NEWS RELEASE

Sabra Reports Third Quarter 2012 Results and Declares Quarterly Dividend; Revenues, Net Income, FFO and AFFO Increased 21%, 123%, 38% and 19%, Respectively, Over the Third Quarter 2011

2012-10-29

IRVINE, Calif., Oct. 29, 2012 (GLOBE NEWSWIRE) -- Sabra Health Care REIT, Inc. ("Sabra," the "Company" or "we") (Nasdaq:SBRA) today announced results of operations for the third quarter of 2012.

RECENT HIGHLIGHTS

- For the third quarter of 2012, FFO, AFFO and net income per diluted share were $0.34, $0.39 and $0.14, respectively, up from $0.28, $0.38 and $0.07, respectively, for the third quarter of 2011.
- During the third quarter, revenues increased 21% over the same period in 2011 from $21.5 million to $26.0 million.
- During the third quarter, we purchased an independent living facility and a memory care facility in two separate transactions for $42.5 million.
- During the third quarter, we entered into a pipeline agreement to acquire up to ten assisted living and memory care facilities that will be leased to and operated by a RIDEA-compliant joint venture between Sabra and First Phoenix Group, LLC.
- During the third quarter, we refinanced an existing $13.5 million HUD mortgage note, reducing the interest rate from 5.90% to 2.49% and increasing the outstanding principal amount by $0.4 million. This will result in annual interest savings of approximately $0.4 million, bringing our total annual interest savings including previously announced refinancings to $1.4 million.
- During the third quarter, we issued a $100 million aggregate principal amount add-on to our existing 8.125% senior notes due 2018 at a price of 106.0% for net proceeds of $103.0 million (after underwriting costs and

other offering expenses) and a yield-to-maturity of 6.92%. FFO and AFFO were impacted by $1.1 million and $1.3 million, respectively, ($0.03 per diluted share) during the quarter by the additional debt after considering the repayment of the $42.5 million outstanding balance on our secured revolving credit facility. The additional debt is expected to impact FFO and AFFO for the year ended December 31, 2012 by $2.3 million ($0.06 per diluted share) and $2.6 million ($0.07 per diluted share), respectively. The impact of the senior notes add-on was not reflected in our 2012 outlook updated on July 23, 2012.

- During the third quarter, we utilized the accordion feature to increase the borrowing capacity under our secured revolving credit facility to $230.0 million from $200.0 million, increasing our current borrowing availability to $201.6 million. As of September 30, 2012, there were no amounts outstanding on our secured revolving credit facility.
- On October 29, 2012, our board of directors declared a quarterly cash dividend of $0.33 per share of common stock. The dividend will be paid on November 30, 2012 to stockholders of record as of the close of business on November 15, 2012.

Commenting on the third quarter results, Rick Matros, CEO and Chairman, said, "We are quite pleased with our activity these past few months. Our recently announced deals were all in the senior housing space including our first RIDEA and development deal. Our senior housing pipeline has filled up very effectively and is allowing us to focus on diversifying our asset base in that space sooner than anticipated. We will still do skilled nursing deals but they will likely be small and a lower priority than senior housing. We believe we can execute in this fashion while continuing to diversify away from Sun/Genesis at the current pace." Matros continued, "We have ample capital on hand to accommodate our current pipeline and believe we have the optionality to be opportunistic as we contemplate future capital raises."

Performance for the Third Quarter of 2012

During the third quarter of 2012, we recognized FFO of $12.7 million ($0.34 per diluted share) and AFFO of $14.9 million ($0.39 per diluted share), compared to FFO of $9.2 million ($0.28 per diluted share) and AFFO of $12.5 million ($0.38 per diluted share) for the same period in 2011. AFFO represents FFO excluding non-cash revenues (including straight-line rental income adjustments, amortization of acquired above/below market lease intangibles and non-cash interest income adjustments), non-cash expenses (including stock-based compensation expense, amortization of deferred financing costs and amortization of debt discounts and premiums) and acquisition pursuit costs, which aggregated to a net adjustment of $2.1 million ($0.05 per diluted share) for the period. During the third quarter of 2012, net income was $5.2 million ($0.14 per diluted share), compared to net income of $2.3 million ($0.07 per diluted share) for the same period in 2011. We recognized revenues of $26.0 million during the third quarter of 2012 compared to $21.5 million during the third quarter of 2011. In addition, during the third quarter of 2012, we generated $23.8 million of cash from operating activities, up from $16.6 million during the same period of

2011. Finally, EBITDARM Coverage and EBITDAR Coverage were 1.82x and 1.54x, respectively, for the three months ended September 30, 2012 after adjusting to eliminate the impact of facilities identified as strategic disposition candidates.

LIQUIDITY

As of September 30, 2012, we had approximately $232.1 million in liquidity, consisting of unrestricted cash and cash equivalents of $30.5 million and available borrowings of $201.6 million under our secured revolving credit facility.

CONFERENCE CALL AND COMPANY INFORMATION

A conference call to discuss the 2012 third quarter results will be held on Tuesday, October 30, 2012 at 8:00am Pacific Time. The dial in number for the conference call is 888-428-9480 and the participant code is "Sabra." A replay of the call will also be available immediately following the call and for 30 days, ending on November 29, 2012, by dialing (888) 203-1112, and using passcode 9443640. The Company's supplemental information package for the third quarter will also be available on the Company's website in the "Investor Relations" section.

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. As of September 30, 2012, Sabra's investment portfolio included 105 properties leased to operators/tenants under triple-net lease agreements (consisting of (i) 93 skilled nursing/post-acute facilities, (ii) 11 senior housing facilities, and (iii) one acute care hospital), two mortgage loan investments and one mezzanine loan investment. As of September 30, 2012, Sabra's properties were located in 26 states and included 11,689 licensed beds.

The Sabra Health Care REIT, Inc. logo is available at **http://www.globenewswire.com/newsroom/prs/?pkgid=8563**

FORWARD-LOOKING STATEMENTS SAFE HARBOR

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 our acquisition pipeline and our capital needs.

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 Sun Healthcare Group, Inc. ("Sun") until we are able to further diversify our portfolio; our dependence on the operating success of our tenants; changes in general economic conditions and volatility in financial and credit markets; 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 acquisitions, incur additional indebtedness and refinance indebtedness on favorable terms; increases in market interest rates; our ability to raise capital through equity 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. 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.

TENANT INFORMATION

This release includes information regarding Sun. Sun is subject to the reporting requirements of the SEC and is required to file with the SEC annual reports containing audited financial information and quarterly reports containing unaudited financial information. Sun's filings with the SEC can be found at **www.sec.gov**. This release also includes information regarding each of our other tenants that lease properties from us. The information related to Sun and our other tenants that is provided in this release has been provided by the tenants or, in the case of Sun, derived from Sun's public filings or provided by Sun. 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.

NOTE REGARDING NON-GAAP FINANCIAL MEASURES

This release includes the following financial measures defined as non-GAAP financial measures by the SEC: EBITDA, funds from operations ("FFO"), Adjusted FFO ("AFFO"), Normalized AFFO, FFO per diluted share, AFFO per diluted share and normalized AFFO per diluted share. 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 of Non-

GAAP Financial Measures" in this release, and reconciliations of these non-GAAP financial measures to the GAAP financial measures we consider most comparable are included under "Reconciliations of Net Income to EBITDA, Funds from Operations (FFO), Adjusted Funds from Operations (AFFO) and Normalized AFFO" in this release.

SABRA HEALTH CARE REIT, INC.
FINANCIAL HIGHLIGHTS
(dollars in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenues	$26,038	$21,470	$74,882	$57,876
EBITDA	$22,260	$16,818	$63,294	$47,631
Net income	$5,226	$2,344	$15,554	$5,678
FFO	$12,722	$9,194	$37,910	$24,905
AFFO	$14,868	$12,525	$44,528	$31,884
Normalized AFFO	$14,868	$12,525	$44,528	$32,194
Per share data:				
Diluted EPS	$0.14	$0.07	$0.42	$0.20
Diluted FFO	$0.34	$0.28	$1.02	$0.89
Diluted AFFO	$0.39	$0.38	$1.18	$1.13
Diluted Normalized AFFO	$0.39	$0.38	$1.18	$1.14
Weighted-average number of common shares outstanding, diluted:				
EPS & FFO	37,465,114	33,049,621	37,276,013	27,891,690
AFFO & Normalized AFFO	37,748,716	33,320,262	37,660,657	28,142,867
Net cash flow from operations	$23,815	$16,581	$47,902	$34,509

	September 30, 2012	December 31, 2011
Real Estate Portfolio		
Total Equity Investments (#)	105	97
Total Equity Investments, gross ($)	$863,879	$767,054
Total Licensed Beds/Units	11,689	10,877
Weighted Average Remaining Lease Term (in months)	135	144
Total Debt Investments (#)	3	—
Total Debt Investments, gross ($) (1)	$22,111	$—

	Three Months Ended September 30, 2012	Twelve Months Ended September 30, 2012
EBITDARM Coverage (2)	1.82x	1.80x
EBITDAR Coverage (2)	1.54x	1.50x

	September 30, 2012	December 31, 2011
Debt		
Book Value		
Fixed Rate Debt	$430,112	$324,239
Variable Rate Debt	58,262	59,159
Total Debt	$488,374	$383,398
Weighted Average Effective Rate		
Fixed Rate Debt	7.12%	7.55%
Variable Rate Debt	5.00%	5.50%
Total Debt	6.87%	7.24%
% of Total		
Fixed Rate Debt	88.1%	84.6%
Variable Rate Debt	11.9%	15.4%
Total Debt	100.0%	100.0%
Availability Under Credit Facility:	$201,600	$100,000
Available Liquidity (Unrestricted Cash and Availability Under Credit Facility)	$232,077	$142,250

(1) Total Debt Investments, gross consists of principal of $21.9 million plus capitalized origination fees of $0.2 million.
(2) EBITDARM and EBITDAR and related coverages for facilities with new tenants/operators are only included in periods subsequent to our acquisition of the facilities and exclude the impact of strategic disposition candidates. All facility financial performance data are presented one month in arrears.

SABRA HEALTH CARE REIT, INC.
CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenues:				
Rental income	$25,420	$21,294	$73,903	$57,483
Interest income	618	176	979	393
Total revenues	26,038	21,470	74,882	57,876
Expenses:				
Depreciation and amortization	7,496	6,850	22,356	19,227
Interest	9,538	7,624	25,384	22,726
General and administrative	3,778	4,652	11,588	10,245
Total expenses	20,812	19,126	59,328	52,198
Net income	$5,226	$2,344	$15,554	$5,678
Net income per common share, basic	$0.14	$0.07	$0.42	$0.20
Net income per common share, diluted	$0.14	$0.07	$0.42	$0.20
Weighted-average number of common shares outstanding, basic	37,178,162	32,986,657	37,121,384	27,797,411
Weighted-average number of common shares outstanding, diluted	37,465,114	33,049,621	37,276,013	27,891,690

SABRA HEALTH CARE REIT, INC.
CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except per share data)

	September 30, 2012 (unaudited)	December 31, 2011
Assets		
Real estate investments, net of accumulated depreciation of $131,071 and $108,916 as of September 30, 2012 and December 31, 2011, respectively	$733,054	$658,377
Loans receivable, net	22,092	—
Cash and cash equivalents	30,477	42,250
Restricted cash	5,197	6,093
Deferred tax assets	25,540	25,540
Prepaid expenses, deferred financing costs and other assets	26,651	17,390
Total assets	$843,011	$749,650
Liabilities and stockholders' equity		
Mortgage notes payable	$157,513	$158,398
Senior unsecured notes payable	330,861	225,000
Accounts payable and accrued liabilities	17,778	14,139
Tax liability	25,540	25,540
Total liabilities	531,692	423,077
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $.01 par value; 10,000,000 shares authorized, zero shares issued and outstanding as of September 30, 2012 and December 31, 2011	—	—
Common stock, $.01 par value; 125,000,000 shares authorized, 37,051,242 and 36,891,712 shares issued and outstanding as of September 30, 2012 and December 31, 2011, respectively	371	369
Additional paid-in capital	351,106	344,995
Cumulative distributions in excess of net income	(40,158)	(18,791)
Total stockholders' equity	311,319	326,573
Total liabilities and stockholders' equity	$843,011	$749,650

SABRA HEALTH CARE REIT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Nine Months Ended September 30,	
	2012	2011
Cash flows from operating activities:		
Net income	$15,554	$5,678
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	22,356	19,227
Non-cash interest income adjustments	18	—
Amortization of deferred financing costs	2,620	1,507
Stock-based compensation expense	5,749	3,249
Amortization of premium on notes payable	(12)	(11)

Amortization of premium on senior unsecured notes	(139)	
Straight-line rental income adjustments	(2,857)	(720)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	116	556
Accounts payable and accrued liabilities	7,211	7,860
Restricted cash	(2,714)	(2,837)
Net cash provided by operating activities	47,902	34,509
Cash flows from investing activities:		
Acquisitions of real estate	(98,050)	(187,700)
Origination of loans receivable	(22,111)	—
Acquisition of note receivable	—	(5,348)
Additions to real estate	(1,039)	(86)
Net cash used in investing activities	(121,200)	(193,134)
Cash flows from financing activities:		
Proceeds from secured revolving credit facility	42,500	—
Proceeds from mortgage notes payable	35,829	—
Proceeds from issuance of senior unsecured notes	106,000	—
Payments on secured revolving credit facility	(42,500)	—
Principal payments on mortgage notes payable	(36,701)	(2,249)
Payments of deferred financing costs	(7,045)	(495)
Issuance of common stock	144	163,431
Dividends paid	(36,702)	(19,878)
Net cash provided by financing activities	61,525	140,809
Net decrease in cash and cash equivalents	(11,773)	(17,816)
Cash and cash equivalents, beginning of period	42,250	74,233
Cash and cash equivalents, end of period	$30,477	$56,417
Supplemental disclosure of cash flow information:		
Interest paid	$17,116	$17,024

SABRA HEALTH CARE REIT, INC.
RECONCILIATIONS OF NET INCOME TO EBITDA, FUNDS FROM OPERATIONS (FFO),
ADJUSTED FUNDS FROM OPERATIONS (AFFO) AND NORMALIZED AFFO
(dollars in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net income	$5,226	$2,344	$15,554	$5,678
Interest expense	9,538	7,624	25,384	22,726
Depreciation and amortization	7,496	6,850	22,356	19,227
EBITDA	$22,260	$16,818	$63,294	$47,631
Net income	$5,226	$2,344	$15,554	$5,678
Add:				
Depreciation of real estate assets	7,496	6,850	22,356	19,227
Funds from Operations (FFO)	$12,722	$9,194	$37,910	$24,905
Acquisition pursuit costs	367	2,643	1,239	2,954
Stock-based compensation expense	1,907	771	5,749	3,249
Straight-line rental income adjustments	(1,167)	(591)	(2,857)	(720)
Amortization of deferred financing costs	1,173	512	2,620	1,507
Amortization of debt premium	(143)	(4)	(151)	(11)
Non-cash interest income adjustments	9	—	18	—
Adjusted Funds from Operations (AFFO)	$14,868	$12,525	$44,528	$31,884
Start-up costs	—	—	—	310
Normalized AFFO	$14,868	$12,525	$44,528	$32,194
Net income per diluted common share	$0.14	$0.07	$0.42	$0.20
FFO per diluted common share	$0.34	$0.28	$1.02	$0.89
AFFO per diluted common share	$0.39	$0.38	$1.18	$1.13
Normalized AFFO per diluted common share	$0.39	$0.38	$1.18	$1.14
Weighted average number of common shares outstanding, diluted:				
Net income and FFO	37,465,114	33,049,621	37,276,013	27,891,690
AFFO and Normalized AFFO	37,748,716	33,320,262	37,660,657	28,142,867

DEFINITIONS OF NON-GAAP FINANCIAL MEASURES

This press release includes the non-GAAP financial measures of EBITDA, FFO, AFFO, normalized AFFO, FFO per

diluted share, AFFO per diluted share and normalized AFFO per diluted share, which are reconciled to net income, which we believe is the most comparable GAAP measure. We believe that the use of FFO, AFFO and Normalized AFFO (and the related per share amounts), combined with the required GAAP presentations, improves the understanding of operating results of REITs among investors and makes comparisons of operating results among such companies more meaningful.

EBITDA. The real estate industry uses earnings before interest, taxes, depreciation and amortization ("EBITDA"), a non-GAAP financial measure, as a measure of both operating performance and liquidity. The Company uses EBITDA to measure both its operating performance and liquidity. By excluding interest expense, EBITDA allows investors to measure the Company's operating performance independent of its capital structure and indebtedness and, therefore, allows for a more meaningful comparison of its operating performance between quarters as well as annual periods and to compare its operating performance to that of other companies, both in the real estate industry and in other industries. As a liquidity measure, the Company believes that EBITDA helps investors analyze the Company's ability to meet its interest payments on outstanding debt. The Company believes investors should consider EBITDA in conjunction with net income (the primary measure of the Company's performance) and the other required GAAP measures of its performance and liquidity, to improve their understanding of the Company's operating results and liquidity, and to make more meaningful comparisons of its performance between periods and against other companies. EBITDA has limitations as an analytical tool and should be used in conjunction with the Company's required GAAP presentations. EBITDA does not reflect the Company's historical cash expenditures or future cash requirements for capital expenditures or contractual commitments. While EBITDA is a relevant and widely used measure of operating performance and liquidity, it does not represent net income or cash flow from operations as defined by GAAP and it should not be considered as an alternative to those indicators in evaluating operating performance or liquidity. Further, the Company's computation of EBITDA may not be comparable to similar measures reported by other companies.

EBITDAR. Earnings before interest, taxes, depreciation, amortization and rent ("EBITDAR") for a particular facility accruing to the operator/tenant of the property (not the Company) for the period presented plus EBITDAR (excluding one-time adjustments) for the period presented for all other operations of any entities that guarantee the tenants' lease obligations to the Company (if applicable). The Company uses EBITDAR in determining EBITDAR Coverage. EBITDAR has limitations as an analytical tool. EBITDAR does not reflect historical cash expenditures or future cash requirements for facility capital expenditures or contractual commitments. In addition, EBITDAR does not represent a property's net income or cash flow from operations and should not be considered an alternative to those indicators. The Company receives EBITDAR and other information from its operators/tenants and relevant guarantors and utilizes EBITDAR as a supplemental measure of their ability to generate sufficient liquidity to meet related obligations to the Company. All facility and tenant financial performance data is derived solely from information provided by operators/tenants and guarantors without independent verification by the Company and

is presented one month in arrears. The Company includes EBITDAR with respect to a property if the property was operated at any time during the period presented subject to a lease with the Company. EBITDAR for facilities with new tenants/operators are only included in periods subsequent to the Company's acquisition of the facilities. EBITDAR excludes the impact of strategic disposition candidates.

EBITDAR Coverage. EBITDAR for the trailing 3 and 12 month periods prior to and including the period presented divided by the same period cash rent for all of our facilities plus rent expense for other operations of any entity that guarantees the tenants' lease obligation to the Company. EBITDAR Coverage is a supplemental measure of an operator/tenant's and relevant guarantor's ability to meet their 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 EBITDAR. All facility and tenant data are derived solely from information provided by operators/tenants and guarantors without independent verification by the Company. All such data is presented one month in arrears and excludes the impact of strategic disposition candidates.

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. The usefulness of EBITDARM is limited by the same factors that limit the usefulness of EBITDAR. Together with EBITDAR, the Company utilizes EBITDARM to evaluate the core operations of the properties by eliminating management fees, which vary based on operator/tenant and its operating structure. All facility financial performance data is derived solely from information provided by operators/tenants without independent verification by the Company. All such data is presented one month in arrears. The Company includes EBITDARM for a property if it was operated at any time during the period presented subject to a lease with the Company. EBITDARM for facilities with new tenants/operators are only included in periods subsequent to our acquisition of the facilities. EBITDARM excludes the impact of strategic disposition candidates.

Funds From Operations ("FFO") and Adjusted Funds from Operations ("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 operating performance for a real estate investment trust. 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, plus real estate depreciation and amortization. AFFO is defined as FFO excluding non-cash revenues (including straight-line rental income adjustments, amortization of acquired above/below market lease intangibles and non-cash interest income adjustments), non-cash expenses (including stock-based compensation expense, amortization of deferred financing costs and amortization of debt discounts and premiums) and acquisition pursuit costs. 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 operating results of real estate investment trusts among investors and makes comparisons of operating results among such companies more meaningful. The Company considers FFO and AFFO to be useful measures for reviewing comparative operating and financial performance because, by excluding gains or losses related to sales of previously depreciated operating real estate assets and real estate depreciation and amortization, and, for AFFO, by excluding non-cash revenues (including straight-line rental income adjustments, amortization of acquired above/below market lease intangibles and non-cash interest income adjustments), non-cash expenses (including stock-based compensation expense, amortization of deferred financing costs and amortization of debt discounts and premiums) and acquisition pursuit costs, 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 from the Company.

Normalized AFFO. Normalized AFFO represents AFFO adjusted for one-time start-up costs and non-recurring income and expenses. The Company considers normalized AFFO to be a useful measure to evaluate the Company's operating results excluding start-up costs and non-recurring income and expenses. Normalized AFFO can help investors compare the operating performance of the Company between periods or as compared to other companies. Normalized AFFO does 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. Normalized AFFO also does not consider the costs associated with capital expenditures related to the Company's real estate assets nor does it purport to be indicative of cash available to fund the Company's future cash requirements. Further, the Company's computation of normalized AFFO may not be comparable to normalized 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 or normalized AFFO differently from the Company.

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Source: Sabra Health Care REIT, Inc.