Sabra Texas Properties III, L.P.
Form 424B5
October 02, 2014
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**CALCULATION OF REGISTRATION FEE**

| Title of Each Class of Securities to be Registered | Amount to be Registered | Maximum Offering Price Per Unit | Maximum Aggregate Offering Price | Amount of Registration Fee |
|---|---|---|---|---|
| 5.5% Senior Notes due 2021(1) | $150,000,000 | 99.500% | $149,250,000 | $17,343(2) |
| Guarantees of 5.5% Senior Notes due 2021 | (3) | (3) | (3) | (3) |

(1) The 5.5% Senior Notes due 2021 will be the obligations of Sabra Health Care Limited Partnership and Sabra Capital Corporation.

(2) The filing fee of $17,343 is calculated in accordance with Rules 457(o) and 457(r) of the Securities Act of 1933, as amended, or the Act. In accordance with Rules 456(b) and 457(r) of the Act, the registrants initially deferred payment of all of the registration fees for Registration Statement No. 333-188696 filed by the registrants on May 20, 2013.

(3) Each of the guarantors listed on Annex A to this prospectus supplement will guarantee on a full and unconditional basis the obligations of Sabra Health Care Limited Partnership and Sabra Capital Corporation under the 5.5% Senior Notes due 2021. No separate consideration will be received for the guarantees. Pursuant to Rule 457(n) under the Act, no separate fee is payable with respect to the guarantees being registered hereby.

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**Filed Pursuant to Rule 424(b)(5)**
**Registration No. 333-188696**

**PROSPECTUS SUPPLEMENT**
(to Prospectus dated May 20, 2013)

**$150,000,000**

# Sabra Health Care Limited Partnership

# Sabra Capital Corporation

## 5.5% Senior Notes due 2021

Sabra Health Care Limited Partnership (the Operating Partnership ) and Sabra Capital Corporation (together with the Operating Partnership, the Issuers ) are offering $150.0 million aggregate principal amount of 5.5% Senior Notes due 2021 (the Notes ) and will be joint and several obligors of the Notes. The Issuers are wholly owned subsidiaries of Sabra Health Care REIT, Inc. ( Sabra ), which operates as a self-administered, self-managed realty company that owns and invests in real estate serving the healthcare industry through the Operating Partnership and other indirect subsidiaries. Sabra Capital Corporation is a wholly owned subsidiary of the Operating Partnership and does not and will not have any substantial operations, assets or revenues.

The Notes offered hereby will be issued as additional notes under the indenture pursuant to which, on January 23, 2014, we issued $350.0 million aggregate principal amount of 5.5% Senior Notes due 2021 (the Existing 2021 Notes ). The Notes offered hereby will be treated as a single class with the Existing 2021 Notes, except that (i) cash interest will accrue on the Notes offered hereby from and including August 1, 2014, the most recent interest payment date for the Existing 2021 Notes, and (ii) the first payment of cash interest following the issue date of the Notes offered hereby will be February 1, 2015, the next interest payment date for the Existing 2021 Notes. The Notes will have the same CUSIP number and will be fungible with the Existing 2021 Notes. Upon the issuance of the Notes, the outstanding aggregate principal amount of the Notes and the Existing 2021 Notes will be $500.0 million.

The Notes will bear interest at a rate of 5.5% per annum. Interest on the Notes will be payable semi-annually in arrears on February 1 and August 1 of each year. The Notes will mature on February 1, 2021. The Notes will be unconditionally guaranteed on a senior unsecured basis by the guarantors listed on Annex A to this prospectus supplement.

The Issuers may redeem some or all of the Notes prior to February 1, 2017 at a price equal to 100% of the principal amount, together with any accrued and unpaid interest to the redemption date, plus a make-whole premium. The Issuers may also redeem the Notes on or after February 1, 2017 at the redemption prices specified under Description of Notes Optional Redemption, together with any accrued and unpaid interest to the redemption date. In addition, the Issuers may redeem up to 35% of the Notes prior to February 1, 2017 with an amount equal to the net cash proceeds from specific kinds of equity offerings.

The Notes and the guarantees are part of the Issuers and the guarantors respective senior unsecured obligations, ranking equal in right of payment with all of such entities existing and future senior unsecured indebtedness and ranking senior in right of payment to all of such entities existing and future subordinated indebtedness. However, the Notes and the guarantees will be effectively subordinated to all of such entities secured borrowings to the extent of the assets securing those obligations and structurally subordinated to the indebtedness and other obligations of Sabra s subsidiaries (other than the Issuers and the guarantors).

**Investing in the Notes involves risks. See Risk Factors beginning on page S-14 of this prospectus supplement and the Risk Factors section beginning on page 11 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, which is incorporated by reference into this prospectus supplement.**

| | Per Note | Total |
|---|---|---|
| Public offering price(1) | 99.500% | $149,250,000 |
| Underwriting discount(2) | 2.000% | $3,000,000 |
| Proceeds, before expenses, to the Issuers(1) | 97.500% | $146,250,000 |

(1) Public offering price and proceeds, before expenses, to the Issuers do not include the amount of pre-issuance accrued interest on the Notes offered hereby from August 1, 2014 to but excluding the delivery date. All pre-issuance accrued interest on the Notes offered hereby from August 1, 2014 to but excluding the delivery date will be paid by the purchasers of the Notes offered hereby. On February 1, 2015, the first interest payment date following the issue date of the Notes offered hereby, we will pay this pre-issuance accrued interest to the holders of the Notes offered hereby on the applicable record date along with interest accrued on the Notes offered hereby from the date of delivery to February 1, 2015.

(2) We have agreed to reimburse the underwriters for certain expenses in connection with this offering. See Underwriting (Conflicts of Interest).

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

We do not intend to apply for listing of the Notes on any securities exchange or any automated dealer system.

The underwriters expect to deliver the Notes to purchasers on or about October 10, 2014 only in book-entry form through the facilities of The Depository Trust Company.

**Joint Book-Running Managers**

**Wells Fargo Securities** **Citigroup** **Credit Agricole CIB**

**Co-Managers**

**Stifel** **UBS Investment Bank**

**The date of this prospectus supplement is October 1, 2014.**

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## PROSPECTUS


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This document consists of two parts. The first part is this prospectus supplement, which relates to the potential offer and sale of the Notes and also supplements and updates information contained in the

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accompanying prospectus and the documents incorporated by reference into the prospectus. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to any potential sale of Notes. To the extent there is a conflict between the information contained in this prospectus supplement and the information contained in the accompanying prospectus or any document incorporated by reference herein that was filed with the Securities and Exchange Commission (the SEC ) before the date of this prospectus supplement you should rely on the information in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus that we have authorized. We have not, and the underwriters have not, authorized anyone to provide you with different information. We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus, or the information we have previously filed with the SEC and incorporated by reference, is accurate as of any date other than the date specified in such documents. Our business, financial condition, results of operations and prospects may have changed since such dates.

We expect that delivery of the Notes will be made to investors on or about October 10, 2014, which will be the seventh business day following the date of this prospectus supplement (such settlement being referred to as T+7 ). Under Rule 15c6-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act ), trades in the secondary market are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery of the Notes hereunder will be required, by virtue of the fact that the Notes initially settle in T+7, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference contain forward-looking information as that term is defined by the Private Securities Litigation Reform Act of 1995 and the federal securities laws. Any statements that do not relate to historical or current facts or matters are forward-looking statements.

Examples of forward-looking statements include all statements regarding our expected future financial position, results of operations, cash flows, liquidity, financing plans, business strategy, budgets, the expected amounts and timing of dividends and other distributions, projected expenses and capital expenditures, competitive position, growth opportunities, potential acquisitions, plans and objectives for future operations, and compliance with and changes in governmental regulations. You can identify some of the forward-looking statements by the use of forward-looking words such as anticipate, believe, plan, estimate, expect, intend, should, may and other similar expressions, althou forward-looking statements contain these identifying words.

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 of Sun Healthcare Group, Inc. ( Sun ), 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 the acquisition of the Holiday Portfolio (as defined herein);
- 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 real estate investment trust ( REIT ); and
- compliance with REIT requirements and certain tax matters related to our status as a REIT.

We urge you to carefully consider these risks and review the additional disclosures we make concerning risks and other factors that may materially affect the outcome of our forward-looking statements and our future business and operating results, including those made under Risk Factors beginning on page S-14 of this prospectus supplement, on page 6 of the accompanying prospectus, and beginning on page 11 of our Annual Report on Form 10-K for the year ended December 31, 2013. We caution you that any forward-looking statements made in this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference 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 their respective dates.

We do not intend, and we undertake no obligation, to update any forward-looking information to reflect future events or circumstances or to reflect the occurrence of unanticipated events, unless required by law to do so.

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## TENANT INFORMATION

This prospectus supplement and the documents incorporated by reference include information regarding certain of our tenants, none of which are subject to SEC reporting requirements. The information related to our tenants provided in this prospectus supplement and the documents incorporated by reference herein have been provided by such tenants and 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.

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## SUMMARY

*This summary only highlights the more detailed information appearing elsewhere in this prospectus supplement or incorporated by reference in this prospectus supplement. It may not contain all of the information that is important to you. You should carefully read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement before deciding whether to invest in the Notes.*

*As used in this prospectus supplement, unless otherwise specified or the context otherwise requires, the terms Company, Sabra, we, our, and us refer to Sabra Health Care REIT, Inc. and its subsidiaries on a consolidated basis.*

### Our Company

We operate as a self-administered, self-managed REIT that, through our subsidiaries, owns and invests in real estate serving the healthcare industry. We primarily generate revenues by leasing properties to tenants and operators throughout the United States. Substantially all of our properties and assets are held by the Operating Partnership, of which we are the sole general partner. Sabra Capital Corporation is a wholly owned subsidiary of the Operating Partnership and does not and will not have any substantial operations, assets or revenues.

As of September 25, 2014, our investment portfolio consisted of 151 real estate properties held for investment (consisting of (i) 102 skilled nursing/post-acute facilities, (ii) 47 senior housing facilities, and (iii) two acute care hospitals), 14 investments in loans receivable (consisting of (i) four mortgage loans, (ii) three construction loans, (iii) two mezzanine loans, and (iv) five pre-development loans) and four preferred equity investments. Included in the 151 real estate properties held for investment is a single 100% owned senior housing facility leased to a 50%/50% RIDEA-compliant joint venture tenant. As of September 25, 2014, our real estate properties held for investment had a total of 16,400 licensed beds/units, spread across 34 states. As of June 30, 2014, all of our real estate properties were leased under triple-net operating leases with expirations ranging from seven to 18 years.

We expect to continue to grow our portfolio primarily through the acquisition of assisted living, independent living and memory care facilities and with a secondary focus on acquiring skilled nursing facilities. We have and will continue to opportunistically acquire other types of healthcare real estate (including acute care hospitals) and originate financing secured directly or indirectly by healthcare facilities. We also expect to expand our portfolio through the development of purpose-built healthcare facilities through pipeline agreements and other arrangements with select developers. We further expect to work with existing operators to identify strategic development opportunities. These opportunities may involve replacing or renovating facilities in our portfolio that may have become less competitive and new development opportunities that present attractive risk-adjusted returns. In addition to pursuing acquisitions with triple-net leases, we expect to continue to pursue other forms of investment, including investments in senior housing through RIDEA-compliant structures, mezzanine and secured debt investments, and joint ventures for senior housing, memory care and skilled nursing assets.

With respect to our debt investments, in general, we originate loans when an attractive investment opportunity is presented and either (a) the property is under development or (b) the development of the property is completed but the operations of the facility are not yet stabilized. A key component of our strategy related to loan originations is our having the option to purchase the underlying real estate that secures our loan investments. These options become exercisable upon the occurrence of various criteria, such as the passage of time or the achievement of certain operating goals, and the purchase price is set in advance based on the same valuation methods we use to value our investments in healthcare real estate. This strategy allows us to diversify our revenue streams and build relationships with operators and developers and provides us with the option to add new properties to our existing real estate portfolio if we determine that those properties enhance our investment portfolio and stockholder value at the time the options are exercisable.

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As we acquire additional properties and expand our portfolio, we expect to further diversify by tenant, asset class and geography within the healthcare sector. We employ a disciplined, opportunistic approach in our healthcare real estate investment strategy by investing in assets that provide attractive opportunities for dividend growth and appreciation of asset values, while maintaining balance sheet strength and liquidity, thereby creating long-term stockholder value.

**Competitive Strengths**

We believe the following competitive strengths contribute significantly to our success:

***Geographically Diverse and Stable Property Portfolio***

Our portfolio of 151 properties held for investment as of September 25, 2014, comprising 16,400 licensed beds/units, is broadly diversified by location across 34 states. Our properties in any one state did not account for more than 14% of our total licensed beds/units as of June 30, 2014, and our properties in any one state did not account for more than 13%, 14% and 16%, respectively, of our total rental revenue during the years ended December 31, 2013, 2012 and 2011. Our geographic diversification will limit the effect of a decline in any one regional market on our overall performance. The annual weighted-average occupancy percentages of our properties remained stable at between 88.2% and 90.2% over the last five years. We have also been able to diversify through acquisitions the extent to which our revenues are dependent on our tenants and borrowers revenue from federal, state and local government reimbursement programs. Based on the information provided to us by our tenants and borrowers, which information is provided quarterly in arrears, on an annualized basis as of June 30, 2014, 58.4% of our tenants and borrowers revenue was from federal, state and local government reimbursement programs compared to 76.3% on an annualized basis as of December 31, 2010.

***Long-Term, Triple-Net Lease Structure***

All of our real estate properties are leased under triple-net operating leases with expirations ranging from seven to 18 years, pursuant to which the tenants are responsible for all facility maintenance, insurance required in connection with the leased properties and the business conducted on the leased properties, taxes levied on or with respect to the leased properties and all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties. As of June 30, 2014, the leases had a weighted-average remaining term of 10 years. We retain substantially all of the risks and benefits of ownership of the real estate assets leased to tenants. As of June 30, 2014, the lease agreements with subsidiaries of Genesis are guaranteed by Genesis, and as a result, we did not require a security deposit from any of Genesis s subsidiaries. For our properties that are leased to tenants other than Genesis s subsidiaries, we have, in certain instances, obtained security deposits.

***Strong Relationships with Operators***

The members of our management team have developed an extensive network of relationships with qualified local, regional and national operators of skilled nursing and senior housing facilities across the United States. This extensive network has been built by our management team through over 25 years of operating experience, involvement in industry trade organizations and the development of banking relationships and investor relations within the skilled nursing and senior housing industries. We work collaboratively with our operators to help them achieve their growth and business objectives. We believe these strong relationships with operators help us to source investment opportunities.

Our relationships with operators include pipeline agreements that we have entered into with certain operators that provide for the acquisition of, and interim capital commitments for, various health care facilities. These pipeline agreements, together with repeat transactions with other operators, help support our future growth by providing additional investment opportunities with lower acquisition pursuit costs than would be required for investments with new operators.

***Ability to Identify Talented Operators***

As a result of our management team s operating experience, network of relationships and industry insight, we have been able and expect to continue to be able to identify qualified local, regional and national operators. We seek operators who possess local market knowledge, demonstrate hands-on management, have proven track records and emphasize patient care. We believe our management team s experience gives us a key competitive advantage in objectively evaluating an operator s financial position, emphasis on care and operating efficiency.

***Significant Experience in Proactive Asset Management***

The members of our management team have significant experience developing systems to collect and evaluate data relating to the underlying operational and financial success of healthcare companies and healthcare-related real estate assets. We are able to utilize this experience and expertise to provide our operators, when requested, with significant assistance in the areas of marketing, development, facility expansion and strategic planning. We actively monitor the operating results of our tenants and, when requested, will work closely with our operators to identify and capitalize on opportunities to improve the operations of our facilities and the overall financial and operating strength of our operators.

***Experienced Management Team***

Our management team has extensive healthcare and real estate experience. Richard K. Matros, Chairman, President and Chief Executive Officer of Sabra, has more than 25 years of experience in the acquisition, development and disposition of skilled nursing facilities and other healthcare facilities, including nine years at Old Sun (as defined below). Harold W. Andrews, Jr., Executive Vice President, Chief Financial Officer and Secretary of Sabra, is a finance professional with more than 15 years of experience in both the provision of healthcare services and healthcare real estate. Talya Nevo-Hacohen, Executive Vice President, Chief Investment Officer and Treasurer of Sabra, is a real estate finance executive with more than 20 years of experience in real estate finance, acquisition and development, including three years of experience managing and implementing the capital markets strategy of an S&P 500 healthcare REIT. Through years of public company experience, our management team also has extensive experience accessing both debt and equity capital markets to fund growth and maintain a flexible capital structure.

***Flexible UPREIT Structure***

We operate through an umbrella partnership, commonly referred to as an UPREIT structure, in which substantially all of our properties and assets are held by the Operating Partnership, in which we and our wholly owned subsidiaries are currently the only partners, or by subsidiaries of the Operating Partnership. Conducting business through the Operating Partnership allows us flexibility in the manner in which we acquire properties. In particular, an UPREIT structure enables us to acquire additional properties from sellers in exchange for limited partnership units, which may provide property owners the opportunity to defer the tax consequences that would otherwise arise from a sale of their real properties and other assets to us. As a result, this structure allows us to acquire assets more efficiently and may allow us to acquire assets that the owner would otherwise be unwilling to sell because of tax considerations.

## Recent Developments

***Common Stock Offering***

On September 29, 2014, we announced the pricing of an underwritten public offering of 6,000,000 shares of our common stock, par value $0.01 per share (the Equity Offering ). We granted the underwriters in the Equity Offering a 30-day option to purchase up to an additional 900,000 shares of our common stock. The Equity Offering is expected to close on October 3, 2014, subject to customary closing conditions. We

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estimate that the net proceeds of the Equity Offering, after deducting the underwriters discounts and commissions and our offering expenses, will be approximately $138.9 million, and approximately $159.9 million if the underwriters exercise in full their option to purchase additional shares of our common stock. We intend to contribute our net proceeds from the Equity Offering to the Operating Partnership, which will in turn apply the net proceeds to repay borrowings outstanding on the Revolving Credit Facility (as defined below), which totaled $570.0 million as of September 24, 2014. These repaid amounts may be reborrowed.

***Acquisition of the Holiday Portfolio***

*Acquisition Overview and Financing*. On September 25, 2014, we acquired a portfolio of 21 independent living facilities (the Holiday Portfolio ) from affiliates of Holiday Acquisition Holdings Corp. ( Holiday ) for a total cash purchase price of $550.0 million. Concurrently with the acquisition, we entered into a triple-net master lease with respect to the Holiday Portfolio (the Holiday Master Lease ) with certain wholly-owned subsidiaries of Holiday AL Holdings LP (collectively, Holiday Tenant ), an affiliate of Holiday. An affiliate of Holiday continues to operate the Holiday Portfolio pursuant to a management agreement with Holiday Tenant. Through its affiliates, Holiday, based in Lake Oswego, Oregon, operates more than 300 senior living facilities and is owned by investment funds managed by affiliates of Fortress Investment Group LLC. We funded the acquisition of the Holiday Portfolio with borrowings under the Revolving Credit Facility.

*Holiday Portfolio Overview*. The Holiday Portfolio consists of 21 independent living facilities with 2,850 units located in 15 states, with an occupancy rate of 90.5% as of June 30, 2014. One of the facilities is subject to a HUD mortgage loan and therefore the closing of the acquisition of this facility will be deferred until the HUD debt is prepaid. Holiday Tenant has agreed to pay the full rental amount due under the lease notwithstanding the delay in the closing of the acquisition of this facility. The following table sets forth certain information about the Holiday Portfolio as of June 30, 2014:

| Property | City | State | Age (Years) | Units |
|---|---|---|---|---|
| Capital Place | Olympia | WA | 28 | 113 |
| Cedar Woods | Branford | CT | 27 | 91 |
| Colonial Village | Longview | TX | 30 | 128 |
| Creekside Terrace | Winston-Salem | NC | 13 | 117 |
| Desert Rose | Yuma | AZ | 18 | 115 |
| Garden Village | Kansas City | MO | 27 | 184 |
| Gardens at Wakefield | Raleigh | NC | 12 | 118 |
| Harrison Regent | Ogden | UT | 29 | 92 |
| Heritage Village | McAllen | TX | 27 | 118 |
| Holiday at the Atrium | Glenville | NY | 14 | 103 |
| Lake Ridge Village | Eustis | FL | 30 | 110 |
| Las Brisas | San Luis Obispo | CA | 27 | 102 |
| Madison Meadows | Phoenix | AZ | 29 | 127 |
| Monarch Estates | Auburn | AL | 13 | 117 |
| Parkview in Allen | Allen | TX | 8 | 194 |
| South Wind Heights | Jonesboro | AR | 15 | 116 |
| The Atrium at Gainesville | Gainesville | FL | 21 | 252 |
| The Chateau | McKinney | TX | 4 | 205 |
| Village at the Falls | Menomonee Falls | WI | 8 | 143 |
| Virginian | Richmond | VA | 25 | 118 |
| Windland South | Nashville | TN | 28 | 187 |
| **Total Portfolio** | | | **21** | **2,850** |

*Holiday Master Lease Overview*. Under the Holiday Master Lease, Holiday Tenant is responsible for costs associated with operating and maintaining the Holiday Portfolio, including taxes, insurance and repair and maintenance. The term of the Holiday Master Lease is 15 years, with two five-year renewal options. The Holiday Master Lease provides for base rent in the first year of approximately $30.3 million, with base rent to increase by 4.0% of the base rent for the prior year in years two and three. In years four through fifteen, base rent will increase by the base rate applicable for the immediately preceding year multiplied by the greater of (i) 3.5% and (ii) the Consumer Price Index increase during the immediately preceding year. During any renewal period, the base rent will be set at the greater of (i) the then fair market rent (as determined in accordance with the Holiday Master Lease) and (ii) the base rate applicable for the immediately preceding year increased by the greater of (a) 3.5% and (b) the Consumer Price Index increase during the immediately preceding year. Under the Holiday Master Lease, on an annual basis, Holiday Tenant is required to make capital improvements to the Holiday Portfolio equal to a minimum of $500 per unit during 2014 and 2015, subject to annual escalations thereafter. The Holiday Master Lease is expected to generate annual lease revenues determined in accordance with accounting principles generally accepted in the U.S. ( GAAP ) of $39.3 million and an initial yield on cash rent of 5.50%.

The Holiday Master Lease also requires Holiday Tenant to provide a letter of credit to us in the amount of approximately $15.1 million, which serves as security for Holiday Tenant s performance of its obligations to us under the Holiday Master Lease. Pending delivery of this letter of credit, Holiday Tenant provided us at the closing of the acquisition a cash security deposit in the amount of $15.1 million. Management fees payable to the Holiday-affiliated manager are subordinated to Holiday Tenant s obligation to pay rent to us under the Holiday Master Lease. Additionally, Holiday Tenant granted us a first-priority security interest in certain personal property and receivables arising from the operations of the Holiday Portfolio, which security interest secures Holiday Tenant s obligations under the Holiday Master Lease. The lease terms also include (i) a non-competition provision restricting Holiday Tenant and certain of its affiliates, including the Guarantor (as defined below), from developing or constructing new independent living properties within seven miles of any property acquired by us in the acquisition, (ii) restrictions on a change of control of Holiday Tenant or the Guarantor, subject to certain exceptions, and (iii) customary operating covenants, events of default and remedies.

Holiday Tenant s obligations to us under the Holiday Master Lease are guaranteed by its indirect parent, Holiday AL Holdings LP (the Guarantor ). Subject to certain exceptions specified in a guaranty of master lease (the Guaranty ) executed by Guarantor in favor of us, the Guarantor has agreed to certain financial covenants, including maintaining a minimum net worth of $150 million, a minimum fixed charge coverage ratio of 1.10x and a maximum leverage ratio of 10x (as each term is defined in the Guaranty). While we believe that the Guaranty and the financial covenants contained in the Guaranty enhance the security of payments owed to us under the Holiday Master Lease, these security features may not ensure timely payment in full of all amounts due to us under the Holiday Master Lease. See Risk Factors Risks Related to Our Recent Acquisition of the Holiday Portfolio Holiday Tenant may be unable to cover its lease obligations to us and there can be no assurance that the Guarantor will be able to cover any shortfall.

*Rationale for Acquisition*. We believe that the acquisition of the Holiday Portfolio will enhance our business for the reasons set forth below.

*Diversify our revenue sources*. The Holiday Portfolio has provided us with an opportunity to further diversify our revenue sources and decrease our concentration of revenues earned from Genesis. Assuming that our acquisition of the Holiday Portfolio had been completed as of June 30, 2014, the amount of our annualized revenue earned from Genesis for the quarter ended June 30, 2014 would have been approximately 38.1%, as compared to approximately 46.8% without the acquisition of the Holiday Portfolio.

*Diversify the composition of our portfolio*. Consisting entirely of independent living facilities, the Holiday Portfolio provides us with an opportunity to further reduce the percentage of skilled nursing

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facilities in our portfolio. Assuming that our acquisition of the Holiday Portfolio had been completed as of June 30, 2014, the amount of our annualized revenue earned from skilled nursing facilities for the quarter ended June 30, 2014 would have been approximately 55.8%, as compared to approximately 68.6% without the acquisition of the Holiday Portfolio.

*Invest in a high quality portfolio with an attractive return*. Based on our purchase price of $550.0 million, annual base rent of approximately $30.3 million for the first year of the Holiday Master Lease, and annual rent escalators of 4.0% for years two and three of the Holiday Master Lease and at least 3.5% thereafter, the GAAP yield under the Holiday Master Lease is expected to be 7.14%.

*Increase private payor revenue*. We believe the Holiday Portfolio provides us with an opportunity to advance our long-term strategy of increasing the proportion of our revenue attributable to non-governmental sources. Assuming that our acquisition of the Holiday Portfolio had been completed as of June 30, 2014, the amount of our annualized revenue attributable to private payors for the quarter ended June 30, 2014 would have been approximately 52.4%, as compared to approximately 41.6% without the acquisition of the Holiday Portfolio.

***Second Amended and Restated Revolving Credit Facility***

On September 10, 2014, the Operating Partnership entered into a second amended and restated unsecured revolving credit facility (the Revolving Credit Facility ). The Revolving Credit Facility amends and restates the amended and restated secured revolving credit facility (the Prior Revolving Credit Facility ) that the Operating Partnership and certain subsidiaries of the Operating Partnership entered into on July 29, 2013 and amended on October 15, 2013. The Revolving Credit Facility increased the borrowing capacity from the Prior Revolving Credit Facility from $375.0 million to $650.0 million and provides an accordion feature allowing for an additional $100.0 million of capacity, subject to terms and conditions, resulting in a maximum borrowing capacity of $750.0 million. The Operating Partnership also has an option to convert up to $200.0 million of the Revolving Credit Facility to a term loan subject to terms and conditions. On September 25, 2014, the Operating Partnership provided notice to the lenders under the Revolving Credit Facility of the exercise of this option as to $200.0 million of the outstanding borrowings under the Revolving Credit Facility.

While the Prior Revolving Credit Facility was secured by pledges of equity of our wholly-owned subsidiaries that own certain of our real estate assets, the Revolving Credit Facility is unsecured. The Revolving Credit Facility, including amounts that are converted into a term loan, has a maturity date of September 10, 2018 and includes a one year extension option. The obligations of the Operating Partnership under the Revolving Credit Facility are guaranteed by us and certain of our subsidiaries.

Borrowings under the Revolving Credit Facility, including amounts that are converted into a term loan, bear interest on the outstanding principal amount at a rate equal to an applicable percentage plus, at the Operating Partnership s option, either (a) LIBOR or (b) a base rate determined as the greater of (i) the federal funds rate plus 0.5%, (ii) the prime rate, and (iii) one-month LIBOR plus 1.0% (the Base Rate ). The applicable percentage for borrowings will vary based on the Consolidated Leverage Ratio, as defined in the credit agreement, and will range from 2.00% to 2.60% per annum for LIBOR based borrowings and 1.00% to 1.60% per annum for borrowings at the Base Rate. In addition, the Operating Partnership is required to pay an unused fee to the lenders equal to 0.25% or 0.35% per annum of the aggregate unused borrowing capacity under the Revolving Credit Facility.

In the event that Sabra achieves at least two investment grade ratings from S&P, Moody s and/or Fitch, the Operating Partnership can elect to reduce the applicable percentage for LIBOR or Base Rate borrowings. If the Operating Partnership makes this election, the applicable percentage for borrowings will vary based on the debt ratings at each pricing level, as set forth in the credit agreement, and will range from 0.90% to 1.70% per annum for LIBOR based borrowings and 0.00% to 0.70% per annum for borrowings at the Base Rate. In addition, should the Operating Partnership elect this option, the unused fee will no longer apply and a facility fee ranging between 0.125% and 0.300% per annum will take effect based on the borrowing capacity regardless of amounts outstanding under the Revolving Credit Facility.

We were incorporated on May 10, 2010 as a wholly owned subsidiary of Sun Healthcare Group, Inc. ( Old Sun ), a provider of nursing, rehabilitative and related specialty healthcare services principally to the senior population in the United States. Pursuant to a restructuring plan by Old Sun, Old Sun restructured its business by separating its real estate assets and its operating assets into two separate publicly traded companies, Sabra and SHG Services, Inc. (which was then renamed Sun Healthcare Group, Inc. or Sun ). In order to effect the restructuring, Old Sun distributed to its stockholders on a pro rata basis all of the outstanding shares of common stock of Sun (the Separation ), together with an additional cash distribution. Immediately following the Separation, Old Sun merged with and into Sabra, with Sabra surviving the merger and Old Sun stockholders receiving shares of Sabra common stock in exchange for their shares of Old Sun common stock (the REIT Conversion Merger ). The Separation and REIT Conversion Merger were completed on November 15, 2010.

Following the restructuring of Old Sun s business and the completion of the Separation and REIT Conversion Merger, we began operating as a self-administered, self-managed REIT that, directly or indirectly, owns and invests in real estate serving the healthcare industry. We elected to be treated as a REIT with the filing of our U.S. federal income tax return for the taxable year beginning January 1, 2011. We believe that we have been organized and have operated, and we intend to continue to operate, in a manner to qualify as a REIT.

Our principal executive offices are located at 18500 Von Karman Avenue, Suite 550, Irvine, California 92612 and our telephone number is (888) 393-8248. Our website is *www.sabrahealth.com*. **None of the information contained on our website or on websites linked to our website is part of this prospectus supplement or the accompanying prospectus.**

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## THE OFFERING

*The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of Notes section of this prospectus supplement contains a more detailed description of the terms and conditions of the Notes.*

| | |
|---|---|
| Issuers | Sabra Health Care Limited Partnership and Sabra Capital Corporation. |
| Securities Offered | $150,000,000 aggregate principal amount of 5.5% Senior Notes due 2021. |
| | The Notes will be issued as additional notes under the indenture pursuant to which, on January 23, 2014, we issued the Existing 2021 Notes. The Notes offered hereby will be treated as a single class with the Existing 2021 Notes, except that (i) cash interest will accrue on the Notes offered hereby from and including August 1, 2014, the most recent interest payment date for the Existing 2021 Notes, and (ii) the first payment of cash interest following the issue date of the Notes offered hereby will be February 1, 2015, the next interest payment date for the Existing 2021 Notes. The Notes offered hereby will have the same CUSIP number and will be fungible with the Existing 2021 Notes. Holders of the Notes offered hereby and holders of the Existing 2021 Notes will vote together as one class under the indenture. |
| Maturity | February 1, 2021. |
| Interest Rate | Interest will accrue at a rate of 5.5% per annum, from and including August 1, 2014. |
| Interest Payment Dates | Each February 1 and August 1 after the date of the issuance of the Notes, beginning on February 1, 2015. |
| Ranking | The Notes and the guarantees thereof will be our and the guarantors senior unsecured obligations and will rank: |
| | senior to all existing and future subordinated indebtedness; |
| | equal with all existing and future senior unsecured indebtedness, including indebtedness under the Revolving Credit Facility, the Existing 2021 Notes and the 2023 Notes (as defined below in Description of Other Indebtedness ); and |
| | effectively junior to all secured indebtedness to the extent of the value of the collateral securing such debt, including our mortgage indebtedness, and structurally junior to the indebtedness and other obligations of Sabra s subsidiaries (other than the Issuers and the guarantors). |

| | |
|---|---|
| Guarantees | The Notes will be guaranteed by Sabra and certain of its existing direct and indirect subsidiaries and subject to certain exceptions, future subsidiaries of the Issuers. In each instance, the Notes will be fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by the applicable guarantors. If we do not make payments required by the Notes, the guarantors must |

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| | |
|---|---|
| | make them. The subsidiary guarantees may be released under certain circumstances. The same guarantors that will guarantee the Notes guarantee the Existing 2021 Notes. |
| Use of Proceeds | We intend to use the net proceeds from this offering to repay borrowings outstanding under our Revolving Credit Facility. See Use of Proceeds. Affiliates of certain of the underwriters are lenders under our Revolving Credit Facility and, in such capacity, will receive a portion of the net proceeds of this offering. See Underwriting (Conflicts of Interest). |
| Optional Redemption | We may redeem some or all of the Notes at any time prior to February 1, 2017 at a price equal to 100% of the principal amount, together with any accrued and unpaid interest to the redemption date, plus a make-whole premium. See Description of Notes Optional Redemption. We may also redeem some or all of the Notes at any time on or after February 1, 2017 at the redemption prices specified under Description of Notes Optional Redemption, together with any accrued and unpaid interest to the redemption date. |
| Optional Redemption After Equity Offering | At any time prior to February 1, 2017, subject to certain exceptions, we may also use an amount equal to all or a portion of the proceeds from specific kinds of equity offerings to redeem up to 35% of the aggregate principal amount of the Notes and the Existing 2021 Notes issued under the indenture at a redemption price equal to 105.5% of the aggregate principal amount of the Notes and the Existing 2021 Notes to be redeemed, plus accrued and unpaid interest, if any, to the redemption date. See Description of Notes Optional Redemption. |
| Change of Control Offer | If a change in control of our company occurs, we must give holders the opportunity to sell their Notes to us at 101% of their principal amount plus accrued and unpaid interest, if any. |
| | We, however, may not be able to pay the required price for the Notes presented to us at the time of a change of control event because we may have insufficient funds. |
| Restrictive Covenants | The indenture governing the Notes contains covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to: |
| | incur or guarantee unsecured indebtedness; |
| | incur or guarantee secured indebtedness; |
| | pay dividends or distributions on, or redeem or repurchase, our capital stock; |
| | make certain investments; |

create liens on our assets;

enter into transactions with affiliates;

- merge or consolidate or sell all or substantially all of our assets; and

- create restrictions on the ability of our restricted subsidiaries to pay dividends or other amounts to us.

In addition, we will be required to maintain Total Unencumbered Assets (as defined in Description of Notes ) of at least 150% of our unsecured indebtedness. These covenants are subject to a number of important limitations and exceptions. See Description of Notes Covenants.

| | |
|---|---|
| DTC Eligibility | The Notes will be issued in book-entry form and will be represented by global certificates deposited with, or on behalf of, The Depository Trust Company ( DTC ) and registered in the name of a nominee of DTC. See Book-Entry, Delivery and Form. |
| Risk Factors | See Risk Factors beginning on page S-14 of this prospectus supplement and the other information included or incorporated by reference in this prospectus supplement for a discussion of the factors you should carefully consider before deciding to invest in the Notes. |
| Governing Law | The indenture governing the Notes and the Notes provide that they will be governed by, and construed in accordance with, the laws of the State of New York. |

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## SUMMARY CONDENSED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table sets forth summary condensed consolidated financial and other data for each of the periods indicated. You should read the following summary condensed consolidated financial and other data in conjunction with our consolidated financial statements and related notes and with Management s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2013 and in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, each of which is incorporated by reference into this prospectus supplement. The financial data as of and for the six months ended June 30, 2014 and June 30, 2013 are derived from our unaudited consolidated financial statements and are not necessarily indicative of results for any future period. The unaudited condensed consolidated financial statements reflect, in the opinion of management, all adjustments necessary for the fair presentation of the financial condition and results of operations for such periods.

| | Six Months Ended June 30, | | Year Ended December 31, | | |
|---|---|---|---|---|---|
| | 2014 (unaudited) | 2013 (unaudited) | 2013 | 2012 | 2011 |
| | (dollars in thousands except share and per share data) | | | | |
| **Operating data:** | | | | | |
| Total revenues | $ 83,823 | $ 64,297 | $ 134,780 | $ 103,170 | $ 84,225 |
| Expenses: | | | | | |
| Depreciation and amortization | 19,105 | 16,468 | 33,281 | 30,263 | 26,591 |
| Interest | 22,128 | 20,145 | 40,460 | 34,335 | 30,319 |
| General and administrative | 13,779 | 8,139 | 16,423 | 16,104 | 14,473 |
| Impairment | | | | 2,481 | |
| Total expenses | 55,012 | 44,752 | 90,164 | 83,183 | 71,383 |
| Loss on extinguishment of debt | (22,296) | (9,750) | (10,101) | (2,670) | |
| Other income (expense) | 960 | (900) | (800) | 2,196 | |
| Net income | 7,475 | 8,895 | 33,715 | 19,513 | 12,842 |
| Net loss attributable to noncontrolling interests | 23 | | | | |
| Net income attributable to Sabra Health Care REIT, Inc. | 7,498 | 8,895 | 33,715 | 19,513 | 12,842 |
| Preferred stock dividends | (5,121) | (2,827) | (7,966) | | |
| Net income attributable to common stockholders | $ 2,377 | $ 6,068 | $ 25,749 | $ 19,513 | $ 12,842 |
| **Balance sheet data (at period end):** | | | | | |
| Cash and cash equivalents | $ 15,085 | $ 92,770 | $ 4,308 | $ 17,101 | $ 42,250 |
| Real estate investments, net of accumulated depreciation | 1,036,312 | 817,228 | 915,418 | 827,135 | 653,377 |
| Loans receivable and other investments, net | 225,787 | 43,069 | 185,293 | 12,017 | |
| Total assets | 1,376,511 | 1,022,099 | 1,197,835 | 916,882 | 749,650 |
| Total debt(1) | 675,400 | 554,379 | 691,230 | 569,822 | 382,898 |
| Net debt(2) | 660,315 | 461,609 | 686,922 | 552,721 | 340,648 |
| Total equity | 655,815 | 425,567 | 460,164 | 305,488 | 326,573 |
| **Other financial data (unaudited):** | | | | | |
| FFO(3)(5) | $ 21,482 | $ 22,536 | $ 59,030 | $ 52,257 | $ 39,433 |
| AFFO(3)(5) | $ 23,851 | $ 22,203 | $ 57,942 | $ 60,287 | $ 47,142 |
| Normalized FFO(4)(5) | $ 46,772 | $ 33,056 | $ 69,901 | $ 54,927 | $ 39,433 |
| Normalized AFFO(4)(5) | $ 44,729 | $ 32,215 | $ 67,954 | $ 60,134 | $ 45,858 |
| FFO per diluted common share | $ 0.51 | $ 0.60 | $ 1.55 | $ 1.40 | $ 1.31 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| AFFO per diluted common share | $ | 0.57 | $ | 0.58 | $ | 1.51 | $ | 1.59 | $ | 1.55 |
| Normalized FFO per diluted common share | $ | 1.12 | $ | 0.87 | $ | 1.84 | $ | 1.47 | $ | 1.31 |
| Normalized AFFO per diluted common share | $ | 1.06 | $ | 0.84 | $ | 1.77 | $ | 1.59 | $ | 1.51 |
| Weighted-average number of common shares outstanding, diluted | | | | | | | | | | |
| FFO and Normalized FFO | | 41,791,470 | | 37,789,804 | | 38,071,926 | | 37,321,517 | | 30,171,225 |
| AFFO and Normalized AFFO | | 42,075,917 | | 38,125,087 | | 38,364,727 | | 37,829,421 | | 30,399,132 |

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(1) Total debt as of June 30, 2013, December 31, 2012 and December 31, 2011 does not include debt premium of $3.4 million, $5.7 million and $0.5 million, respectively.

(2) Net debt consists of total debt, less cash and cash equivalents.

(3) We believe that net income attributable to common stockholders as defined by GAAP is the most appropriate earnings measure. We also believe that funds from operations ( FFO ), as defined in accordance with the definition used by the National Association of Real Estate Investment Trusts ( NAREIT ), and adjusted funds from operations ( AFFO ) (and related per share amounts) are important non-GAAP supplemental measures of our operating performance. 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 REIT that uses historical cost accounting for depreciation could be less informative. Thus, NAREIT created FFO as a supplemental measure of operating performance for REITs that excludes historical cost depreciation and amortization, among other items, from net income attributable to common stockholders, as defined by GAAP. FFO is defined as net income attributable to common stockholders, computed in accordance with GAAP, excluding gains or losses from real estate dispositions, plus real estate depreciation and amortization and impairment charges. AFFO is defined as FFO excluding non-cash revenues (including, but not limited to, straight-line rental income adjustments and write-offs, non-cash interest income adjustments and amortization of debt premium), non-cash expenses (including, but not limited to, stock-based compensation expense, amortization of deferred financing costs, non-cash portion of loss on extinguishment of debt, and amortization of debt discounts), acquisition pursuit costs and changes in fair value of contingent consideration. We believe that the use of FFO and AFFO (and the related per share amounts), combined with the required GAAP presentations, improves the understanding of our operating results among investors and makes comparisons of operating results among REITs more meaningful. We consider FFO and AFFO to be useful measures for reviewing comparative operating and financial performance because, by excluding gains or losses from real estate dispositions, impairment charges, and real estate depreciation and amortization, and for AFFO, by excluding non-cash revenues (including, but not limited to, straight-line rental income adjustments and write-offs, non-cash interest income adjustments and amortization of debt premium), non-cash expenses (including, but not limited to, stock-based compensation expense, amortization of deferred financing costs and amortization of debt discounts) and acquisition pursuit costs, FFO and AFFO can help investors compare our operating performance between periods or as compared to other companies. While FFO and AFFO are relevant and widely used measures of operating performance of REITs, they do not represent cash flows from operations or net income attributable to common stockholders as defined by GAAP and should not be considered an alternative to those measures in evaluating our liquidity or operating performance. FFO and AFFO also do not consider the costs associated with capital expenditures related to our real estate assets nor do they purport to be indicative of cash available to fund our future cash requirements. Further, our computation of FFO and AFFO may not be comparable to FFO and 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 differently than we do.

(4) In addition to FFO and AFFO, we believe that normalized FFO and normalized AFFO are important supplemental measures of our operating performance. Normalized FFO represents FFO adjusted for certain income and expense items that we do not believe are indicative of our ongoing operating results. Normalized AFFO represents AFFO adjusted for one-time start-up costs and certain income and expense items that we do not believe are indicative of our ongoing operating results. By excluding these income and expense items, we believe that normalized FFO and AFFO are useful measures that can help investors compare our operating performance between periods or as compared to other companies. Normalized FFO and AFFO 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. Normalized FFO and AFFO also do not consider the costs associated with capital expenditures related to our real estate assets nor do they purport to be indicative of cash available to fund our future cash requirements. Further, our computation of normalized FFO and AFFO may not be comparable to normalized FFO and 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 FFO and AFFO or normalized FFO and normalized AFFO differently than we do.

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(5) The following table reconciles our calculations of FFO, normalized FFO, AFFO, and normalized AFFO for the six months ended June 30, 2014 and 2013, and for the years ended December 31, 2013, 2012, and 2011 to net income (loss) attributable to common stockholders, the most directly comparable GAAP financial measure, for the same periods (in thousands):

| | Six Months Ended June 30, | | Year Ended December 31, | | |
|---|---|---|---|---|---|
| | **2014** | **2013** | **2013** | **2012** | **2011** |
| Net income attributable to common stockholders | $ 2,377 | $ 6,068 | $ 25,749 | $ 19,513 | $ 12,842 |
| Depreciation and amortization | 19,105 | 16,468 | 33,281 | 30,263 | 26,591 |
| Impairment | | | | 2,481 | |
| **FFO** | $ 21,482 | $ 22,536 | $ 59,030 | $ 52,257 | $ 39,433 |
| Loss on extinguishment of debt(a) | 22,296 | 9,750 | 10,101 | 2,670 | |
| Write-off of straight-line rental income(b) | 2,994 | | | | |
| Additional interest on 2018 Notes(c) | | 770 | 770 | | |
| **Normalized FFO** | $ 46,772 | $ 33,056 | $ 69,901 | $ 54,927 | $ 39,443 |
| **FFO** | $ 21,482 | $ 22,536 | $ 59,030 | $ 52,257 | $ 39,433 |
| Acquisition pursuit costs | 579 | 426 | 1,455 | 1,654 | 3,218 |
| Stock-based compensation expense | 4,792 | 3,933 | 7,819 | 8,279 | 4,600 |
| Straight-line rental income adjustments | (8,433) | (7,300) | (14,709) | (4,893) | (2,092) |
| Amortization of deferred financing costs | 1,872 | 1,589 | 3,280 | 2,685 | 1,998 |
| Amortization of debt premiums | (33) | (401) | (671) | (347) | (15) |
| Change in fair value of contingent consideration | (960) | 900 | 800 | | |
| Non-cash portion of loss on extinguishment of debt | 1,418 | 508 | 859 | 628 | |
| Non-cash interest income adjustments | 140 | 12 | 79 | 24 | |
| Write-off of straight-line rental income(b) | 2,994 | | | | |
| **AFFO** | $ 23,851 | $ 22,203 | $ 57,942 | $ 60,287 | $ 47,142 |
| Cash portion of loss on extinguishment of debt(d) | 20,878 | 9,242 | 9,242 | 2,043 | |
| Additional interest on 2018 Notes(c) | | 770 | 770 | | |
| Consent fee | | | | (2,196) | |
| Hillside Terrace interest income, net of expense | | | | | (1,594) |
| Start-up costs | | | | | 310 |
| **Normalized AFFO** | $ 44,729 | $ 32,215 | $ 67,954 | $ 60,134 | $ 45,858 |

(a) The loss on extinguishment of debt for the six months ended June 30, 2014 consisted of (i) $21.6 million related to the redemption fee paid and the write-offs of deferred financing costs and issuance premium in connection with the January 2014 redemption of our then outstanding 8.125% senior notes due 2018 (the 2018 Notes ) and (ii) $0.8 million related to the write-offs of deferred financing costs in connection with our mortgage debt refinancing. The loss on extinguishment of debt for the year ended December 31, 2013 and the six months ended June 30, 2013 consisted of $9.8 million related to the redemption fee paid and the write-offs of deferred financing costs and issuance premium in connection with the June 2013 redemption of $113.8 million in aggregate principal amount of our then outstanding 2018 Notes and for the year ended December 31, 2013 also included $0.3 million related to the write-offs of deferred financing costs in connection with amending and restating the Prior Revolving Credit Facility. The loss on extinguishment of debt for the year ended December 31, 2012 was due to prepayment penalty fees and the write-offs of unamortized deferred financing costs and issuance premiums associated with mortgage debt refinancing.

(b) The write-off of straight line rental income for the six months ended June 30, 2014 primarily related to a change in ownership of one of our tenants and the resulting modification of the terms of a lease between us and the new tenant entity.

(c) The additional interest on the 2018 Notes for the year ended December 31, 2013 and the six months ended June 30, 2013 consisted of additional interest we paid in connection with the June 2013 redemption of $113.8 million in aggregate principal amount of our then outstanding 2018 Notes.

(d) The cash portion of loss on extinguishment of debt consists of the cash portion of the amounts described in footnote (a) above.

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## RISK FACTORS

*An investment in the Notes involves certain risks. You should carefully consider, among other factors, the matters described below, those in the accompanying prospectus on page 6, and those under the heading Risk Factors beginning on page 11 of our Annual Report on Form 10-K for the year ended December 31, 2013, as well as the other information contained in and incorporated by reference in this prospectus supplement and the accompanying prospectus, before you make a decision to invest in our securities. See Incorporation of Certain Information by Reference.*

### Risks Relating to the Notes

***We have substantial indebtedness and have the ability to incur significant additional indebtedness and other liabilities.***

Assuming that we had completed this offering on June 30, 2014, and after giving pro forma effect to the (i) the borrowing of an aggregate principal amount of $560.0 million under the Revolving Credit Facility as described further under Capitalization (which we borrowed subsequent to June 30, 2014 to fund our acquisition of the Holiday Portfolio and provide us with additional working capital), (ii) the application of the net proceeds from the Equity Offering (assuming the underwriters do not exercise their option to purchase additional shares of common stock) to pay down $138.9 million of borrowings outstanding under the Revolving Credit Facility, (iii) the issuance and sale of the Notes and (iv) the application of the net proceeds therefrom to pay down $145.8 million of borrowings outstanding under the Revolving Credit Facility, we would have had on that date $150.0 million of indebtedness with respect to the Notes, $350.0 million of indebtedness with respect to the Existing 2021 Notes, $200.0 million of indebtedness with respect to the 2023 Notes, $275.3 million outstanding under the Revolving Credit Facility and aggregate mortgage indebtedness to third parties of $125.4 million on certain of our properties. Our high level of indebtedness may have the following important consequences to us:

- It may become more difficult for us to satisfy our obligations (including ongoing interest payments and, where applicable, scheduled amortization payments) with respect to the Notes and our other debt;
- It may limit our ability to obtain additional financing to fund future acquisitions, working capital, capital expenditures or other general corporate requirements;
- It may increase our cost of borrowing;
- It may increase interest rates and therefore interest expense with respect to any indebtedness under the Revolving Credit Facility or other variable rate borrowings;
- We may need to dedicate a substantial portion of our cash flow from operations to the payment of debt service, thereby limiting our ability to invest in our business;
- It may limit our ability to adjust rapidly to changing market conditions and we may be vulnerable in the event of a downturn in general economic conditions or in the real estate and/or healthcare sectors;
- It may place us at a competitive disadvantage against less leveraged competitors; and
- It may require us to sell assets and properties at an inopportune time.

In addition, the indenture governing the Notes permits us to incur substantial additional debt, including secured debt (to which the Notes will be effectively subordinated). If we incur additional debt, the related risks described above could intensify. Furthermore, the indenture governing the

Notes does not impose any limitation on our ability to incur liabilities that are not considered indebtedness under the indenture governing the Notes.

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***We may be unable to service our indebtedness, including the Notes.***

Our ability to make scheduled payments on and to refinance our indebtedness, including the Notes, depends on and is subject to our future financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors beyond our control, including the availability of financing in the international banking and capital markets. Our business may fail to generate sufficient cash flow from operations or future borrowings may be unavailable to us under the Revolving Credit Facility or from other sources in an amount sufficient to enable us to service our debt, including the Notes, to refinance our debt or to fund our other liquidity needs. If we are unable to meet our debt obligations or to fund our other liquidity needs, we will need to restructure or refinance all or a portion of our debt, including the Notes. We may be unable to refinance any of our debt, including any amounts outstanding under the Revolving Credit Facility, on commercially reasonable terms or at all. In particular, the Revolving Credit Facility will mature prior to the maturity of the Notes. If we were unable to make payments or refinance our debt or obtain new financing under these circumstances, we would have to consider other options, such as asset sales, equity issuances and/or negotiations with our lenders to restructure the applicable debt. The Revolving Credit Facility and the indenture governing the Notes restrict, and market or business conditions may limit, our ability to take some or all of these actions. Any restructuring or refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations.

***The Notes and the guarantees will be unsecured and will be effectively subordinated to our secured indebtedness to the extent of the value of the collateral securing such indebtedness.***

The Notes and the guarantees will be the Issuers and the guarantors unsecured obligations. The indenture governing the Notes generally permits us to incur secured indebtedness so long as we maintain a specified ratio of unencumbered assets to unsecured debt. The Notes and the guarantees will be effectively subordinated to all of our existing and future secured debt and that of the guarantors to the extent of the value of the assets securing such obligations. The Notes and the guarantees are unsecured and will rank equally with all other existing and future senior unsecured indebtedness of the Issuers, including indebtedness under the Revolving Credit Facility, the Existing 2021 Notes and the 2023 Notes. Because the Notes will be unsecured obligations, your right of repayment may be compromised in the following situations:

- We enter into bankruptcy, liquidation, reorganization or other winding-up;
- There is a default in payment under any of our secured debt; or
- There is an acceleration of any of our secured debt.

If any of these events occurs, our secured lenders could foreclose on our assets in which they have been granted a security interest, in each case to your exclusion, even if an event of default exists under the indenture at such time. As a result, upon the occurrence of any of these events, it is possible that there would be no assets remaining from which your claims could be satisfied or, if any assets remained, they might be insufficient to fully satisfy your claims. In addition, you may not be fully repaid if we or the subsidiary guarantors become insolvent or otherwise fail to make payment on the Notes.

***The Notes will be structurally subordinated to all liabilities of our non-guarantor subsidiaries.***

The Notes will be structurally subordinated to the indebtedness and other liabilities of our subsidiaries that are not guaranteeing the Notes or in the future do not guarantee the Notes. These non-guarantor subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Notes, or to make any funds available therefor, whether by dividends, loans, distributions or other payments. Any right that we or the subsidiary guarantors have to receive any assets of any of the non-guarantor subsidiaries upon the bankruptcy, liquidation or reorganization of those subsidiaries, and the consequent rights of holders of Notes to realize proceeds from the sale of any of those subsidiaries assets, will be effectively subordinated to the claims of those subsidiaries creditors, including creditors (including mortgage holders) and holders of preferred equity interests of those subsidiaries.

Accordingly, in the event of a bankruptcy, liquidation or reorganization of any of our non-guarantor subsidiaries, these non-guarantor subsidiaries will pay the holders of their debts, holders of preferred equity interests and their trade creditors before distributing any of their assets to us. Our net revenues on an annualized basis attributable to the properties held by the Real Property Non-Guarantor Subsidiaries, as described further under Description of Notes Guaranties and Subsidiary Guarantors, were $16.7 million for the six months ended June 30, 2014, and, as of June 30, 2014, these properties accounted for approximately 18% of Sabra s total real estate investments, net of accumulated depreciation, and had aggregate mortgage indebtedness to third parties of $125.4 million.

***We rely on our subsidiaries for our operating funds, and our non-guarantor subsidiaries have no obligation to supply us with any funds.***

We conduct our operations through subsidiaries and depend on our subsidiaries for the funds necessary to operate and repay our debt obligations. We will depend on the transfer of funds from our subsidiaries to make the payments due under the Notes. Under certain circumstances, one or more of our subsidiaries may be released from its, or may not be required to provide a, guarantee of the Notes, and in such circumstances, will not be required to fund any of our obligations with respect to the Notes. Each of our subsidiaries will be a distinct legal entity and will have no obligation, contingent or otherwise, to transfer funds to us. In addition, our ability to make payments under the Notes, and the ability of our subsidiaries to transfer funds to us, could be restricted by the terms of subsequent financings.

***Covenants in our debt agreements restrict our and our restricted subsidiaries activities and could adversely affect our business.***

Our debt agreements, including the indentures governing the Notes and the Existing 2021 Notes and the 2023 Notes, and the Revolving Credit Facility, contain various covenants that limit our ability and the ability of our restricted subsidiaries to engage in various transactions including:

- Incurring additional secured and unsecured debt;
- Paying dividends or making other distributions on, redeeming or repurchasing capital stock;
- Making investments or other restricted payments;
- Entering into transactions with affiliates;
- Issuing stock of or interests in restricted subsidiaries;
- Engaging in non-healthcare related business activities;
- Creating restrictions on the ability of our restricted subsidiaries to pay dividends or other amounts to us;
- Selling assets; and
- Effecting a consolidation or merger or selling substantially all of our assets.

These covenants limit our operational flexibility and could prevent us from taking advantage of business opportunities as they arise, growing our business or competing effectively. In addition, the Revolving Credit Facility requires us to maintain specified financial covenants, which include a maximum leverage ratio, a minimum fixed charge coverage ratio and a minimum tangible net worth ratio, as well as satisfy other financial condition tests. The indentures governing the Notes and the Existing 2021 Notes and the 2023 Notes require us to maintain Total Unencumbered Assets (as defined in Description of Notes ) of at least 150% of our unsecured indebtedness. Our ability to meet these requirements may be affected by events beyond our control, and we may not meet these requirements.

A breach of any of the covenants or other provisions in our debt agreements could result in an event of default, which if not cured or waived, could result in such debt becoming immediately due and payable. This, in turn, could cause our other debt to become due and payable as a result of cross-acceleration provisions contained in the agreements governing such other debt. We may be unable to maintain compliance with these covenants and, if we fail to do so, we may be unable to obtain waivers from the lenders and/or amend the covenants. In the event that some or all of our debt is accelerated and becomes immediately due and payable, we may not have the funds to repay, or the ability to refinance, such debt.

***Federal and state statutes allow courts, under specific circumstances, to void guarantees and require holders of Notes to return payments received from subsidiary guarantors.***

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee of the Notes could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that subsidiary guarantor if, among other things, the subsidiary guarantor, at the time it incurred the debt evidenced by its guarantee:

Received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee; and

was insolvent or rendered insolvent by reason of such incurrence;

was engaged in a business or transaction for which the subsidiary guarantor s remaining assets constituted unreasonably small capital; or

intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In addition, any payment by that subsidiary guarantor pursuant to its guarantee could be voided and required to be returned to the subsidiary guarantor, or to a fund for the benefit of our creditors or the creditors of the subsidiary guarantor.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a subsidiary guarantor would be considered insolvent if:

The sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;

The present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

It could not pay its debts as they become due.

On the basis of historical financial information, recent operating history and other factors, we believe that each subsidiary guarantor, after giving effect to its guarantee of the Notes, will not be insolvent, will have a fair market value of its assets greater than the total amount of its liabilities (including contingent liabilities), will have a present fair salable value of its assets greater than the amount that will be required to pay its probable liabilities on its debts as they become absolute and matured, will be able to realize upon its assets and pay its debts and other liabilities, including contingent liabilities, as they mature, and will not have unreasonably small capital. We cannot assure you, however, as to what standard a court would apply in making these determinations or that a court would agree with our conclusions in this regard. In addition, each guarantee will contain a provision intended to limit the subsidiary guarantor s liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer. This provision may not be effective to protect the guarantees from being voided under fraudulent transfer laws, or may eliminate the subsidiary guarantor s obligations or reduce the subsidiary guarantor s obligations to an amount that effectively makes the guarantee worthless.

***We may not have the funds necessary to finance the repurchase of the Notes in connection with a change of control offer required by the indenture governing the Notes.***

Upon the occurrence of specific kinds of change of control events, the indenture governing the Notes and the Existing 2021 Notes will require us to make an offer to repurchase all outstanding Notes and all outstanding Existing 2021 Notes at 101% of the aggregate principal amount thereof, plus accrued and unpaid interest (and additional interest, if any) to the date of repurchase. However, it is possible that we will not have sufficient funds, or the ability to raise sufficient funds, at the time of the change of control to make the required repurchase of the Notes and the Existing 2021 Notes. The 2023 Notes have the same requirement. Any failure to make an offer to purchase, or to repay holders tendering notes, upon a Change of Control (as defined in the applicable indenture) will result in an event of default under the indentures governing the Notes and the Existing 2021 Notes and the 2023 Notes. In addition, restrictions under the Revolving Credit Facility, or other future debt, may not allow us to repurchase the Notes upon a change of control. If we could not refinance such senior debt or otherwise obtain a waiver from the holders of such debt, we would be prohibited from repurchasing the Notes, which would constitute an event of default under the indenture governing the Notes, which in turn would constitute a default under the Revolving Credit Facility. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a Change of Control under the indenture governing the Notes although these types of transactions could affect our capital structure or credit ratings and the holders of the Notes. See Description of Notes Repurchase of Notes upon a Change of Control.

Courts interpreting change of control provisions under New York law (which will be the governing law of the indenture governing the Notes) have not provided clear and consistent meanings of such change of control provisions which leads to subjective judicial interpretation. In addition, a court case in Delaware has questioned whether an indenture change of control provision, similar to the one that will be contained in the indenture governing the Notes, related to a change of control as a result of a change in the composition of a board of directors could be unenforceable on public policy grounds. Accordingly, the ability of a holder of Notes to require us to repurchase Notes as a result of a change in the composition of our board of directors is uncertain. Another court may not enforce the change of control provisions in the indenture governing the Notes as written for the benefit of the holders, and the change of control provisions could be impacted if we become a debtor in a bankruptcy case.

***An active trading market may not be maintained for the Notes, which may hinder your ability to liquidate your investment.***

The Notes will be issued as additional notes under the indenture governing the Existing 2021 Notes. The Notes will be treated as a single series with the Existing 2021 Notes for all purposes under the indenture, will have the same terms and CUSIP number as the Existing 2021 Notes and will be fungible with the Existing 2021 Notes. Our Existing 2021 Notes have only traded since January 23, 2014 and are not listed on any securities exchange. We do not intend to list the Notes on any national securities exchange. Although the underwriters make a market in the Existing 2021 Notes and have advised us that, following the completion of this offering, they intend to continue to make a market in the Existing 2021 Notes and the Notes as permitted by applicable law, there is no guarantee that such trading market will be maintained, and any such market making may be discontinued at any time at the sole discretion of the underwriters. If an active trading market for the Notes fails to be sustained, the trading price of the Notes could be adversely affected.

Even if an active trading market for the Notes is sustained, the Notes could trade at prices that may be lower than the initial offering price. The liquidity of the trading market for the Notes and the trading price quoted for the Notes may be adversely affected by many factors, some of which are beyond our control, including:

- Prevailing interest rates;
- Demand for high yield debt securities generally;
- General economic conditions;
- Our financial condition, performance and future prospects;
- Our credit rating; and

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Prospects for companies in our industry generally.

Historically, the market of non-investment grade debt like the Notes has been subject to disruptions that have caused substantial market price fluctuations in the price of securities that are similar to the Notes. Therefore, any trading market for the Notes may be subject to disruptions and price volatility.

**Risks Associated With Sabra s Status As A REIT**

***The 90% distribution requirement will decrease our liquidity and may limit our ability to engage in otherwise beneficial transactions.***

To comply with the 90% distribution requirement applicable to REITs and to avoid the nondeductible excise tax, Sabra must make distributions to its stockholders. The indenture governing the Notes permits us to declare or pay any dividend or make any distribution that is necessary to maintain our REIT status if the aggregate principal amount of all outstanding Indebtedness of the Parent and its Restricted Subsidiaries on a consolidated basis at such time is less than 60% of Adjusted Total Assets (as each term is defined in the indenture governing the Notes) and to make additional distributions if we pass certain other financial tests.

Sabra is required under the Internal Revenue Code of 1986, as amended (the Code ), to distribute at least 90% of its taxable income, determined without regard to the dividends-paid deduction and excluding any net capital gain, and the Operating Partnership is required to make distributions to Sabra to allow it to satisfy these REIT distribution requirements. However, distributions may limit Sabra s ability to rely upon rental payments from its properties or subsequently acquired properties to finance investments, acquisitions or new developments.

Although Sabra anticipates that it generally will have sufficient cash or liquid assets to enable Sabra to satisfy the REIT distribution requirement, it is possible that, from time to time, Sabra may not have sufficient cash or other liquid assets to meet the 90% distribution requirement. This may be due to the timing differences between the actual receipt of income and actual payment of deductible expenses, on the one hand, and the inclusion of that income and deduction of those expenses in arriving at our taxable income, on the other hand. In addition, non-deductible expenses such as principal amortization or repayments or capital expenditures in excess of non-cash deductions also may cause Sabra to fail to have sufficient cash or liquid assets to enable Sabra to satisfy the 90% distribution requirement.

In the event that such an insufficiency or such timing differences occur, in order to meet the 90% distribution requirement and maintain Sabra s status as a REIT, Sabra may have to sell assets at unfavorable prices, borrow at unfavorable terms, make taxable stock dividends, or pursue other strategies. This may require Sabra to raise additional capital to meet its obligations. The terms of our Revolving Credit Facility and the terms of the indenture governing the Notes may restrict our ability to engage in some of these transactions.

**Risks Related to Sabra s Recent Acquisition of the Holiday Portfolio**

***The intended benefits of the acquisition of the Holiday Portfolio may not be realized, which could have a negative impact on the market price of our common stock after the acquisition.***

The acquisition of the Holiday Portfolio poses risks for our ongoing operations, including that:

our future business and financial results will suffer if we do not effectively manage our expanded portfolio;

our level of indebtedness will increase substantially;

the Holiday Portfolio, which is expected to contribute a significant portion of our future rents, may not perform as well as we anticipate or we may incur unanticipated costs and expenses relating to the Holiday Portfolio;

the intended benefits of the Holiday Portfolio may not be realized as quickly or to the extent anticipated by us or at all; and

unforeseen difficulties may arise in integrating the Holiday Portfolio into our existing portfolio.

Any of these matters could have a negative impact on the market price of our common stock after the acquisition.

***If we are unable to successfully integrate the Holiday Portfolio, our business and financial results may be negatively affected.***

We are currently in the process of integrating the Holiday Portfolio properties with our current operations. Successful integration of these properties will depend primarily on our ability to quickly and effectively consolidate the acquired properties into our existing operations. The acquisition of the Holiday Portfolio may also pose other risks commonly associated with similar transactions, including unanticipated liabilities, unexpected costs and the diversion of management s attention to the integration of the Holiday Portfolio with our operations. We may not be able to integrate these properties without encountering difficulties, including, but not limited to, the disruption of our ongoing businesses or possible inconsistencies in standards, controls, procedures and policies. If we have difficulties integrating the Holiday Portfolio, we might not achieve the economic benefits we anticipate to result from the acquisition, and this may hurt our business and financial results. In addition, we may experience greater-than-expected costs or difficulties relating to the integration of these properties.

***Holiday Tenant may be unable to cover its lease obligations to us and there can be no assurance that the Guarantor will be able to cover any shortfall.***

The Holiday Portfolio was previously owner-operated by Holiday. As a result, Holiday did not have a lease expense to cover like the lease expense that is and will be payable to us under the Holiday Master Lease. If Holiday Tenant is not able to satisfy its obligations to us, we would be entitled, among other remedies, to use any funds of Holiday Tenant then held by us as security for Holiday Tenant s performance of its obligations (approximately $15.1 million) and to seek recourse against the Guarantor under the Guaranty. The Guaranty includes certain financial covenants of the Guarantor, including maintaining a minimum net worth of $150 million, a minimum fixed charge coverage ratio of 1.10x and a maximum leverage ratio of 10x (as each term is defined in the Guaranty). As of the date of this prospectus supplement, the Guarantor has guaranteed, or agreed to guarantee, significant lease obligations of various other of its subsidiaries in addition to its guarantee of Holiday Tenants obligations to us. In the future, the Guarantor may execute additional guaranties of the lease obligations of its subsidiaries without limitation. The Guarantor informed us that as of June 30, 2014, it had a net worth (calculated in accordance with the Guaranty) of approximately $430.4 million. There can be no assurance that the Guarantor will have the resources necessary to satisfy its obligations to us under the Guaranty in the event that Holiday Tenant fails to satisfy its lease obligations to us in full, which could have a material adverse effect on us.

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## USE OF PROCEEDS

The net proceeds to us from this offering (after deducting the underwriters discounts and commissions and our offering expenses) are estimated to be approximately $145.8 million. We intend to use the net proceeds from this offering to repay borrowings outstanding under the Revolving Credit Facility. These repaid amounts may be reborrowed. We had no amounts outstanding and $289.5 million available for borrowing under our Prior Revolving Credit Facility as of June 30, 2014. On September 10, 2014, we entered into the Revolving Credit Facility that provides for a borrowing capacity of $650.0 million and an accordion feature allowing for an additional $100.0 million of capacity, subject to terms and conditions, resulting in a maximum borrowing capacity of $750.0 million. On September 24, 2014, we borrowed $560.0 million under the Revolving Credit Facility to fund the acquisition of the Holiday Portfolio as described under Summary Recent Developments Acquisition of the Holiday Portfolio and to provide us with additional working capital. The outstanding borrowings under the Revolving Credit Facility, including amounts that are converted into a term loan, bear interest on the outstanding principal amount at a rate equal to, at our option, LIBOR plus 2.00% to 2.60% or a Base Rate (as defined in the credit agreement relating to the Revolving Credit Facility) plus 1.00% to 1.60%. The Revolving Credit Facility, including any amounts that are converted into a term loan, has a maturity date of September 10, 2018 and includes a one year extension option.

After giving pro forma effect as of June 30, 2014 to the borrowing of an aggregate principal amount of $560.0 million under the Revolving Credit Facility (which we borrowed subsequent to June 30, 2014 to fund our acquisition of the Holiday Portfolio and provide us with additional working capital), and the application of the net proceeds from the Equity Offering (assuming the underwriters do not exercise their option to purchase additional shares of common stock) to pay down borrowings outstanding under the Revolving Credit Facility, we would have had on June 30, 2014 $421.1 million outstanding under the Revolving Credit Facility. Affiliates of certain of the underwriters are lenders under the Revolving Credit Facility and, in such capacity, will receive a portion of the net proceeds from this offering. See Underwriting (Conflicts of Interest).

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## CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2014:

- on an actual basis;
- on a pro forma basis to give effect to $560.0 million borrowed under our Revolving Credit Facility after June 30, 2014 to fund our acquisition of the Holiday Portfolio and provide us with additional working capital, as though such acquisition occurred on June 30, 2014;
- on a pro forma as adjusted basis to give further effect to the Equity Offering (assuming the underwriters do not exercise their option to purchase additional shares of common stock), after deducting the underwriting discounts and our estimated offering expenses totaling approximately $6.6 million, and the use of the net proceeds from such offering to repay borrowings outstanding under the Revolving Credit Facility; and
- on a pro forma as further adjusted basis to give further effect to the issuance and sale of $150.0 million aggregate principal amount of Notes in this offering and the use of the net proceeds of approximately $145.8 million from this offering to repay borrowings outstanding under the Revolving Credit Facility. See Use of Proceeds.

You should read this table together with Use of Proceeds, Summary Summary Condensed Consolidated Financial and Other Data and Unaudited Pro Forma Condensed Consolidated Financial Information included elsewhere in this prospectus supplement, as well as our consolidated financial statements and notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2013 and in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, which are incorporated by reference into this prospectus supplement.

| | As of June 30, 2014 | | | |
|---|---|---|---|---|
| | Actual | Pro Forma | Pro Forma As Adjusted(1) | Pro Forma As Further Adjusted |
| | (in thousands) | | | |
| Cash and cash equivalents | $ 15,085 | $ 23,710 | $ 23,710 | 23,710 |
| Long term debt, including amounts due within one year: | | | | |
| Revolving Credit Facility(2) | $ | $ 560,000 | $ 421,070 | $ 275,286 |
| Mortgage indebtedness | 125,400 | 125,400 | 125,400 | 125,400 |
| Existing 2021 Notes | 350,000 | 350,000 | 350,000 | 350,000 |
| Notes offered hereby(3)(4) | | | | 149,250 |
| 2023 Notes(3) | 200,000 | 200,000 | 200,000 | 200,000 |
| Total debt | 675,400 | 1,235,400 | 1,096,470 | 1,099,936 |
| Total equity | 655,815 | 654,440 | 793,370 | 793,370 |
| Total capitalization | $ 1,331,215 | $ 1,889,840 | $ 1,889,840 | $ 1,893,306 |

(1) Assumes no exercise of the underwriters option to purchase additional shares.

(2) As of June 30, 2014, the Prior Revolving Credit Facility provided for a borrowing capacity of up to $375.0 million (up to $30.0 million of which may have been utilized for letters of credit) and included an accordion feature that allowed the borrowers (the Operating Partnership and certain of its subsidiaries) to increase the borrowing availability under the Prior Revolving Credit Facility by up to an additional $225.0 million, subject to certain terms and conditions. Borrowing availability under the Prior Revolving Credit Facility was subject to a borrowing base calculation. As of June 30, 2014, no

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amounts were outstanding under the Prior Revolving Credit Facility. On September 10, 2014, we entered into the Revolving Credit Facility that provides for a borrowing capacity of $650.0 million and an accordion feature allowing for an additional $100.0 million of capacity, subject to customary terms and conditions, resulting in a maximum borrowing capacity of $750.0 million. We also have an option to convert up to $200.0 million of the Revolving Credit Facility to a term loan subject to terms and conditions. See Summary Recent Developments Second Amended and Restated Revolving Credit Facility. As of September 24, 2014, $570.0 million was outstanding under the Revolving Credit Facility and $80.0 million remained available for future borrowings. On September 25, 2014, we provided notice to the lenders under the Revolving Credit Facility of the exercise of the option to convert $200.0 million of the Revolving Credit Facility to a term loan. We intend to use the net proceeds from the Equity Offering to repay borrowings outstanding under the Revolving Credit Facility.

(3) The aggregate principal amount of the Notes and the Existing 2021 Notes will be $500.0 million.

(4) The outstanding principal balance of the Notes offered hereby includes a $0.8 million discount.

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## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The accompanying unaudited pro forma condensed consolidated financial statements presented below have been prepared based on certain pro forma adjustments to our historical consolidated financial statements. The unaudited pro forma information set forth below reflects our historical information, as adjusted to give effect to the following transactions, which are described in more detail elsewhere in this prospectus supplement:

- our acquisition of the Holiday Portfolio, consisting of a portfolio of 21 independent living facilities, for a total cash purchase price of $550.0 million;
- our entry into the Holiday Master Lease;
- borrowings of $560.0 million under the Revolving Credit Facility to fund the purchase price of the Holiday Portfolio and provide us with additional working capital;
- the sale of 6.0 million shares of our common stock in the Equity Offering, assuming the underwriters do not exercise their option to purchase additional shares of our common stock, and the use of the net proceeds from such offering to repay borrowings outstanding under the Revolving Credit Facility; and
- the sale of $150.0 million aggregate principal amount of Notes in this offering and the use of the net proceeds from this offering to repay borrowings outstanding under the Revolving Credit Facility.

The unaudited pro forma condensed consolidated balance sheet as of June 30, 2014 gives effect to the matters described above as if they had occurred on June 30, 2014. The unaudited pro forma condensed consolidated income statement for the six months ended June 30, 2014 and for the year ended December 31, 2013 give effect to the matters described above as if they had occurred on January 1, 2013. Our historical financial information was derived from our consolidated financial statements that are included in our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, which are incorporated herein by reference. This unaudited pro forma condensed consolidated financial information should be read in conjunction with the other information contained in this prospectus supplement, the accompanying prospectus, the related notes to this pro forma financial information and our historical consolidated financial statements and the related notes included in our filings with the SEC that are incorporated by reference into this prospectus supplement.

The allocation of the purchase price for the acquisition of the Holiday Portfolio is reflected in these unaudited pro forma condensed consolidated financial statements based upon preliminary estimates of the fair value of assets acquired and liabilities assumed. A final determination of the fair values of assets acquired and liabilities assumed will be based on the actual valuation of the tangible and intangible assets and liabilities of the Holiday Portfolio that will not be completed until after the Equity Offering and this offering of Notes is consummated. Consequently, amounts ultimately allocated to identifiable tangible and intangible assets and liabilities could change significantly from those used in the pro forma condensed consolidated financial statements presented below and could result in a material change in depreciation or amortization of tangible and intangible assets and liabilities.

In the opinion of management, all adjustments necessary to reflect the effects of the matters described above and in the notes to the unaudited pro forma condensed consolidated financial information have been included and are based upon available information and assumptions that we believe are reasonable. The historical financial information has been adjusted to give effect to the acquisition of the Holiday Portfolio, the Equity