.com.

Sabra's ESG Priorities



Environmental Stewardship



Diversity, Equity and Inclusion



Human Capital Management



Protection of Health, Wellness and Safety of Our Stakeholders



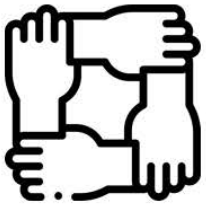
Engagement and Collaboration with Our Operators and Tenants



Cybersecurity



Corporate Governance



Community Service

Committed to Diversity, Equity & Inclusion

We believe a diverse workforce is essential to our continued success, and are integrating our DE&I efforts into our hiring process so that we can achieve our aspirations for a more diverse and culturally inclusive team.

56%

As of September 30, 2022, women comprised 56% of our workforce and 65% of our management level/leadership roles.

33%

As of September 30, 2022, 33% of our team members self-identified as being members of one or more ethnic minorities. We believe our ethnic diversity is higher than this reported percentage as another 16% of our team members chose not to self-identify.

Addressing Critical Health And Wellness Issues In Senior Facilities

Sabra is a proud Alliance Member of the **Well Living Lab** and active participant in *WISE—Wellness Innovation in Senior Living*—initiative.

The initiative will leverage scientific research conducted in simulated real-world environments and the field, and will share practical findings that can be applied to improving indoor spaces in senior living communities.



WELL Health-Safety Ratings

Enlivant, one of Sabra's largest operators, recently became **the first senior living organization to achieve the *WELL Health-Safety Rating* for its entire portfolio**.

We are encouraging all our operators to pursue the *WELL Health-Safety Rating*.



Dedicated to Effective Corporate Governance

Our strong, independent and diverse board brings unique skill sets and relevant experience that enrich our decision making.


Healthcare


Real Estate


Finance


Leadership


Portfolio Management


ESG


Regulatory


Risk Management


Policy

Our Success Is Predicated on a Healthy Portfolio

As of September 30, 2022

442
Investments[1]



73% SNF/TC | **82%** SH - Leased | **81%** SH - Managed | **83%** BH | **80%** Hosp./Oth.
Average Occupancy Percentage[2]

72
Relationships



34%
Skilled Mix[2]



8
Years Wtd. Avg.
Remaining Lease Term



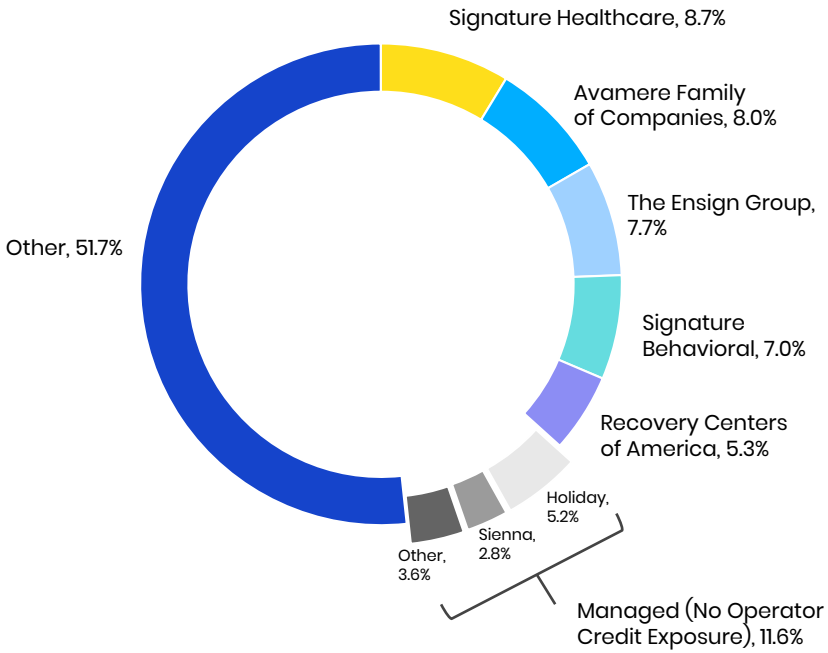
1.83x SNF/TC[3] | **1.13x** SH - Leased | **1.72x** BH | **7.30x** Hosp./Oth.
Pro Forma Rent Coverage[2]

[1] Excludes (i) one real estate property held for sale as of the end of the current period and (ii) our unconsolidated joint venture with Enlivant which consists of 157 facilities and 6,996 units.
[2] Occupancy Percentage and Skilled Mix (together, "Operating Statistics") and EBITDARM Coverage for each period presented include only Stabilized Facilities owned by the Company as of the end of such period and only for the duration such facilities were owned by the Company and classified as Stabilized Facilities. In addition, EBITDARM Coverage and Operating Statistics are presented for the twelve months ended at the end of the respective period and one quarter in arrears, and therefore, EBITDARM Coverage and Operating Statistics exclude assets acquired after June 30, 2022. 3Q 2022 Operating Statistics exclude our North American Health Care portfolio due to the pending transition to Ensign (20 real estate properties) and Avamere (four real estate properties). Including our North American Health Care portfolio, Skilled Nursing/Transitional Care Occupancy Percentage and Skilled Mix for 3Q 2022 would have been 73.5% and 37.6%, respectively.
[3] Effective February 1, 2022, Avamere's annual base rent on the current portfolio has been reduced to $30.7 million from $44.1 million. Pro forma EBITDARM Coverage is presented one quarter in arrears and illustrates the impact of (i) this rent reduction and (ii) the pending transition of our North American Health Care portfolio to Ensign (20 real estate properties) and Avamere (four real estate properties) on our historical trailing twelve-month EBITDARM Coverages.

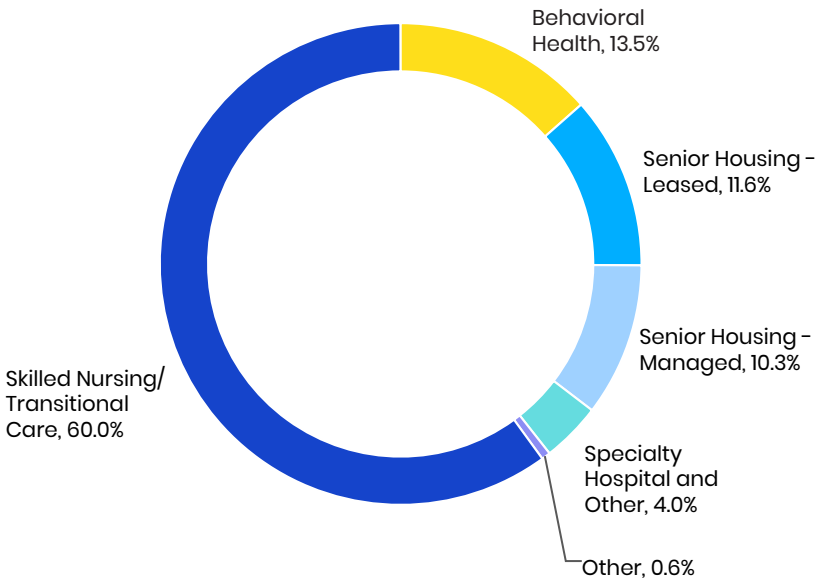
Diverse Portfolio, Positioned to Perform

As of September 30, 2022

Relationship Concentration[1]



Asset Class Concentration[1]



[1] Concentrations exclude (i) one real estate property held for sale as of the end of the current period and (ii) our unconsolidated joint venture with Enlivant which consists of 157 facilities and 6,996 units and assumes the pending transition of our North American Health Care portfolio to Ensign and Avamere was completed as of the end of the current period. Relationship and asset class concentrations include real estate investments and investments in loans receivable and other investments. Relationship concentrations use Annualized Cash NOI, and asset class concentrations use Annualized Cash NOI, as adjusted to reflect Annualized Cash NOI from our sales-type lease, mortgage and construction loans receivable and preferred equity investments in the related asset class of the underlying real estate. See the Appendix to this presentation for the definition of Annualized Cash NOI.

“We invest in relationships with operators who are nimble and poised to deliver excellent care now and in the future.”

–Peter Nyland,
Executive Vice President,
Asset Management



Advancing the Quality of Care

We Work with Operators Who Are:

- Committed to their mission
- Nimble
- Regional experts
- In markets with favorable demographics
- Well-positioned for the future of healthcare delivery



We Support Our Operators

We Invest in Our Tenants' Success:

- Redevelopment / Adaptive Reuse
- Expansion
- Strategic development
- Flexible equity and debt capital solutions

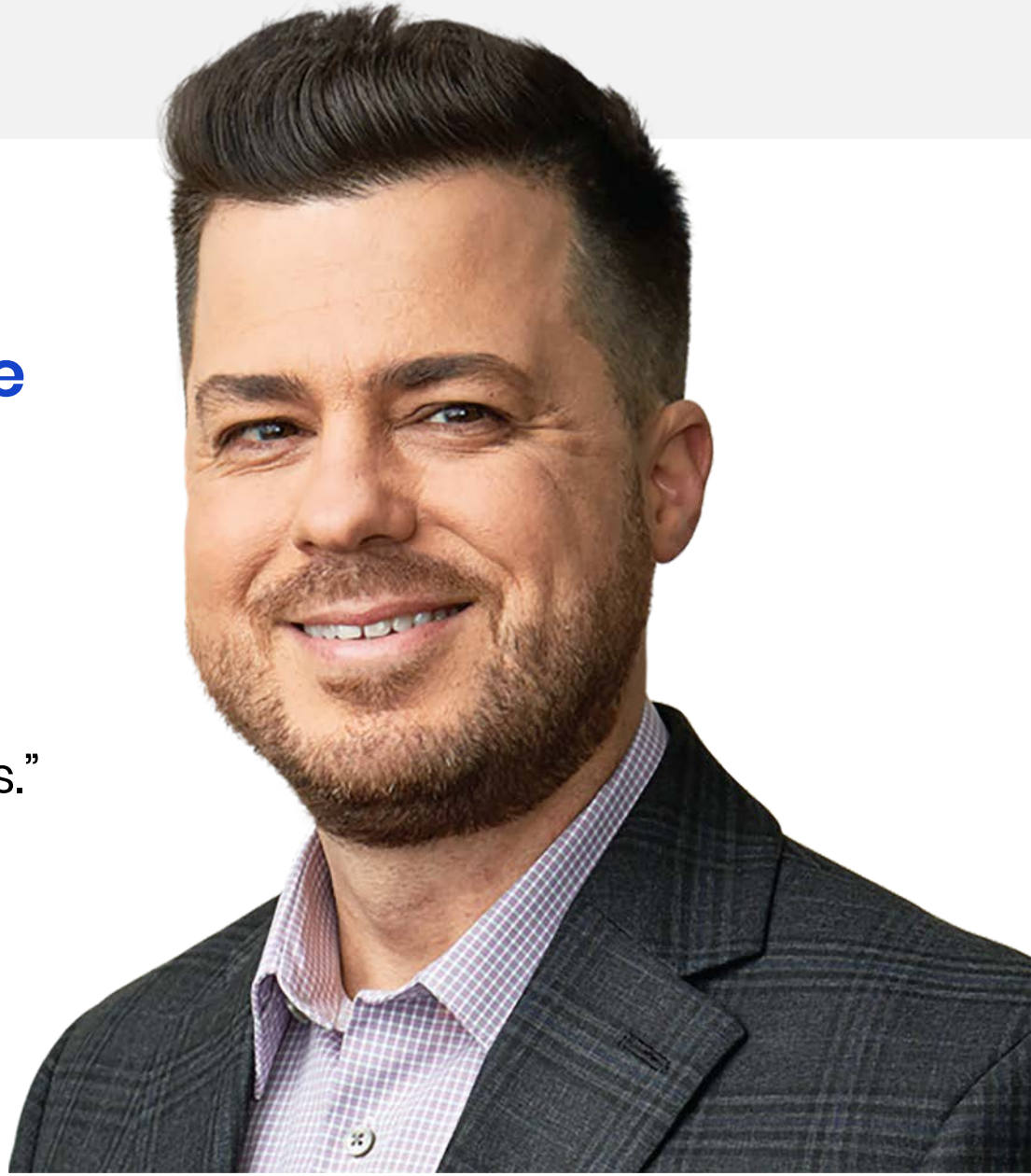


"What started with a single sale/leaseback transaction for a senior living community in Indiana has grown into a multi-state, multi-community relationship. We truly value the collaboration, insight and support we receive from Sabra. Sabra is who we think about first when it comes to a capital partner to support our company's growth."

– Tom Smith, Chief Executive Officer & Co-Founder Leo Brown Group

"Our strong balance sheet and ready access to capital allows us to thoughtfully finance investment opportunities and drive value for our shareholders."

–Michael Costa,
Chief Financial Officer



Balanced Capital Structure

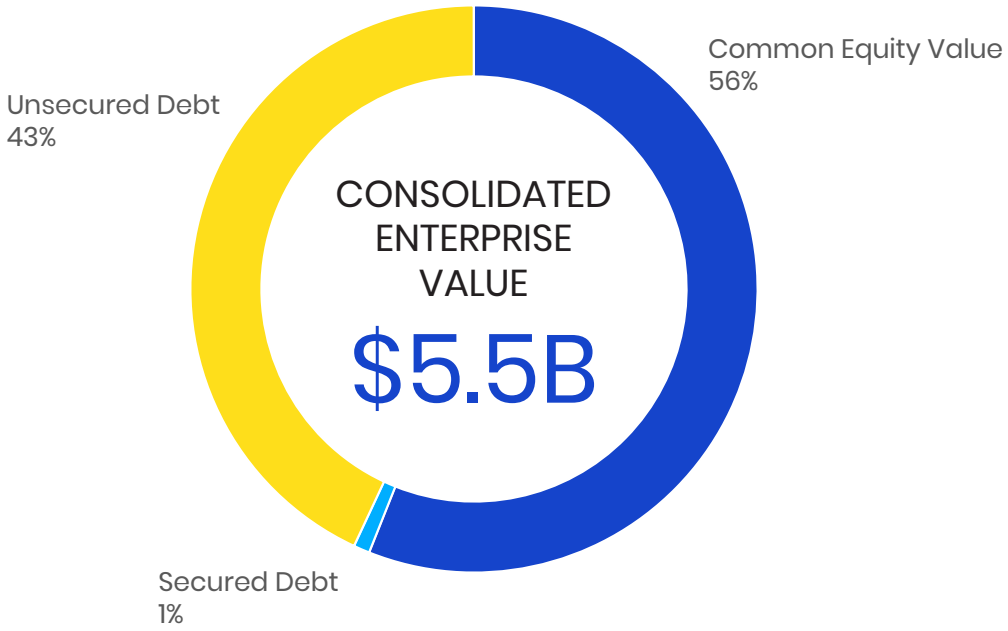
Capital Structure [1]

Our diverse menu of capital options and $0.9 billion of available liquidity ensures that we have ready access to low cost capital to fund our growth.

Our credit facility contains an accordion feature that can increase the total available borrowings to $2.75 billion (up from $2.0 billion plus CAD $125.0 million today).

We have reduced the level of unhedged variable rate debt from 27.2% of our Consolidated Debt at the end of 2018 to 5.6% today; excluding our revolver, we have no unhedged variable rate debt as of September 30, 2022.

Because of our hedging activities, our annual interest expense is approximately **$7.6 million lower** than it otherwise would be at today's market rates.



[1] As of 9/30/2022. Common equity value estimated using outstanding common stock of 231.0 million shares and Sabra's closing price of $13.43 as of 11/3/2022.

Strong Investment-Grade Credit Metrics

	Sabra 3Q 22 [1]	Investment grade peers median [2]
Net Debt to Adjusted EBITDA	**5.50x** [3]	6.00x
Interest Coverage Ratio	**4.71x** [3]	4.30x
Debt as a % of Asset Value	**35%**	39%
Secured Debt as a % of Asset Value	**1%**	5%

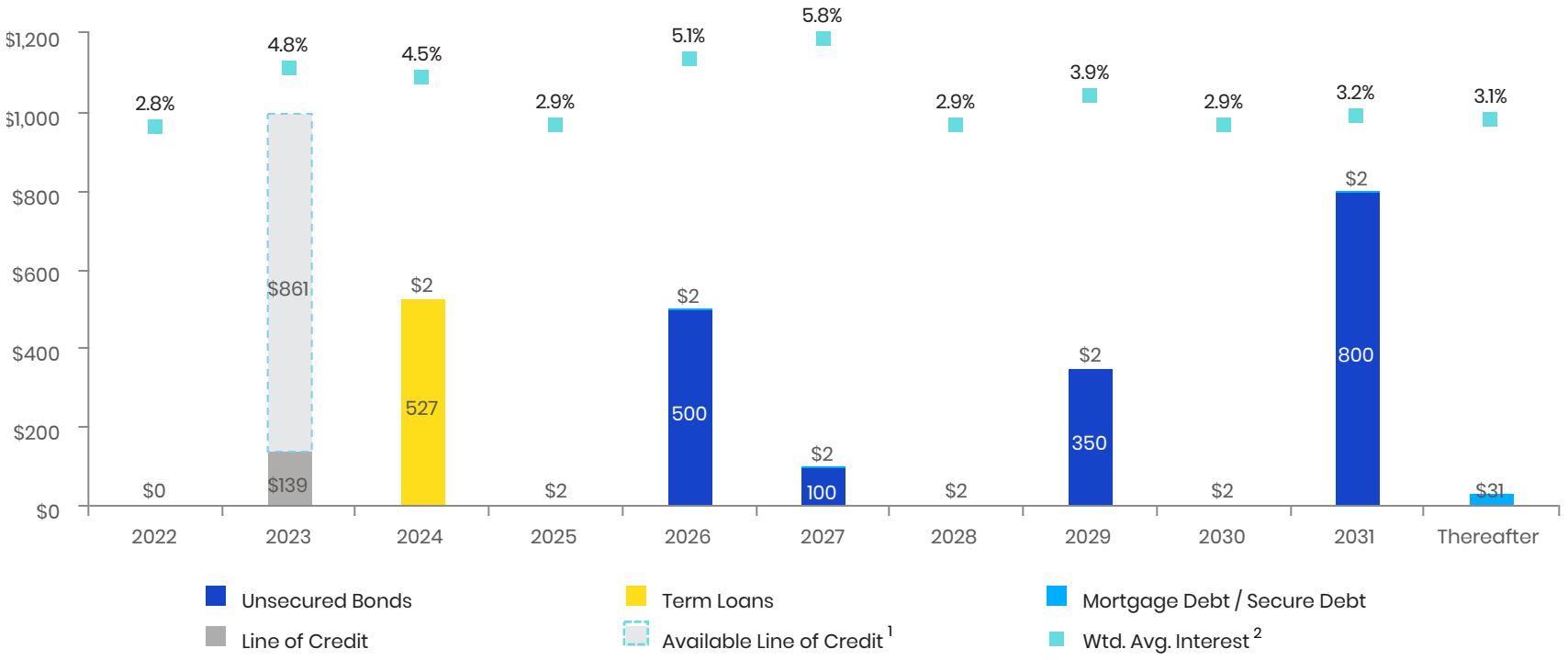
We expect to reduce leverage closer to our 5.0x long-term leverage target by the end of the year with proceeds from disposition activity. We continue to focus on strengthening our balance sheet and portfolio without accessing the capital markets.

[1] Key credit statistics (except Net Debt to Adjusted EBITDA) are calculated in accordance with the credit agreement relating to the revolving credit facility and the indentures relating to our senior unsecured notes.
[2] Investment-Grade Peers consists of WELL, VTR, OHI and NHI. The metrics used to calculate Investment-Grade Peers Median are sourced from most recent public filings with the SEC and may not be calculated in a manner identical to Sabra's metrics.
[3] Based on the trailing twelve-month period ended as of the date indicated.

Favorable Profile with Staggered Maturities

Debt maturity profile at September 30, 2022

(Dollars in millions)

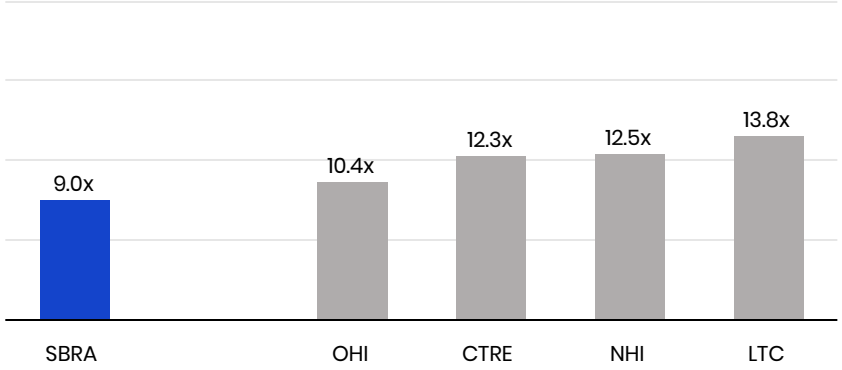


We have no material debt maturities before Q3 2024.

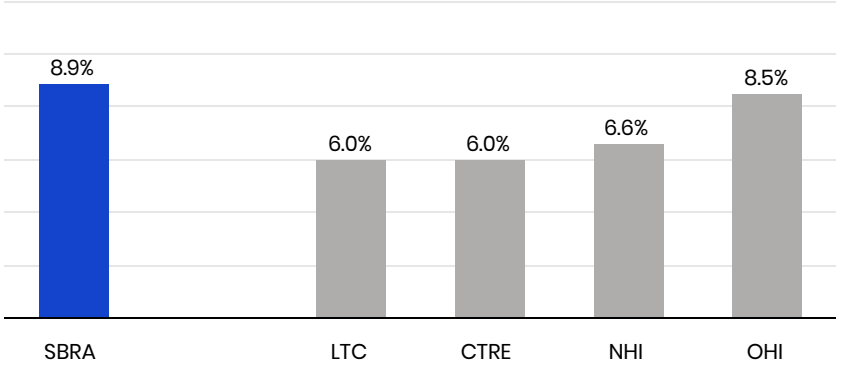
[1] Revolving Credit Facility is subject to two six-month extension options.
[2] Represents actual contractual interest rates excluding private mortgage insurance and impact of interest rate derivative agreements.

Attractive Valuation Relative to Direct Peers

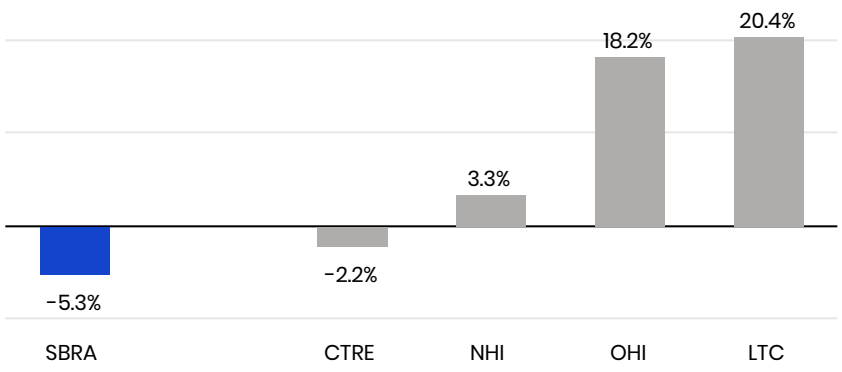
Forward FFO multiples [1]



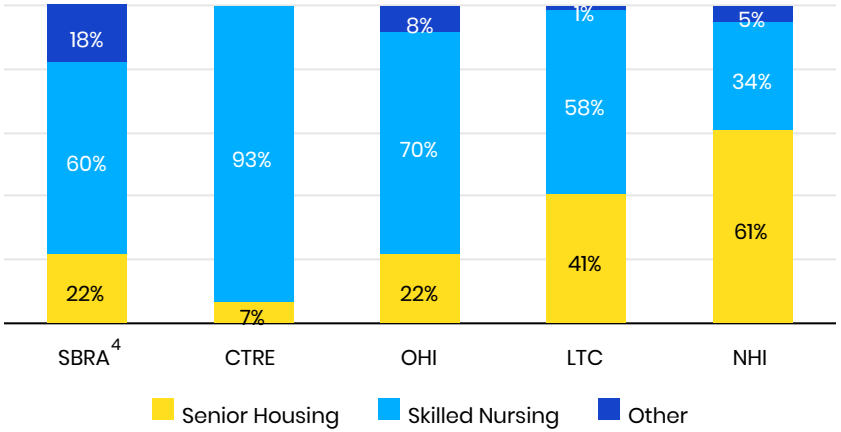
Dividend yield [2]



Premium / discount to consensus NAV



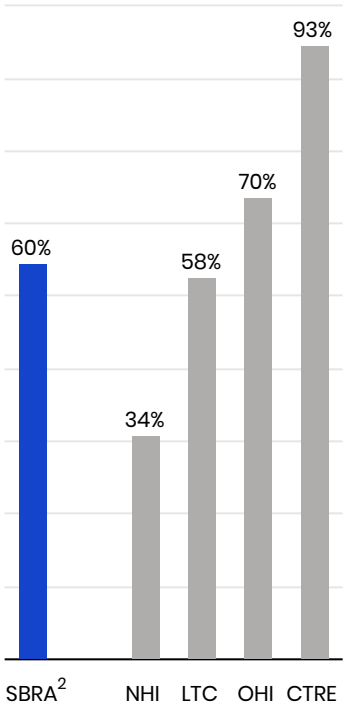
Portfolio composition (% Annualized Cash NOI) [3]



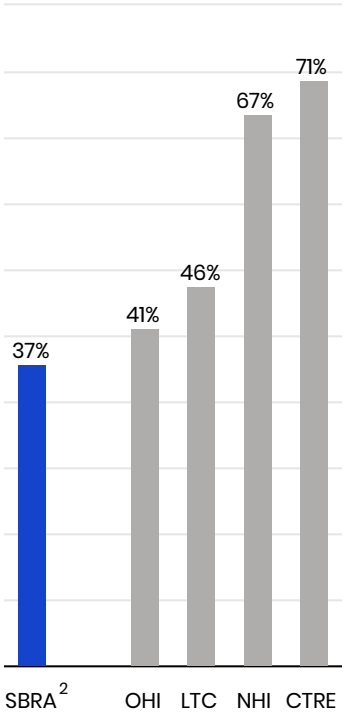
Sources: SNL Financial as of 11/3/2022, unless otherwise noted.
[1] Forward FFO multiple is calculated as stock price as of 11/3/2022 divided by the forward four quarter consensus FFO from SNL Financial.
[2] Dividend yield is calculated as most recent quarterly dividends declared per share annualized divided by stock price as of 11/3/2022.
[3] Represents latest available concentration for peers from company filings as of 11/3/2022.
[4] Based on Annualized Cash NOI for the quarter ended 9/30/2022 for real estate investments, investments in loans receivable and other investments. See the appendix to this presentation for the definition of Annualized Cash NOI. Concentrations exclude (i) one real estate property held for sale as of the end of the current period and (ii) our unconsolidated joint venture with Enlivant which consists of 157 facilities and 6,996 units and assumes the pending transition of our North American Health Care portfolio to Ensign and Avamere was completed as of the end of the current period.

Well-Positioned Portfolio

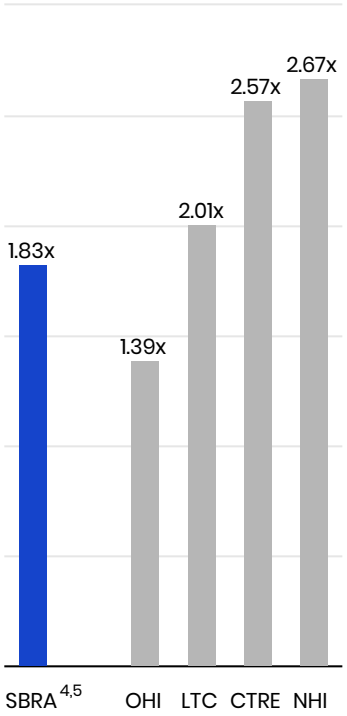
SNF concentration [1]



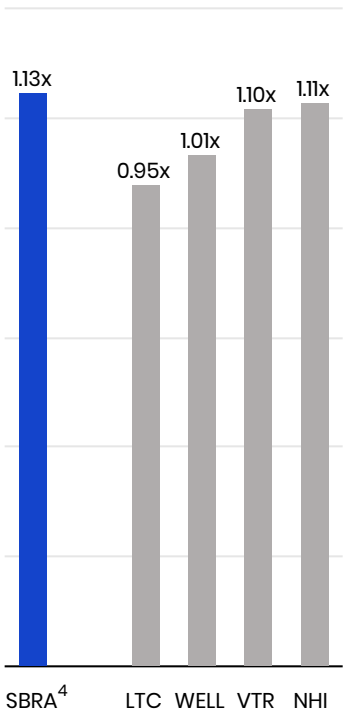
Top five relationships concentration [1]



SNF EBITDARM Coverage [1,3]



SH EBITDARM Coverage [1]



[1] Represents latest available concentration and coverage for peers as of 11/3/2022.
[2] Based on Annualized Cash NOI as of 9/30/2022 for real estate investments, investments in loans receivable and other investments. See the appendix to this presentation for the definition of Annualized Cash NOI. Concentrations exclude (i) one real estate property held for sale as of the end of the current period and (ii) our unconsolidated joint venture with Enlivant which consists of 157 facilities and 6,996 units and assumes the pending transition of our North American Health Care portfolio to Ensign and Avamere was completed as of the end of the current period.
[3] Represents SNF EBITDARM Coverage for LTC and NHI; total portfolio EBITDARM Coverage for OHI and CTRE.
[4] See appendix to this presentation for the definition of EBITDARM Coverage.
[5] Effective February 1, 2022, Avamere's annual base rent on the current portfolio has been reduced to $30.7 million from $44.1 million. Pro forma EBITDARM Coverage is presented one quarter in arrears and illustrates the impact of (i) this rent reduction and (ii) the pending transition of our North American Health Care portfolio to Ensign (20 real estate properties) and Avamere (four real estate properties) on our historical trailing twelve-month EBITDARM Coverages.



Appendix

Definitions

Adjusted EBITDA.* Adjusted EBITDA is calculated as earnings before interest, taxes, depreciation and amortization ("EBITDA") excluding the impact of merger-related costs, stock-based compensation expense under the Company's long-term equity award program, and loan loss reserves. Adjusted EBITDA is an important non-GAAP supplemental measure of operating performance.

Annualized Cash Net Operating Income ("Annualized Cash NOI").* The Company believes that net income as defined by GAAP is the most appropriate earnings measure. The Company considers Annualized Cash NOI an important supplemental measure because it allows investors, analysts and its management to evaluate the operating performance of its investments. The Company defines Annualized Cash NOI as Annualized Revenues less operating expenses and non-cash revenues and expenses. Annualized Cash NOI excludes all other financial statement amounts included in net income.

Annualized Revenues. The annual contractual rental revenues under leases and interest and other income generated by the Company's loans receivable and other investments based on amounts invested and applicable terms as of the end of the period presented. Annualized Revenues do not include tenant recoveries or additional rents and are adjusted to (i) reflect actual payments received related to the twelve months ended at the end of the respective period for leases no longer accounted for on an accrual basis, (ii) exclude residual rents due to Sabra from prior asset sales under the Company's 2017 memorandum of understanding with Genesis and (iii) reflect the reduction in Avamere's annual base rent to $30.7 million effective February 1, 2022.

Behavioral Health. Includes behavioral hospitals that provide inpatient and outpatient care for patients with mental health conditions, chemical dependence or substance addictions and addiction treatment centers that provide treatment services for chemical dependence and substance addictions, which may include inpatient care, outpatient care, medical detoxification, therapy and counseling.

Cash Net Operating Income ("Cash NOI").* The Company believes that net income as defined by GAAP is the most appropriate earnings measure. The Company considers Cash NOI an important supplemental measure because it allows investors, analysts and its management to evaluate the operating performance of its investments. The Company defines Cash NOI as total revenues less operating expenses and non-cash revenues and expenses. Cash NOI excludes all other financial statement amounts included in net income.

Consolidated Debt. The principal balances of the Company's revolving credit facility, term loans, senior unsecured notes, and secured indebtedness as reported in the Company's consolidated financial statements.

Consolidated Enterprise Value. The Company believes Consolidated Enterprise Value is an important measurement as it is a measure of a company's value. The Company calculates Consolidated Enterprise Value as market equity capitalization plus Consolidated Debt. Market equity capitalization is calculated as (i) the number of shares of common stock multiplied by the closing price of the Company's common stock on the last day of the period presented plus (ii) the number of shares of preferred stock multiplied by the closing price of the Company's preferred stock on the last day of the period presented. Consolidated Enterprise Value includes the Company's market equity capitalization and Consolidated Debt, less cash and cash equivalents.

EBITDARM. Earnings before interest, taxes, depreciation, amortization, rent and management fees ("EBITDARM") for a particular facility accruing to the operator/tenant of the property (not the Company), for the period presented. The Company uses EBITDARM in determining EBITDARM Coverage. EBITDARM has limitations as an analytical tool. EBITDARM does not reflect historical cash expenditures or future cash requirements for facility capital expenditures or contractual commitments. In addition, EBITDARM does not represent a property's net income or cash flows from operations and should not be considered an alternative to those indicators. The Company utilizes EBITDARM to evaluate the core operations of the properties by eliminating management fees, which may vary by operator/tenant and operating structure, and as a supplemental measure of the ability of the Company's operators/tenants and relevant guarantors to generate sufficient liquidity to meet related obligations to the Company.

EBITDARM Coverage. Represents the ratio of EBITDARM to cash rent for owned facilities (excluding Senior Housing - Managed communities) for the period presented. EBITDARM Coverage is a supplemental measure of a property's ability to generate cash flows for the operator/tenant (not the Company) to meet the operator's/tenant's related cash rent and other obligations to the Company. However, its usefulness is limited by, among other things, the same factors that limit the usefulness of EBITDARM. EBITDARM Coverage includes only Stabilized Facilities and excludes facilities for which data is not available or meaningful.

Definitions

Funds From Operations ("FFO") and Adjusted FFO ("AFFO").* The Company believes that net income as defined by GAAP is the most appropriate earnings measure. The Company also believes that funds from operations, or FFO, as defined in accordance with the definition used by the National Association of Real Estate Investment Trusts ("Nareit"), and adjusted funds from operations, or AFFO (and related per share amounts) are important non-GAAP supplemental measures of the Company's 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 real estate investment trust that uses historical cost accounting for depreciation could be less informative. Thus, Nareit created FFO as a supplemental measure of operating performance for real estate investment trusts 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 and the Company's share of gains or losses from real estate dispositions related to its unconsolidated joint ventures, plus real estate depreciation and amortization, net of amounts related to noncontrolling interests, plus the Company's share of depreciation and amortization related to its unconsolidated joint ventures, and real estate impairment charges of both consolidated and unconsolidated entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity. AFFO is defined as FFO excluding merger and acquisition costs, stock-based compensation expense, non-cash rental and related revenues, non-cash interest income, non-cash interest expense, non-cash portion of loss on extinguishment of debt, provision for loan losses and other reserves, non-cash lease termination income and deferred income taxes, as well as other non-cash revenue and expense items (including ineffectiveness gain/loss on derivative instruments, and non-cash revenue and expense amounts related to noncontrolling interests) and the Company's share of non-cash adjustments related to its unconsolidated joint ventures. The Company believes that the use of FFO and AFFO (and the related per share amounts), combined with the required GAAP presentations, improves the understanding of the Company's operating results among investors and makes comparisons of operating results among real estate investment trusts more meaningful. The Company considers 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 the operating performance of the Company between periods or as compared to other companies. While FFO and AFFO are relevant and widely used measures of operating performance of real estate investment trusts, 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 the Company's liquidity or operating performance. FFO and AFFO also do not consider the costs associated with capital expenditures related to the Company's real estate assets nor do they purport to be indicative of cash available to fund the Company's future cash requirements. Further, the Company's computation of FFO and AFFO may not be comparable to FFO and AFFO reported by other real estate investment trusts that do not define FFO in accordance with the current Nareit definition or that interpret the current Nareit definition or define AFFO differently than the Company does.

Grant Income. Grant income consists of funds specifically paid to communities in our Senior Housing - Managed portfolio from state or federal governments related to the pandemic and were incremental to the amounts that would have otherwise been received for providing care to residents.

Net Debt.* The principal balances of the Company's revolving credit facility, term loans, senior unsecured notes, and secured indebtedness as reported in the Company's consolidated financial statements, net of cash and cash equivalents as reported in the Company's consolidated financial statements.

Net Debt to Adjusted EBITDA.* Net Debt to Adjusted EBITDA is calculated as Net Debt divided by Annualized Adjusted EBITDA, which is Adjusted EBITDA, as adjusted for annualizing adjustments that give effect to the acquisitions and dispositions completed during the respective period as though such acquisitions and dispositions were completed as of the beginning of the period presented.

Net Operating Income ("NOI").* The Company believes that net income as defined by GAAP is the most appropriate earnings measure. The Company considers NOI an important supplemental measure because it allows investors, analysts and its management to evaluate the operating performance of its investments. The Company defines NOI as total revenues less operating expenses. NOI excludes all other financial statement amounts included in net income.

Definitions

Occupancy Percentage. Occupancy Percentage represents the facilities' average operating occupancy for the period indicated. The percentages are calculated by dividing the actual census from the period presented by the available beds/units for the same period. Occupancy includes only Stabilized Facilities and excludes facilities for which data is not available or meaningful.

Senior Housing. Senior Housing communities include independent living, assisted living, continuing care retirement and memory care communities.

Senior Housing - Managed. Senior Housing communities operated by third-party property managers pursuant to property management agreements.

Skilled Mix. Skilled Mix is defined as the total Medicare and non-Medicaid managed care patient revenue at Skilled Nursing/Transitional Care facilities divided by the total revenues at Skilled Nursing/Transitional Care facilities for the period indicated. Skilled Mix includes only Stabilized Facilities and excludes facilities for which data is not available or meaningful.

Skilled Nursing/Transitional Care. Skilled Nursing/Transitional Care facilities include skilled nursing, transitional care, multi-license designation and mental health facilities.

Specialty Hospitals and Other. Includes acute care, long-term acute care and rehabilitation hospitals, facilities that provide residential services, which may include assistance with activities of daily living, and other facilities not classified as Skilled Nursing/Transitional Care, Senior Housing or Behavioral Health.

Stabilized Facility. At the time of acquisition, the Company classifies each facility as either stabilized or non-stabilized. In addition, the Company may classify a facility as non-stabilized after acquisition. Circumstances that could result in a facility being classified as non-stabilized include newly completed developments, facilities undergoing major renovations or additions, facilities being repositioned or transitioned to new operators, and significant transitions within the tenants' business model. Such facilities are typically reclassified to stabilized upon the earlier of maintaining consistent occupancy (85% for Skilled Nursing/Transitional Care facilities and 90% for Senior Housing communities) or 24 months after the date of classification as non-stabilized. Stabilized Facilities exclude (i) facilities held for sale, (ii) strategic disposition candidates, (iii) facilities being transitioned to a new operator, (iv) facilities being transitioned from being leased by the Company to being operated by the Company and (v) leased facilities acquired during the three months preceding the period presented.

*** Non-GAAP Financial Measures:** Reconciliations, definitions and important discussions regarding the usefulness and limitations of the Non-GAAP Financial Measures used in this supplement can be found at https://ir.sabrahealth.com/investors/financials/quarterly-results.