NEWS RELEASE

Sabra Acquires Eight Senior Housing Facilities for $59.1 Million; Originates $4.5 Million Loan in Florida

2014-10-14

IRVINE, Calif., Oct. 14, 2014 (GLOBE NEWSWIRE) -- Sabra Health Care REIT, Inc. ("Sabra," the "Company" or "we") (Nasdaq:SBRA) (Nasdaq:SBRAP) announced today four investments: the acquisition of a portfolio of four memory care facilities in Texas, the acquisition of a portfolio of three senior housing facilities in Florida, the acquisition of an assisted living facility in Maryland and the origination of a loan with respect to a property for development in Florida. The transactions were funded with available cash and proceeds from our revolving credit facility.

Avalon Portfolio

On September 29, 2014, we acquired four memory care facilities with a total of 115 beds (collectively, the "Avalon Portfolio") located in Fort Worth and Arlington, Texas from affiliates of Avalon Care Group for $25.9 million. Concurrently with the purchase, we entered into a triple-net master lease agreement with affiliates of the seller. The lease has an initial term of 10 years with two 5-year renewal options and provides for an annual rent escalator equal to the greater of (i) the Consumer Price Index and (ii) 3.0%, but not to exceed 4.0%, resulting in annual lease revenues, determined in accordance with GAAP, of $2.3 million and an initial yield on cash rent of 7.75%.

Rosecastle Portfolio

On October 1, 2014, we acquired three assisted living facilities with 256 beds (collectively, the "Rosecastle Portfolio"), located in Florida for $27.6 million. Concurrently with the purchase, we entered into a triple-net master lease agreement with a new tenant for the portfolio. The lease has an initial term of 10 years with two 5-year renewal options. The tenant is pursuing a turnaround opportunity for the Rosecastle Portfolio and accordingly we have obtained a limited revenue participation right in the early years of the new lease in exchange for our flexibility on the initial rental rate. Upon the completion of the turnaround, the cash rent yield is anticipated to be 9.7%.

Beginning in year four of the new lease, an annual rent escalator would apply equal to the greater of (i) the Consumer Price Index and (ii) 3.0%, resulting in minimum annual lease revenues, determined in accordance with GAAP, of $2.7 million.

Tudor Heights

On October 14, 2014, we acquired an assisted living-memory care facility with 64 beds located in Baltimore Maryland for $5.6 million ("Tudor Heights"). Concurrently with the purchase, we entered into a triple-net lease with Peregrine Senior Living of Pikesville LLC. The lease has an initial term of 15 years with two 5-year renewal options. The tenant is pursuing a turnaround opportunity for Tudor Heights and accordingly we have obtained a limited revenue participation right in the third year of the new lease in exchange for our flexibility on the initial rental rate. The lease structure provides for annual rent escalators after year four equal to the greater of (i) the Consumer Price Index and (ii) 3.0%, resulting in minimum annual lease revenues, determined in accordance with GAAP, of $0.6 million. We have also committed to funding up to $1.2 million for the renovation of the facility, and following the renovation, the rent will be reestablished based on the then-appraised value of the property and a lease rate between 8% and 9%, with such rent increasing annually thereafter per the escalator described above.

Celebration Senior Living

On October 14, 2014, we originated a $4.5 million loan with BRP Celebration, LLC for the purchase of land in Celebration, Florida. Celebration Senior Living, an affiliate of the borrower, plans to develop a 225 unit senior housing facility on the property securing our loan. We are making this loan in anticipation of providing a portion of the development capital to Celebration Senior Living for this project and anticipate that we would have a purchase option upon stabilization of the facility. The loan bears interest at a 10.0% annual rate and matures in one year.

Commenting on these investments, Rick Matros, CEO and Chairman, said, "These four investments reflect a cross section of the types of deals that have been a hallmark of Sabra's success; good stabilized assets, quality assets with upside potential, and another senior housing development opportunity, this one with a seasoned developer and operator. This is the first senior housing project in Celebration, a Disney-planned town near Disneyworld. This project would be Sabra's seventh development partnership. With the Avalon Portfolio, Rosecastle Portfolio and Tudor Heights acquisitions, Sabra is partnering up with three quality management teams, expanding our tenant relationships to twenty four."

Matros continued, "While the recently announced Holiday acquisition was a unique opportunity that furthered our goals of increasing private pay, decreasing Genesis exposure, and accelerating our progress toward investment grade ratings, the investments we announced today reflect our primary and continued focus, which has successfully fueled our sector-leading growth rate for almost four years."

ABOUT SABRA

Sabra Health Care REIT, Inc., a Maryland corporation, operates as a self-administered, self-managed real estate investment trust (a "REIT") that, through its subsidiaries, owns and invests in real estate serving the healthcare industry. Sabra leases properties to tenants and operators throughout the United States.

This release contains "forward-looking" statements as defined in the Private Securities Litigation Reform Act of 1995. These statements may be identified, without limitation, by the use of "expects," "believes," "intends," "should" or comparable terms or the negative thereof. Forward-looking statements in this release include all statements regarding our expectations concerning the Avalon Portfolio acquisition, the Rosecastle Portfolio acquisition, the Tudor Heights acquisition and the Celebration loan investment, including the future performance of these investments as well as our expectations regarding development and purchase opportunities with respect to the Celebration loan investment.

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: our dependence on Genesis HealthCare LLC ("Genesis"), the parent company of Sun Healthcare Group, Inc., until we are able to further diversify our portfolio; our dependence on the operating success of our tenants; the dependence of our tenants on reimbursement from governmental and other third-party payors; the significant amount of and our ability to service our indebtedness; covenants in our debt agreements that may restrict our ability to make investments, incur additional indebtedness and refinance indebtedness on favorable terms; increases in market interest rates; our ability to successfully integrate and realize the intended benefits of our recent acquisition of 21 independent living facilities from affiliates of Holiday Retirement; our ability to raise capital through equity and debt financings; the relatively illiquid nature of real estate investments; competitive conditions in our industry; the loss of key management personnel or other employees; the impact of litigation and rising insurance costs on the business of our tenants; uninsured or underinsured losses affecting our properties and the possibility of environmental compliance costs and liabilities; our ability to maintain our status as a REIT; compliance with REIT requirements and certain tax matters related to our status as a REIT; and other factors discussed from time to time in our news releases, public statements and/or filings with the Securities and Exchange Commission (the "SEC"), especially the "Risk Factors" sections of our Annual and Quarterly Reports on Forms 10-K and 10-Q. Forward-looking statements made in this press release 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. We assume no, and hereby disclaim 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.

CONTACT: Investor & Media Inquiries: (949) 679-0410

Source: Sabra Health Care REIT, Inc.