



## **Senior Housing Properties Trust Agrees to Purchase Nine Classic Residence Vi® Communities (f/k/a Classic Residence by Hyatt®) for \$478 Million**

NEWTON, Mass.--(BUSINESS WIRE)-- Senior Housing Properties Trust (NYSE: SNH) today announced that it has agreed to purchase nine large senior living rental communities for \$478 million, including \$164 million of assumed mortgage debt on certain communities. These communities are currently operated by Vi® as Classic Residence, and were formerly known as Classic Residence by Hyatt®.

The nine communities include 2,226 living units: 1,708 independent living apartments, 471 assisted living suites and 47 suites where specialized Alzheimer services are provided; and they are located in six states: four in FL and one each in MD, NV, NJ, NY and TX.

The nine communities are currently 87% occupied. Following the closing, eight of these communities will be leased to a taxable REIT subsidiary of SNH and all nine communities will be managed by Five Star Quality Care, Inc. (NYSE: FVE), or Five Star, under long term contracts on terms similar to the terms of the existing senior living communities management contracts between SNH and Five Star. SNH currently expects that the combined cash flows it may realize from these nine communities in its first year of ownership will equal approximately 7% to 7.5% of SNH's combined purchase prices.

SNH expects to close on the majority of the communities in the fourth quarter of 2011. The purchase of certain communities may be delayed into 2012 because of required regulatory and other third party approvals, especially the licensing process in New York. The closings are also subject to other customary conditions.

SNH currently expects to fund these purchases using cash on hand, drawings available under its unsecured credit facility and by assuming approximately \$164 million of mortgage debts.

David J. Hegarty, President of SNH made the following statement at the time this agreement was announced:

"SNH believes these nine communities are market leaders in the quality of service offered to residents. Like the large majority of all senior living communities owned by SNH and operated by Five Star, one hundred percent (100%) of all the revenues at these communities are paid by residents from their private resources. We are pleased that SNH and Five Star will be able to continue the high quality services to the residents of these communities."

Goldman Sachs & Co. represented Vi® in the transaction.

Senior Housing Properties Trust is a real estate investment trust which owns senior living communities, medical office buildings, wellness centers and hospitals, including (as of June 30, 2011) 339 properties in 37 states and Washington, D.C. SNH is headquartered in Newton, MA.

### **WARNING REGARDING FORWARD LOOKING STATEMENTS**

THIS PRESS RELEASE CONTAINS FORWARD LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND OTHER SECURITIES LAWS. THESE FORWARD LOOKING STATEMENTS ARE BASED UPON SNH'S CURRENT BELIEFS AND EXPECTATIONS, BUT THEY ARE NOT GUARANTEED TO OCCUR AND MAY NOT OCCUR FOR VARIOUS REASONS, INCLUDING SOME REASONS BEYOND SNH'S CONTROL. FOR EXAMPLE:

- THIS PRESS RELEASE STATES THAT SNH HAS AGREED TO PURCHASE NINE SENIOR LIVING COMMUNITIES FOR \$478 MILLION AND THE CLOSINGS OF THESE PURCHASES WILL OCCUR DURING THE FOURTH QUARTER OF 2011 AND INTO 2012. HOWEVER, THE PURCHASES OF THESE NINE COMMUNITIES ARE SUBJECT TO VARIOUS CONDITIONS, INCLUDING REGULATORY AND OTHER THIRD PARTY APPROVALS. AS A RESULT OF THE FAILURE OF THESE CONDITIONS TO BE MET OR MODIFICATIONS OF THE AGREED TERMS TO SATISFY THESE CONDITIONS, THE PURCHASE OF SOME OR ALL OF THESE COMMUNITIES MAY BE DELAYED, THE PURCHASE

PRICE MAY CHANGE OR SOME OR ALL OF THESE COMMUNITIES MAY NOT BE PURCHASED.

- THIS PRESS RELEASE STATES THAT SNH CURRENTLY EXPECTS THAT THE COMBINED CASH FLOWS IT MAY REALIZE FROM THESE COMMUNITIES IN ITS FIRST YEAR OF OWNERSHIP WILL EQUAL APPROXIMATELY 7% TO 7.5% OF THE COMBINED PURCHASE PRICES SNH PAYS FOR THESE COMMUNITIES. THE CASH FLOWS WHICH SNH WILL REALIZE FROM THESE COMMUNITIES WILL DEPEND UPON THE ABILITY OF FIVE STAR TO MANAGE THE COMMUNITIES, INCLUDING FIVE STAR'S ABILITY TO RETAIN AND ATTRACT RESIDENTS, ITS ABILITY TO RETAIN AND ATTRACT STAFF, TO SET APPROPRIATE SERVICE CHARGES AND TO OPERATE THE COMMUNITIES EFFICIENTLY. OCCUPANCIES AT THESE COMMUNITIES MAY DECLINE FOR NUMEROUS REASONS, INCLUDING SOME BEYOND SNH'S OR FIVE STAR'S CONTROL, SUCH AS A GENERAL DECLINE IN THE U.S. ECONOMY WHICH REDUCES THE NUMBER OF PEOPLE WILLING OR ABLE TO PAY FOR THE SERVICES OFFERED AT THESE COMMUNITIES. INFLATION IN THE U.S. ECONOMY OR OTHER FACTORS MAY CAUSE THE COSTS OF LABOR AND SUPPLIES NEEDED TO OPERATE THESE COMMUNITIES TO INCREASE FASTER THAN RATES WHICH ARE CHARGED TO RESIDENTS. ALSO, THESE COMMUNITIES MAY REQUIRE CAPITAL EXPENDITURES WHICH WOULD REDUCE THE CASH FLOWS AVAILABLE TO SNH. FOR THESE REASONS, AMONG OTHERS, THERE CAN BE NO ASSURANCE THAT SNH WILL REALIZE A 7% TO 7.5% CASH FLOW RATE OF RETURN ON THE COMBINED PURCHASE PRICES SNH PAYS FOR THESE COMMUNITIES IN THE FIRST YEAR AFTER THESE PURCHASES OR ANY POSITIVE RETURN WHATSOEVER.

FIVE STAR WAS FORMERLY A 100% OWNED SUBSIDIARY OF SNH. SNH IS FIVE STAR'S LARGEST SHAREHOLDER. BOTH SNH AND FIVE STAR HAVE MANAGEMENT CONTRACTS WITH REIT MANAGEMENT & RESEARCH LLC, OR RMR. BECAUSE OF THESE AND OTHER RELATIONSHIPS AMONG SNH, FIVE STAR AND RMR, THE EXPECTED MANAGEMENT CONTRACTS DESCRIBED IN THIS PRESS RELEASE SHOULD BE CONSIDERED RELATED PARTY TRANSACTIONS. FOR MORE INFORMATION ABOUT THE RELATIONSHIPS BETWEEN SNH, FIVE STAR, RMR AND THEIR AFFILIATES AND ABOUT THE RISKS WHICH MAY ARISE FROM SUCH RELATIONSHIPS, PLEASE SEE SNH'S ANNUAL REPORT ON FORM 10K FOR THE YEAR ENDED DECEMBER 31, 2010, ESPECIALLY THE SECTIONS ENTITLED "BUSINESS", "RISK FACTORS" AND "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS --- RELATED PERSONS TRANSACTIONS", SNH'S QUARTERLY REPORT ON FORM 10Q FOR THE SIX MONTHS ENDED JUNE 30, 2011, ESPECIALLY THE SECTION ENTITLED "RISK FACTORS" AND "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS --- RELATED PERSONS TRANSACTIONS" AND SNH'S PROXY STATEMENT FOR THE 2011 ANNUAL MEETING OF SHAREHOLDERS, ESPECIALLY THE SECTION ENTITLED "RELATED PERSON TRANSACTIONS AND COMPANY REVIEW OF SUCH TRANSACTIONS"; COPIES OF THE ANNUAL AND QUARTERLY REPORTS AND PROXY STATEMENT ARE AVAILABLE AT THE SEC WEBSITE: [WWW.SEC.GOV](http://WWW.SEC.GOV).

FOR THESE AND OTHER REASONS, INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE UPON FORWARD LOOKING STATEMENTS IN THIS PRESS RELEASE.

EXCEPT AS REQUIRED BY LAW, WE DO NOT INTEND TO UPDATE OR CHANGE ANY FORWARD LOOKING STATEMENTS AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

*A Maryland Real Estate Investment Trust with transferable shares of beneficial interest listed on the New York Stock Exchange.*

*No shareholder, Trustee or officer is personally liable for any act or obligation of the Trust.*

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Source: Senior Housing Properties Trust

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