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Sabra Health Care REIT (SBRA)/ Care Capital Properties (CCP)

A **disastrous** proposition for SBRA shareholders

07/24/2017

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Executive summary

- **CCP acquisition announcement has resulted in massive SBRA stock underperformance of ~20%**

- **CCP acquisition is complete reversal of SBRA's previous stated and executed strategy**

- **Despite SNF sector issues, SBRA didn't even get a good deal…in fact it overpaid by up to 30%+**
  - SNF transactions are being done in the 9-10% cap range
  - SBRA CFO admits the CCP acquisition done at **7.6%** = **overpaid by up to 30%+**

- **SBRA's stated reasons for CCP acquisition do not match up versus reality**
  - Claim of reduced cost of debt offset by higher weighted average cost of capital (WACC)
  - Reduces Genesis concentration but weakens overall portfolio
  - Accretion claims unreliable: **original estimate of 14—16% reduced to 7-9% within a month**
  - We estimate SBRA CEO's comp could increase **by at least 37%** with this transaction

- **SBRA could quickly trade over ~$28 = over 20% premium, absent the CCP deal announcement**

- **All SBRA holders should vote this deal down to achieve full value for their investment**

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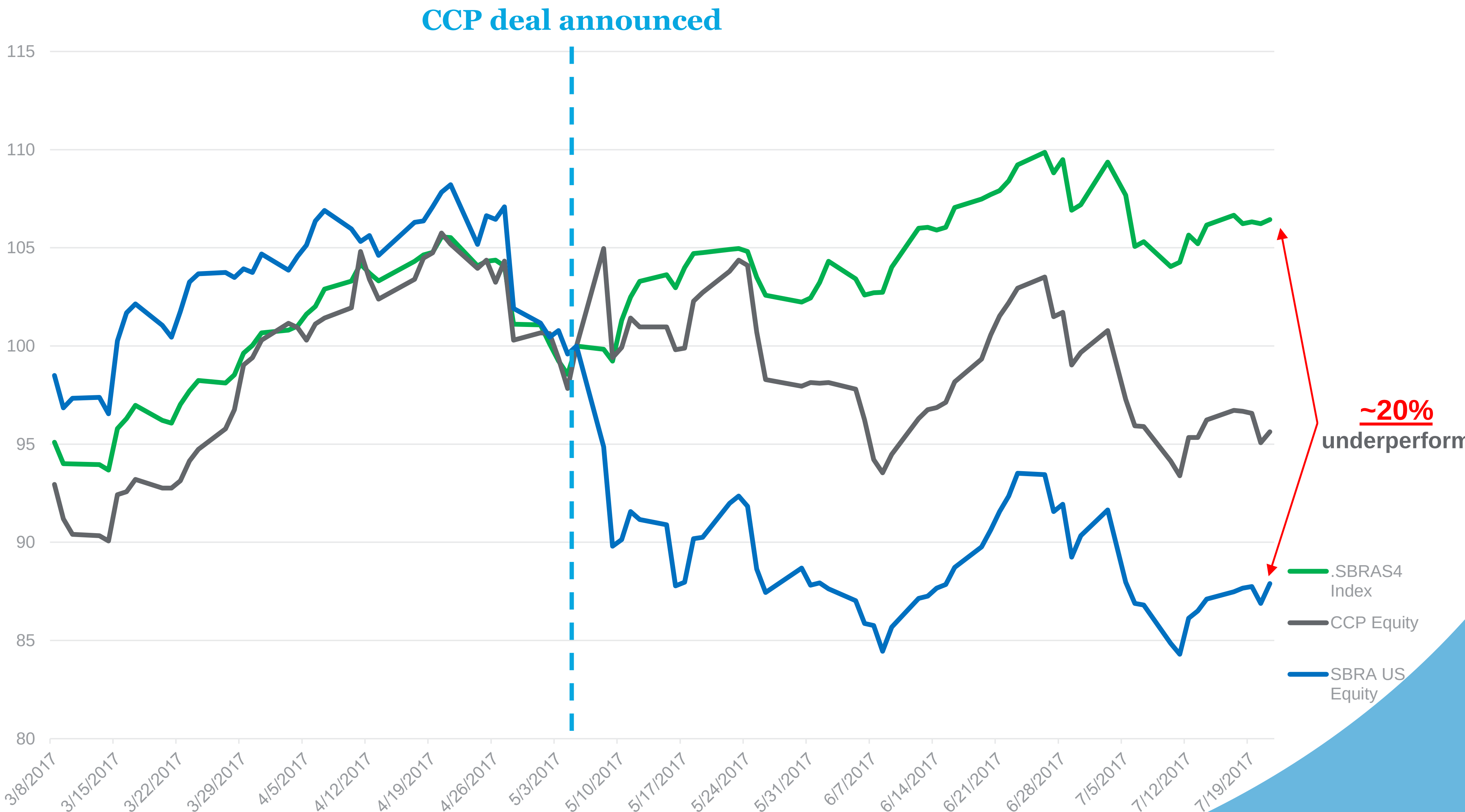
SBRA has massively underperformed since CCP deal announcement **by ~20%**



SBRAS4 is an equal-weighted basket of comparable companies used in SBRA fairness opinion (NHI, CTRE, OHI, LTC)
Source: Bloomberg

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Market dislikes higher SNF exposure... higher SNF exposure = lower multiples

Higher SNF mix = lower Price (P) / Adjusted Funds From Operations (AFFO) multiple

P / AFFO vs skilled nursing composition (07/21) for comps under 1.5x EBITDAR coverage

Note: Skilled mix is based on supplemental disclosures from each company and may not be consistent across companies. SBRA pre-deal price and multiple as of 05/02/2017. See Appendix for full methodology. Note that NHI does not report EBITDAR.
Source: NHI, MRT, SBRA, OHI, CCP company filings, Bloomberg

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CCP deal is a complete reversal of SBRA's stated SNF reduction strategy of last few years

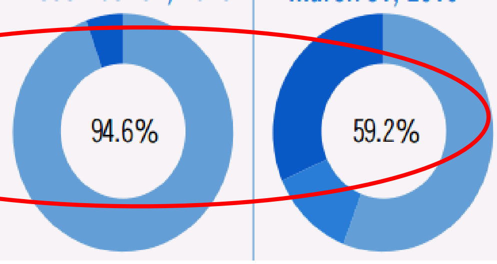
SBRA June 2016 and April 2017 investor presentations

SABRA'S PORTFOLIO BY THE NUMBERS

Revenue diversification is the name of the game

December 31, 2010 | March 31, 2016 (5)

Skilled nursing/ transitional care



- $2.2 billion in acquisitions and investments (2)

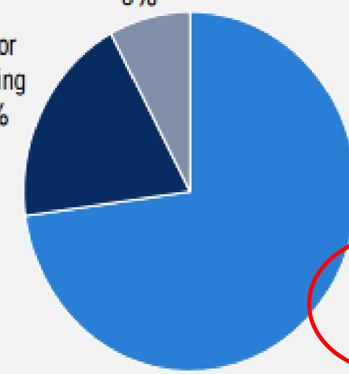
- Accelerated reduction in concentrations (1)

	Genesis	SNF
As of 12/31/2016	32.3%	56.6%
Pro Forma		
After sales	27.9%	53.8%
After reinvestment	26.0%	50.1%

Decreasing SNF exposure from ~95% to pro-forma ~50%

CCP merger presentation

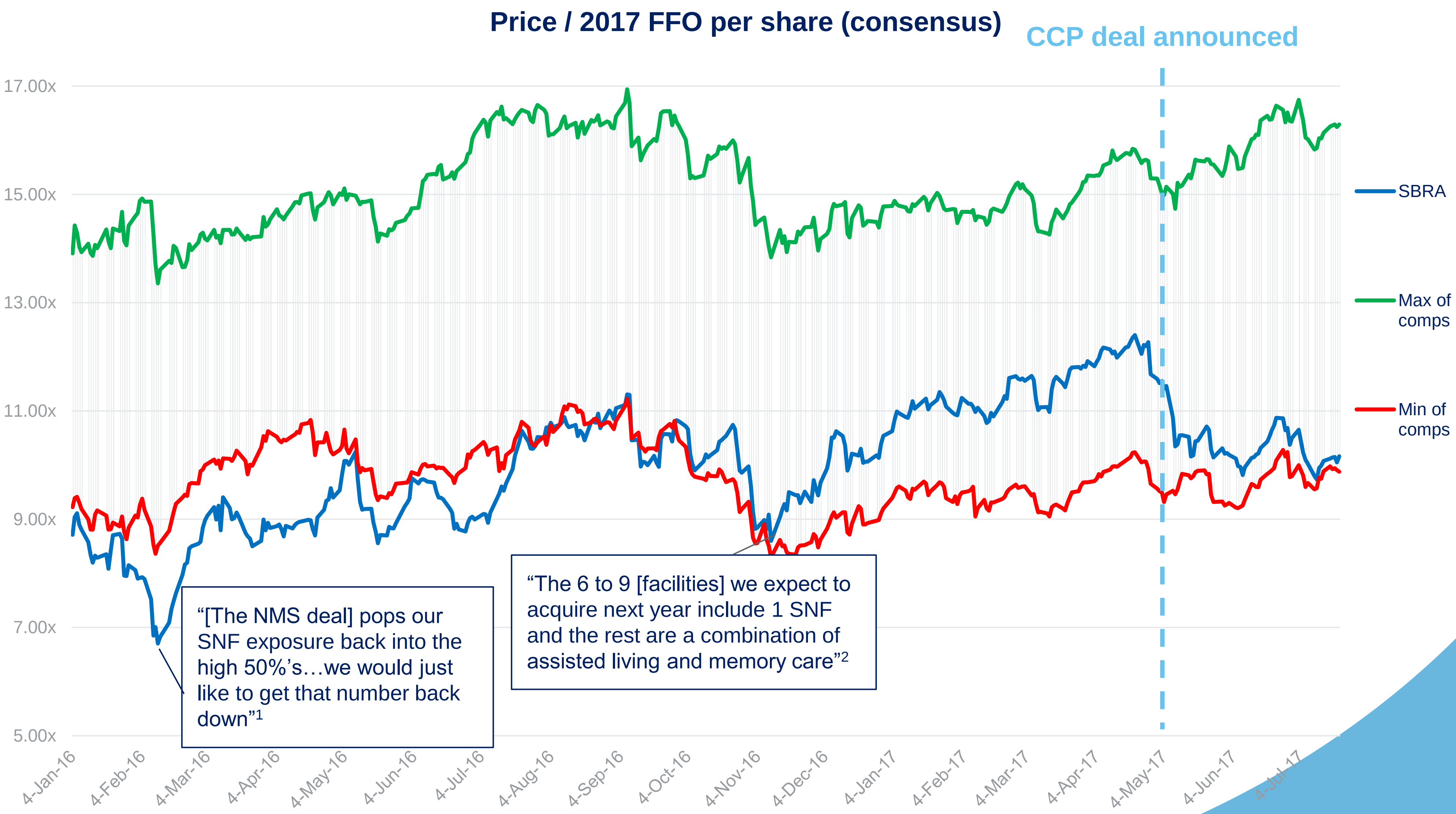
Pro Forma Asset Mix (1)



Increasing SNF exposure to 73% (and possibly more)

Source: SBRA June 2016 and April 2017 investor presentations, May 2017 merger presentation

Market had previously rewarded SBRA for reducing SNF exposure… and punished SBRA after CCP deal was announced for increasing it



1: Rick Matros, Sabra CEO, Q4 2015 earnings call (02/22/2016) 2: Q3 2016 earnings call (11/03/2016)
Source: SBRA, Bloomberg

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SNF operators are facing an avalanche of regulatory and structural headwinds…

"Skilled nursing facility (SNF) companies in the U.S. are operating in an **increasingly challenging environment**…companies are **facing pressure on day rates and for shorter patient stays** thanks in part to **shifts in the payor mix from Medicare to managed Medicare.** Additional forces **working against SNF companies include adverse changes to Medicare reimbursements, increased scrutiny and challenges from the Centers for Medicare and Medicaid Services (CMS) into SNF billing practices, and a shift to value-based reimbursement.** They are also dealing with rising general and professional liability insurance premiums and personal injury litigation expenses, as well as labor inflation."

- S&P Global Research, "Deteriorating Industry Conditions Have Several U.S. Nursing Home Companies Heading For The Exits", 11/17/16

"We **expect bundled payments programs to severely reduce SNF occupancy**, especially for subacute rehab/orthopedic cases. BPCI's early results suggest a potential for a (22.6%) drop in joint replacement cases going to SNFs, which could negatively impact KND's Nursing segment EBITDA R before eliminations by as much as (18%)…we also believe that both LTACHs and **SNFs could be fighting over substantially reduced supply of high acuity post-acute patients as mandatory hip and knee bundling, ACOs and other bundled payment arrangements are implemented in 2016, and that occupancy rates of both settings could be under pressure for several years forward**."

- Mizuho, Kindred initiation report 9/30/15

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…causing SNF operators to throw in the towel and exit or restructure, including possibly CCP's largest tenant, Signature…

"…**Signature HealthCARE** has engaged Ankura Consulting to advise on strategic and financial alternatives…its financials have come under duress **due to the industry's high fixed costs and a general downturn in occupancy at skilled nursing facilities…**Aside from losing patients to home health services, Signature's business model has **also come under pressure in recent years thanks to insurers incentivizing so-called bundled payments**...In response to Signature's industry headwinds, its exploration of new alternatives and **possible pressures to recut lease agreements,** its two main landlords have also enlisted advisors. **Landlord Care Capital Properties (CCP) has hired FTI Consulting and DLA Piper as legal counsel,** while fellow Signature landlord Omega Healthcare Investors is working with Alvarez & Marsal as financial advisor, according to both sources. **As of 31 March, CCP reported that 46 Signature facilities represented 8.9% of its investment portfolio, implying a USD 283m investment as a percentage of its USD 3.2bn in gross asset value, according to SEC filings. CCP subsequently acquired an additional six Signature-operated facilities for USD 379m in April.** Omega, meanwhile, reported a USD 550m investment in 62 Signature-operated properties as of 31 March…"

- Debtwire, "Signature HealthCARE explores strategic alternatives, enlists financial advisors; landlords follow suit"

…as well as Kindred and Carlyle exiting SNF business

"Last night, we (Kindred Healthcare) announced the strategic decision to exit the skilled nursing facility business…Reducing our exposure to the skilled nursing business has been a strategic objective for some time, **given the utilization and operating headwinds facing the** sector…While our Nursing Center Division represents less than 15% of our consolidated revenues, its negative impact on cash flow and earnings is noteworthy…**the drag from headwinds in this business is clearly offsetting solid performance in our other divisions.** Our decision to reduce guidance for the balance of 2016, exit the skilled nursing center business in its entirety, and substantially reduce our overhead is a direct result of these challenges.

- Kindred, Q316 earnings call – 11/8/16

David Rubenstein's Carlyle Group is ceding control of its big nursing home chain, HCR ManorCare…the move, sparked by HCR creditors, **has placed the company in technical default…**The repossession is expected to take place either through **an out-of-court restructuring or a bankruptcy,** sources said. In either case, **Carlyle will essentially be wiped out…**

- NY Post – 6/11/17

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SNF transactions have fallen within the 9-10% cap range

CareTrust REIT

Growing Portfolio of Senior Care Assets

Tenant	Month Acquired	State	Facility Type	# of Facilities	Beds/Units[1]	Initial Investment[2]	Initial Cash Yield[3]
Total 2014 Acquisitions	**Nov and Dec**	**ID, MN, VA**	**ALF/MC**	**6**	**157**	**$33.6 million**	**9.2%**
Total 2015 Acquisitions	**Jan – Oct**	**CO, WA, GA, FL, OH**	**SNF/ALF**	**20**	**1,840**	**$233.0 million**	**9.6%**
Trillium Healthcare	Feb-16	Iowa	SNF	9	518	$32.7 million	9.7%
New Haven Assisted Living	Feb-16	Texas	ALF	1	30	$4.9 million	8.2%
Priority Life Care	Mar-16	IN, WI, MD	ALF	3	366	$21.2 million	8.3%
Better Senior Living Consulting	Mar-16	Florida	ALF	1	74	$5.7 million	9.6%
Trillium Healthcare	Mar-16	Iowa	SNF	1	71	$5.0 million	9.7%
Pristine Senior Living	Apr-16	Ohio	SNF Campus/SNF	2	214	$15.2 million	9.3%
Premier Senior Living	May-16	North Carolina	ALF/MC	2	67	$11.8 million	8.7%
Twenty / 20 Management	May-16	Virginia	ALF/MC/ILF	1	175	$10.1 million	8.5%
Cascadia Healthcare	May-16	Idaho	SNF	1	98	$8.9 million	9.6%
Premier Senior Living[4]	Jun-16	Michigan	ALF/MC	4	188	$30.7 million	9.0%
Cascadia Healthcare	Jul-16	Idaho	Preferred Equity	1	N/A	$2.3 million	11.7%
West Harbor Healthcare	Aug-16	California	SNF	1	59	$6.9 million	9.7%
Covenant Care	Aug-16	California	SNF, Campus, ALF	3	372	$34.4 million	8.9%
Cascadia Healthcare	Sep-16	Idaho	Preferred Equity	1	N/A	$2.4 million	11.7%
Priority Management Group	Dec-16	Texas	SNF, Campus	4	568	$95.9 million	8.9%
Total 2016 Acquisitions	**Feb - Dec**	**CA, FL, IA, ID, IN, MD, MI, NC, OH, TX, VA, WI**	**ALF/ILF/MC/SNF**	**35**	**2,800**	**$288.1 million**	**9.1%**
Premier Senior Living	Feb-17	Wisconsin	ALF	2	88	$26.1 million	8.3%
WLC Management	Mar-17	Illinois	SNF	5	455	$29.2 million	10.0%
Better Senior Living Consulting	May-17	Florida	ALF	1	89	$2.1 million	14.1%
Cascadia Healthcare	May-17	Idaho	SNF	1	119	$6.5 million	9.0%
OnPointe Health	Jun-17	TX / NM	SNF	2	262	$27.3 million	9.0%
YTD 2017 Acquisitions	**Feb - Jun**	**IL, WI, FL, ID, TX, NM**	**ALF/SNF**	**11**	**1,013**	**$91.2 million**	**9.2%**
Investments Made Since Spin-Off				**72**	**5,810**	**$645.9 million**	**9.3%**

(1) Initial operating beds / units as of acquisition date
(2) Initial investment represents purchase price and transaction costs
(3) Initial cash yield represents the initial rent (or deferred interest income on preferred equity investments) divided by initial investment
(4) Premier Senior Living's initial cash yield calculation excludes a first-year rent concession of $202K. There are no other rent concessions under the 15-year lease term

Source: CareTrust June 2017 presentation

Rick Matros (SBRA CEO) views SNF market at <u>over</u> a 9% cap rate…

“<Q - Jonathan Hughes>: …Rick, you just mentioned earlier that cap rates haven't moved higher due to capital chasing the space. **<u>But in the release this morning from CCP, they just disclosed they sold $250 million of SNFs at about a 9.5% cap.</u>** It seems like that indicates they've moved up a little. Can you just square that with your earlier comment, maybe explain the difference of those assets?

<A - Richard K. Matros>: Yeah. So I don't know those assets well enough to know why they went at a 9.5% cap…we just signed an LOI for 20 Genesis assets **<u>at a 9% cap</u>**…the activity in terms of its bidding process around the other 14 that we still are in process of finalizing **<u>are higher than a 9% cap</u>**…I don't know if that's specific to that portfolio or **<u>maybe it is the beginning of some cap rate expansion</u>**.”

- Rick Matros (SBRA CEO), SBRA Q1 2017 earnings call, 5/9/17

…which means Sabra overpaid for CCP by up to 30%+

"(CCP acquisition) **approximate cap rate of 7.6%** assuming $35mm in rent cuts. 8.4% without rent cuts. "

-Cantor Fitzgerald Event Driven Desk conversation with Harold Andrews Jr. (SBRA CFO) on 7/19/17

"We mentioned that the implied cap rate of the deal on a rent-adjusted basis appears to be 8%, which is lower than current deals in the space (9-9.5%). CFO responded that SBRA thinks it bought CCP at a very fair price relative to the size and scale of the company. SBRA's **estimate of the rent-adjusted cap rate is between 8-8.5%.**"

- Leading Event Driven Desk conversation with Harold Andrews Jr. (SBRA CFO) on 7/13/17

	Current SNF mkt	Sabra stated range for CCP deal		
Cap rate	10.0%	7.6%	8.0%	8.5%
Price paid*	$1,000	$1,316	$1,250	$1,176
% SBRA **overpaid** vs market		**31.6%**	25.0%	17.6%

**Assumes $100 annual rent*

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Prior to CCP, Sabra did another bad acquisition: remember the Forest Park debacle?

Forest Park – Frisco	Forest Park – Dallas	Forest Park – Forth Worth
10/22/13 purchased for $119.8mm	10/22/13 secured mortgage loan of $110mm	9/30/13 construction loan of up to $66.8mm
Announced sale 2/9/16 for $96.25mm, later recorded **$29.8mm impairment loss**	11/30/15 borrower **filed Chapter 11**	11/30/15 borrower **filed Chapter 11**

Sabra shareholders don't need another failed acquisition

Source: SBRA 2014, 2015 and 2016 10-K

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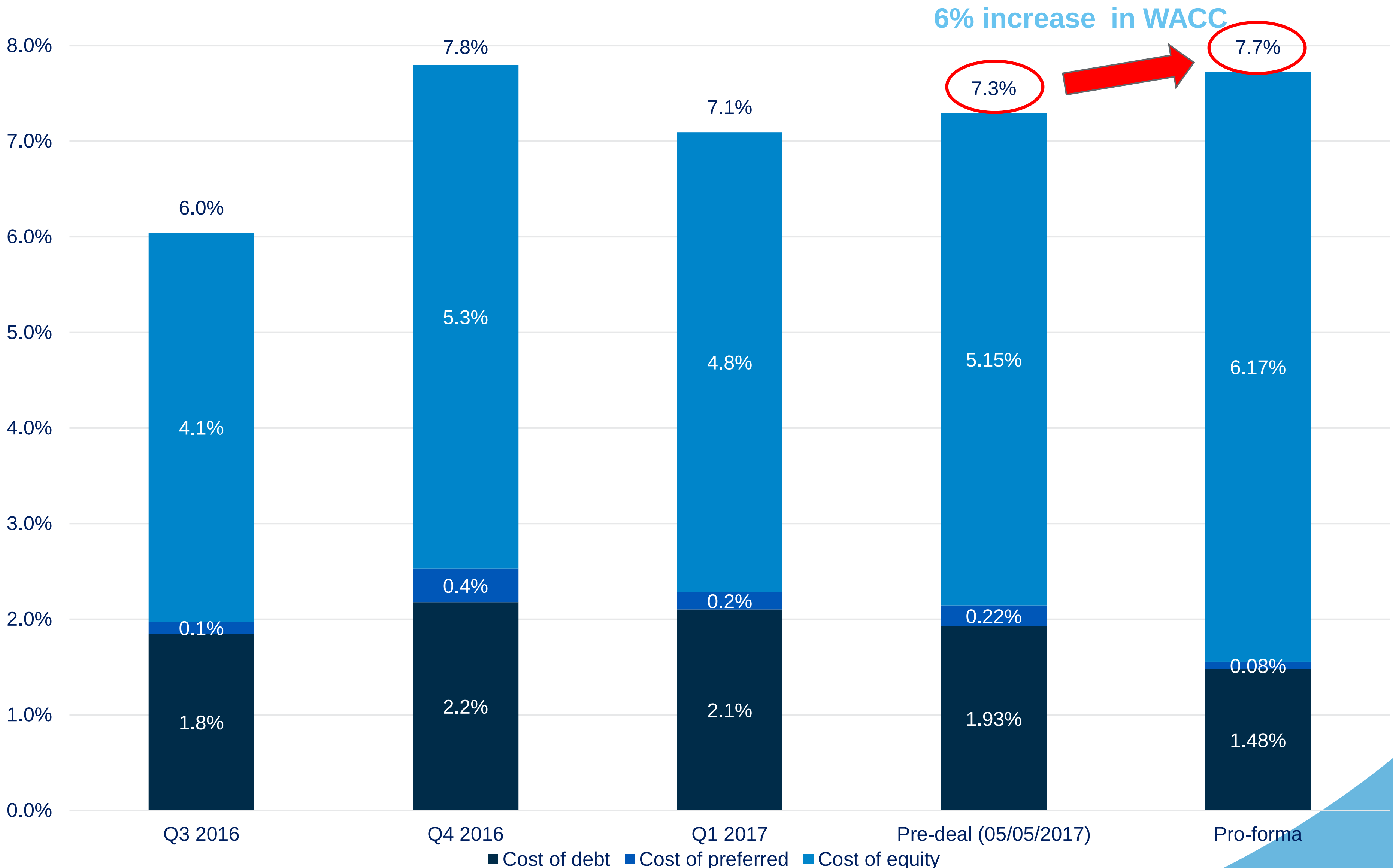
SBRA claims a cost of capital advantage from this deal…

"With this structured stock deal, the transaction is credit enhancing for both parties as affirmed in our discussions with the rating agencies, and reflects Sabra's **stated goal of becoming investment grade rated**, positioning us with **a cost of capital advantage** we haven't to this point had."

- Rick Matros (Sabra CEO), 5/8/17

…but SBRA's WACC is <u>higher</u> pro forma for this transaction



Source: Bloomberg, SBRA. Weights are calculated per at-the-market values for preferred equity and common equity; debt is at last balance sheet date. Cost of equity uses CAPM model, cost of debt is an adjusted number based on comps for the debt and preferred equity uses the market yield-to-worst for the 7.125% perpetual preferred outstanding.

So why is Rick Matros so focused on investment grade and ignoring WACC? Is this a precursor of even more SNF deals?

	Prior to deal being announced			Post-deal
	Q2 2016	**Q3 2016**	**Q4 2016**	**Q1 2017**
Acquisition pipeline	$300mm - **0% SNF**	$500mm - **10% SNF**	$500mm – **50% SNF**	$1bn (doubled vs last Q!), **75% SNF**, "couple large portfolios"
Impact on SNF exposure	Declining	Declining	Declining	**Increasing**

"And when I think about some of the deals that we couldn't get done last year and **look at where our cost of capital will be with ratings upgrades post this deal**, better deals we could have done than last year. **This will make us more competitive**, we believe, to continue…**to compete for larger deals**…"

Rick Matros, SBRA CEO, CCP acquisition call, 5/8/17

"Future deals - The CCP deal doesn't prevent them (Sabra) from making other acquisitions. **Expects $500mm of acquisitions before year end. They haven't announced if the buys will be in SNF sector.**"

Cantor Fitzgerald Event Driven Desk conversation with Harold Andrews Jr. (SBRA CFO) on 7/19/17

Does the CCP deal (and becoming IG) open the door for yet more SNF exposure?

Source: SBRA earnings calls. See Appendix for full details

SBRA claims diversification of tenant base from this deal…

"No tenant (Genesis) will comprise more than 11% of the portfolio…"

- *Rick Matros (Sabra CEO), 5/8/17*

"We think this is a terrific deal for our shareholders…<u>it broadens our tenant base (Genesis), which is actually a huge issue</u>."

- *Rick Matros (Sabra CEO), 7/13/07, interview with Bloomberg News*

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…but SBRA’s tenant portfolio is much lower quality pro forma for this transaction…

CCP SNF portfolio is **much worse** than Sabra’s

- CCP SNF EBITDAR = 1.24x vs. SBRA = 1.52x

- CCP SNF occupancy = 78% vs SBRA = 88.2%

	Sabra *4Q16*	CCP *4Q16*	Combined Pro Forma Sabra [3]
SNF EBITDAR Coverage [1]	1.52x	1.24x	1.32x
SNF Occupancy	88.2%	78.0%	80.9%

Reducing Genesis concentration is a red herring when in reality portfolio quality is decreasing significantly as a result of the CCP deal

Source: SBRA / CCP merger presentation

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…and questions surround CCP's largest tenant's (Signature) ability to continue as an operating entity…

"Signature bankruptcy?

…Bankruptcy is probably the right way for them to go."

- Cantor Fitzgerald Event Driven Desk conversation with Harold Andrews Jr. (SBRA CFO) on 7/19/17

"**…Signature HealthCARE** has engaged Ankura Consulting to advise on strategic and financial alternatives…its financials have come under duress **due to the industry's high fixed costs and a general downturn in occupancy at skilled nursing** facilities…Aside from losing patients to home health services, Signature's business model has **also come under pressure in recent years thanks to insurers incentivizing so-called bundled payments**...In response to Signature's industry headwinds, its exploration of new alternatives and **possible pressures to recut lease agreements,** its two main landlords have also enlisted advisors. **Landlord Care Capital Properties (CCP) has hired FTI Consulting and DLA Piper as legal counsel,** while fellow Signature landlord Omega Healthcare Investors is working with Alvarez & Marsal as financial advisor, according to both sources. **As of 31 March, CCP reported that 46 Signature facilities represented 8.9% of its investment portfolio, implying a USD 283m investment as a percentage of its USD 3.2bn in gross asset value, according to SEC filings. CCP subsequently acquired an additional six Signature-operated facilities for USD 379m in April.** Omega, meanwhile, reported a USD 550m investment in 62 Signature-operated properties as of 31 March…"

- Debtwire, "Signature HealthCARE explores strategic alternatives, enlists financial advisors; landlords follow suit"

SBRA claimed significant accretion from the transaction…

“The deal is expected to be **14% to 16% accretive** to AFFO in 2018.”

- Rick Matros (Sabra CEO), 5/8/17

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…only to reduce it significantly within less than a month!

CCP PORTFOLIO REPOSITIONING STRATEGY – ILLUSTRATIVE EXAMPLES

	Current	$19.5 M Rent Reduction	$33.5 M Rent Reduction
Total EBITDAR Coverage (1)			
CCP	1.59x	1.76x	1.81x
Combined Portfolio	1.54x	1.65x	1.68x
SNF EBITDAR Coverage (1)			
CCP	1.20x	1.38x	1.44x
Combined Portfolio	1.31x	1.43x	1.47x
Signature Healthcare EBITDAR Coverage (1) (2)	0.91x	1.00x	1.30x
Percentage of Combined Pro Forma NOI from Tenants Below 1.00x EBITDAR Coverage (1) (3) (4)			
CCP	19%	0%	0%
Combined Portfolio	20%	1%	1%
Percentage of Combined Pro Forma NOI from Tenants Below 1.10x EBITDAR Coverage (1) (3) (4)			
CCP	21%	21%	0%
Combined Portfolio	24%	24%	3%
Combined Company Leverage	5.0x	5.1x	5.2x
Expected 2018 NAFFO Per Share Accretion	16%-18%	11%-14%	7%-9%

Merger is accretive even assuming a full repositioning of the CCP portfolio

What is the real accretion number for this deal?

Source: SBRA NAREIT presentation – 6/6/17

We estimate SBRA's CEO will see his compensation increase by at least 37% with the CCP acquisition

- **SBRA CEO's comp currently set at 70th percentile of peer group (ranging from 1/3 SBRA's current size => 3x SBRA's current size)**
  - With the CCP acquisition and SBRA's subsequent pro-forma larger size, we expect the smaller companies in the peer group to drop out and larger ones to be added
  - Pay for CEOs of larger REIT companies are higher vs those of smaller ones
  - We estimate SBRA CEO's comp could increase **by at least 37%** with the CCP acquisition

2016 Peer Group Company	Ticker	2016 CEO Base Salary	2016 CEO Total Comp
Sabra	SBRA	**800,000**	**4,020,470**
Care Capital Properties	CCP		
Sabra / CCP Pro Forma (estimated)		**886,439**	**5,514,099**

Implied Increase in SBRA Executive Comp	**37.2%**

Source: SBRA definitive proxy, 4/25/17.
See Appendix for full detail

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SBRA could trade to ~$28 without the CCP deal

Trading levels pre-deal

SBRA *	11.4 x	2017E P/ FFO
Peers **	13.3 x	2017E P/ FFO
Discount	-1.9 x	2017E P/ FFO
SBRA *	11.0 x	2018E P/ FFO
Peers **	12.8 x	2018E P/ FFO
Discount	-1.8 x	2018E P/ FFO

Trading levels 07/21/2017

SBRA ***	10.2 x	2017E P/ FFO
Peers **	14.1 x	2017E P/ FFO
Discount	-4.0 x	2017E P/ FFO
SBRA ***	9.7 x	2018E P/ FFO
Peers **	13.5 x	2018E P/ FFO
Discount	-3.8 x	2018E P/ FFO

Estimated price on break

SBRA disc. pre-deal	-1.9 x	2017E
SBRA disc. 07/21	-4.0 x	2017E
Change in disc.	-2.1 x	2017E
SBRA disc. pre-deal	-1.8 x	2018E
SBRA disc. 07/21	-3.8 x	2018E
Change in disc.	-2.0 x	2018E
Change in discount impact on stock price	-$4.80	2017E
Change in discount impact on stock price	-$4.92	2018E
Average $ change	-$4.86	
SBRA price 07/21	$23.45	
SBRA break price	$28.31	

$28.31 implied SBRA price if vote fails
20.7% premium to current levels

** $26.68 unaffected price, estimates from proxy ** average of CTRE/ITC/NHI/OHI using Bloomberg consensus *** current price, consensus estimate*
Source: Bloomberg

"We're tired of waiting, and we're tired of listening to what they have to say."

- Rick Matros (Sabra CEO), November 2015 interview with D Magazine, "The Shocking Collapse of Forest Park Medical Center"

We urge all Sabra shareholders to protect your investment:

VOTE AGAINST THE CCP ACQUISITION!

We DESERVE BETTER for our investment –

Sabra stock is worth over $28

Appendix

HUDSON BAY CAPITAL

Appendix: deal timeline

- **05/08/2017: Deal announced**
- **06/06/2017: Sabra presents at the NAREIT conference, presents less accretive deal scenarios**
- **06/12/2017: Draft preliminary proxy (S-4) filed with the SEC**
- **06/29/2017: Record date setting shareholders that can vote on the deal**
- **07/07/2017: Final proxy filed**

- **08/15/2017: SBRA vote / CCP vote**

Appendix: methodology and sourcing

1) Q2 2016 – "Our pipeline currently stands at $300 million, almost exclusively assisted living and memory care."

2) Q3 2016 – "Our pipeline, which excludes our development investments and we'll talk a little bit more about that later on, continues to increase. Our pipeline currently stands at approximately $500 million, of which 90% of that is senior housing"

3) Q4 2016 – "So we have an excess of $500 million in our pipeline…of the $500 million about 50% is skilled nursing and 50% is senior housing."

4) Q1 2017 – "Our pipeline currently stands at $1 billion...about 75% of the pipeline is skilled Nursing/Transitional Care Facilities, the other 25% is Senior Housing. A good chunk of that 75% on the skilled nursing side are a couple of large portfolios."

Methodology for Skilled Nursing mix

CCP: Skilled Nursing revenue as percentage of annualized revenue

SBRA: Skilled Nursing net operating income (company definition) as a percentage of total operating income; merger presentation disclosure of PF CCP/SBRA combined Skilled Nursing exposure

NHI: Skilled Nursing annualized cash revenue for contracts in place as a percentage of total annualized cash revenue

OHI: Skilled Nursing revenue as a percentage of total revenue

MRT: Skilled Nursing annualized rental and interest expense as a percentage of total annualized rental and interest expense

HUDSON BAY CAPITAL

Appendix: SBRA CEO compensation calculation

2016 Peer Group Company	Ticker	2016 CEO Base Salary	2016 CEO Total Comp	% versus Peer Group
Sabra	SBRA	800,000	4,020,470	89%
Care Capital Properties	CCP			
Sabra / CCP Pro Forma (estimated)		886,439	5,514,099	89%

Implied Increase in SBRA Executive Comp from **37.2%**

Current Peers in CEO Comp Calculation				
Acadia Realty Trust	AKR	597,300	4,678,620	
Cedar Realty Trust Inc.	CDR	800,000	1,858,522	dropping out
Cousins Properties	CUZ	650,000	3,250,371	
Education Realty Trust	EDR	614,000	3,027,975	
First Potomac Realty	FPO	550,000	3,675,716	dropping out
Healthcare Realty Trust	HR	972,386	8,788,442	
Healthcare Trust	HTA	850,000	10,328,580	
Hersha Hospitality Trust	HT	732,000	3,480,843	dropping out
Investors Real Estate Trust	IRET	461,129	1,807,820	dropping out
LTC Properties	LTC	655,000	2,973,842	
Medial Properties Trust	MPW	950,000	5,507,448	
National Health Investors	NHI	300,000	1,180,220	
Omega Healthcare	OHI	750,000	6,695,586	
Physicians Realty Trust	DOC	716,154	3,658,547	
Sun Communities	SUI	691,837	6,681,207	
AVERAGE		**685,987**	**4,506,249**	

Additional Peers Could be Added in Comp Calculation with CCP Acquisition				
SL Green Realty Corp	SLG	1,350,000	17,326,371	adding
Duke Realty Corp	DRE	647,308	4,287,519	adding
Camden Property Trust	CPT	517,734	4,270,630	adding
Kilroy Realty Corp	KRC	1,225,000	11,387,029	adding
Apartment Invt & MGM	AIV	600,000	5,998,987	adding
Liberty Property Trust	LPT	730,000	5,024,555	adding
Average Executive Comp, Replacing Rolloff with New Potential Comps		**760,107**	**6,180,349**	

Source: SBRA, AKR, CDR, CUZ, EDR, FPO, HR, HTA, HT, IRET, LTC, MPW, NHI, OHI, DOC, SUI, SLG, DRE, CPT, KRC, AIV, LPT most recent definitive proxies.
Comment: % versus Peer Group > 70% due to SBRA CEO electing stock and SBRA stock performance. 70% set assumes SBRA CEO elects cash.

Appendix: required disclosures

We urge stockholders to vote “AGAINST” the CCP Acquisition at the Special Meeting on the Company’s proxy card. This is not a solicitation of authority to vote your proxy. Please do not send us your proxy card; we are not able to vote your proxies nor does this communication contemplate such an event.

WARNING REGARDING FORWARD LOOKING STATEMENTS

THIS PRESENTATION CONTAINS FORWARD LOOKING STATEMENTS. FORWARD LOOKING STATEMENTS CAN BE IDENTIFIED BY USE OF WORDS SUCH AS "OUTLOOK", "BELIEVE", "INTEND", "EXPECT", "POTENTIAL", "WILL", "MAY", "SHOULD", "ESTIMATE", "ANTICIPATE", AND DERIVATIVES OR NEGATIVES OF SUCH WORDS OR SIMILAR WORDS. FORWARD LOOKING STATEMENTS IN THIS PRESS RELEASE ARE BASED UPON PRESENT BELIEFS OR EXPECTATIONS. HOWEVER, FORWARD LOOKING STATEMENTS AND THEIR IMPLICATIONS ARE NOT GUARANTEED TO OCCUR AND MAY NOT OCCUR AS A RESULT OF VARIOUS RISKS, REASONS AND UNCERTAINTIES. EXCEPT AS REQUIRED BY LAW, HUDSON BAY CAPITAL MANAGEMENT AND ITS AFFILIATES AND RELATED PERSONS UNDERTAKE NO OBLIGATION TO UPDATE ANY FORWARD LOOKING STATEMENT, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE DEVELOPMENTS OR OTHERWISE.