NEWS RELEASE

Sabra Health Care REIT, Inc. Agrees to Enter Into Management Agreement with Holiday and Terminate Existing Holiday Lease; Provides Update on Genesis Sales

2018-12-19

IRVINE, Calif., Dec. 19, 2018 (GLOBE NEWSWIRE) -- Sabra Health Care REIT, Inc. (“Sabra”, the “Company” or “we”) (Nasdaq: SBRA) announced today that it has entered into a non-binding letter of intent to terminate its master lease with affiliates of Holiday Retirement (“Holiday”) and concurrently enter into management agreements with Holiday. Sabra also provided an update on the status of its sales of facilities leased to Genesis Healthcare, Inc. (“Genesis”).

Holiday

On December 19, 2018, we entered into a non-binding letter of intent to terminate our triple net master lease with Holiday with respect to all 21 communities subject to the master lease (the “Holiday Communities”) and concurrently enter into one or more management agreements pursuant to which Holiday will manage the Holiday Communities (the “Holiday Management Agreements”). In exchange, we would receive $57.2 million of total consideration, including $15.1 million of retained security deposits and a $42.1 million termination fee that we can elect to receive in cash or in additional communities currently owned by Holiday or its affiliates. Should we elect to receive the termination fee in additional communities, those communities would be operated by Holiday pursuant to the Holiday Management Agreements.

The management fee to be paid to Holiday pursuant to the Holiday Management Agreements is expected to be equal to a monthly base fee in the amount of 5% of revenues (the “Base Management Fee”) during the first year of the term of the Holiday Management Agreements. After the first year, the management fee is expected to be equal to the Base Management Fee plus an incentive fee based on the growth in EBITDAR after capital expenditures for

the Holiday Communities above agreed upon performance thresholds. The Holiday Management Agreements are expected to have a one-year term with one-year extensions at Sabra's option.

We expect to terminate the Holiday master lease and enter into the Holiday Management Agreements during the first quarter of 2019, though there can be no assurances that the transactions will be completed on the foregoing terms or timing or at all.

Genesis Sale Update

On December 12, 2018, we completed the sale of four facilities leased to Genesis for gross sales proceeds of $38.6 million, and we expect to complete the sale of nine additional facilities this week for gross sales proceeds of $37.1 million, leaving three facilities leased to Genesis that we plan to sell. As a result of these sales, annual cash rents from Genesis will be reduced by $6.7 million. The remaining three facilities are being sold subject to HUD-insured debt and these sales will close upon approval by HUD, which we expect to occur in the first quarter of 2019. These remaining three facilities are expected to generate gross sales proceeds of $33.2 million and result in the elimination of $2.7 million of annual cash rents. Our agreement with Genesis provides for residual rents to be paid to Sabra for 4.28 years following the sale of each facility. Upon completion of these sales, we expect these residual rents to total $10.4 million per year. We expect to retain eight facilities leased to Genesis, which currently generate annual cash rents of $10.4 million.

Commenting on these developments, Rick Matros, CEO and Chairman, said, "With resolution on Holiday, the near completion of Genesis Exodus and continued progress on the sale of the Senior Care Centers facilities, we look forward to a 2019 with the 'noise' behind us and a solid platform of operating partners to grow from. It's important to note that should events arise that cause us concern with Holiday, we control our future and can move the portfolio to the operator of our choice. We appreciate this has all taken some time but the transformation of the company these last eighteen months has been critical for us to grow effectively while controlling the narrative ourselves rather than have that dictated by certain tenants with outsized exposures. The anticipated impact of these transactions will be included in our guidance for 2019, which we expect to provide in January."

About Sabra

Sabra Health Care REIT, Inc. (Nasdaq: SBRA), 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 and Canada.

Special Note Regarding Forward-Looking Statements

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 planned termination of the master lease with respect to the Holiday Communities and planned entry into the Holiday Management Agreements, all statements regarding expected future sales and retention of facilities leased to Genesis, and all statements regarding our expectations for 2019.

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 the operating success of our tenants; operational risks with respect to our Senior Housing - Managed communities; 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 anticipated benefits of our merger with Care Capital Properties, Inc. (“CCP”) may not be realized; the anticipated and unanticipated costs, fees, expenses and liabilities related to our merger with CCP; our ability to implement the previously announced rent repositioning program for certain of our tenants who were legacy tenants of CCP on the timing or terms we have previously disclosed; our ability to dispose of facilities currently leased to Genesis Healthcare, Inc. and Senior Care Centers on the timing or terms we have disclosed; the possibility that Sabra may not acquire the remaining majority interest in the Enlivant joint venture; risks associated with our investments in joint ventures; changes in healthcare regulation and political or economic conditions; the impact of required regulatory approvals of transfers of healthcare properties; competitive conditions in our industry; 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; our ability to raise capital through equity and debt financings; changes in foreign currency exchange rates; the relatively illiquid nature of real estate investments; the loss of key management personnel or other employees; uninsured or underinsured losses affecting our properties and the possibility of environmental compliance costs and liabilities; the impact of a failure or security breach of information technology in our operations; our ability to maintain our status as a REIT; changes in tax laws and regulations affecting REITs (including the potential effects of the Tax Cuts and Jobs Act); compliance with REIT requirements and certain tax and tax regulatory matters related to our status as a REIT; and the ownership limits and anti-takeover defenses in our governing documents and under Maryland law, which may restrict change of control or business combination opportunities.

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 Item 1A of our Annual Report on Form 10-K for

the year ended December 31, 2017. We do not intend, and we undertake no obligation, to update any forward-looking information to reflect events or circumstances after the date of this release or to reflect the occurrence of unanticipated events, unless required by law to do so.

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