NEWS RELEASE

Sabra Health Care REIT Upgraded by Standard & Poor's to B+, Announces Acquisition of Two Skilled Nursing Facilities and Agreement for Sale and Leaseback of an Assisted Living Facility

2011-10-04

IRVINE, Calif., Oct. 4, 2011 (GLOBE NEWSWIRE) -- Sabra Health Care REIT, Inc. ("Sabra") (Nasdaq:SBRA) announced today that it received an upgrade to its corporate credit rating by Standard & Poor's Rating Services ("Standard & Poor's"). Sabra also announced today that it has acquired two skilled nursing facilities and, in a separate transaction, has entered into a definitive agreement to acquire an assisted living facility.

Credit Rating Upgrade – On September 30, 2011, Standard & Poor's raised its corporate credit rating on Sabra to 'B+' from 'B' with a stable outlook. At the same time Standard & Poor's raised its issue rating on Sabra's senior unsecured notes to 'BB-' from 'B', while also revising Sabra's recovery rating on the senior notes to '2' from '3'.

Commenting on the Standard & Poor's report, Rick Matros, CEO and Chairman said, "We are pleased with the credit rating increase and the expected positive impact it will have on our cost of capital in the future. It demonstrates the progress we have made in improving our credit statistics and diversifying our portfolio. Improvements in our cost of capital should allow us to better compete for acquisitions within diverse healthcare asset classes and continue to diversify our portfolio, thereby enhancing our ability to provide our shareholders with accretive growth."

Skilled Nursing Facilities – On September 30, 2011, Sabra acquired the Manokin Manor & Rehabilitation Center and the Honey Hill Care Center in a sale-leaseback transaction with affiliates of Aurora Health Management, LLC for $18.0 million, of which $1.8 million will be funded by Sabra on or before October 1, 2012. Manokin Manor & Rehabilitation Center is a 135 bed skilled nursing facility built in 1987 and located in Princess Anne, Maryland, and Honey Hill Care Center is a 150 bed skilled nursing facility built in 1993 and located in Norwalk, Connecticut. Both

facilities will be operated under a single 15-year triple-net master lease agreement with two five-year renewal options which will provide an initial yield on cash rent of 10.6%. The master lease further provides for an increase in rent on September 30, 2012, associated with the $1.8 million deferred purchase price payment and annual rent escalators of 2.79% thereafter, resulting in annual lease revenues determined in accordance with U.S. generally accepted accounting principles ("GAAP") of $2.2 million.

Assisted Living Facility – Sabra also recently entered into an agreement to acquire Creekside Senior Living in a sale-leaseback transaction with an affiliate of Pathway Senior Living ("Pathway") for $4.2 million, which amount includes an allowance of up to $1.6 million primarily for facility improvements. Creekside Senior Living is a 59 unit assisted living facility built in 2004 in Green Bay, Wisconsin. Pathway is in the process of acquiring this facility through a court appointed receiver. Under Sabra's agreement with Pathway, once Pathway has acquired the facility, it will close the sale-leaseback transaction with Sabra. Once Sabra has acquired the facility from Pathway, the facility will be operated under a 10 year triple-net lease agreement with two five-year renewal options which will provide an initial yield on cash rent of 9.25%. In addition, as the $1.6 million allowance is funded over a period of up to two years, rents will increase to maintain the yield on cash rent. The lease further provides for annual rent escalators of the greater of the change in the consumer price index or 3% on each anniversary date of the lease. Annual GAAP revenue will range from $0.3 million to $0.4 million depending on the amount and timing of disbursements of the allowance. Sabra expects to close this transaction in the fourth quarter of 2011 and can terminate the transaction if court approval and the closing do not occur by December 22, 2011.

As of August 31, 2011, Sabra had approximately $177.6 million in liquidity, consisting of unrestricted cash and cash equivalents of $77.6 million and available borrowings of $100.0 million under its secured revolving credit facility. Sabra used $16.2 million of its available cash to fund the closing payment for the SNF acquisitions and expects to use its available cash to fund the $1.8 million deferred purchase price payment on the SNF acquisitions as well as the $4.2 million total purchase price for the Creekside Senior Living acquisition.

Commenting on the transactions, Mr. Matros said, "The two SNF acquisitions are very good assets in good markets that have been undermanaged. This transaction aligns us with an operator skilled in turnarounds. The upside in these centers is primarily in cost management and the recently announced CMS cuts are not a material factor. Creekside Senior Living is a relatively new assisted living facility that has also been undermanaged with significant potential upside under Pathway's management. While this is a small deal, it demonstrates our intent to expand our portfolio in the AL/Memory Care space. Given our deep operational experience, we are positioned to assess opportunities such as these in an uncertain environment and get transactions completed at appropriate cap rates. Most important, these acquisitions continue our diversification from Sun Healthcare Group, which on a pro forma basis for these acquisitions would be reduced to approximately 76% of our total revenues, and expands our geographic footprint into Wisconsin and Maryland while generating accretive returns for our shareholders."

ABOUT SABRA

Sabra Health Care REIT, Inc. (Nasdaq:SBRA), a Maryland corporation, is 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. As of June 30, 2011, Sabra's investment portfolio included 88 properties (consisting of (i) 68 skilled nursing facilities, (ii) ten combined skilled nursing, assisted living and independent living facilities, (iii) five assisted living facilities, (iv) two mental health facilities, (v) one independent living facility, (vi) one continuing care retirement community, and (vii) one acute care hospital) and one mortgage note secured by a combined assisted living, independent living and memory care facility located in Ann Arbor, Michigan. As of June 30, 2011, Sabra's properties were located in 20 states and included 9,793 licensed beds.

Subsequent to June 30, 2011, Sabra has expanded its portfolio of properties with its August 1, 2011 acquisition of the Cadia Portfolio, a portfolio of four skilled nursing facilities with a combined total of 500 beds located in Delaware.

FORWARD-LOOKING STATEMENTS SAFE HARBOR

Statements made in this release that are not historical facts are "forward-looking" statements (as defined in the Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties and are subject to change at any time. 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 our expectations regarding the impact of Sabra's recent credit rating increase from Standard & Poor's, and our expectations concerning the two SNF acquisitions as well as the pending Creekside Senior Living acquisition, including the anticipated terms for the Creekside Senior Living lease. These statements are made as of the date hereof and are subject to known and unknown risks, uncertainties, assumptions and other factors—many of which are out of Sabra's control and difficult to forecast—that could cause actual results to differ materially from those set forth in or implied by forward-looking statements. These risks and uncertainties include but are not limited to: the ability of the parties to the purchase agreement for the Creekside Senior Living acquisition to satisfy each of the conditions to closing in the purchase agreement and other factors discussed from time to time in Sabra's news releases, public statements and/or filings with the Securities and Exchange Commission, especially the "Risk Factors" sections of Sabra's Annual and Quarterly Reports on Forms 10-K and 10-Q. Sabra 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.

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

Source: Sabra Health Care REIT, Inc.