



Senior Housing Properties Trust

NEWS RELEASE

Senior Housing Properties Trust to Realize \$308 Million Gain on Sale of Properties

1/2/2018

NEWTON, Mass.--(BUSINESS WIRE)-- Senior Housing Properties Trust (Nasdaq: SNH) today announced that it expects to report a gain of approximately \$308 million on the sale of four senior living communities.

The four communities to be sold are all currently leased to Sunrise Assisted Living, Inc. ("Sunrise") for terms ending December 31, 2023 (plus tenant extension options through December 31, 2033).

The four senior communities contain a total of 1,179 living units/beds (excluding units owned by Sunrise and separately owned independent living condominium units). The sales price which SNH expects to receive for these four communities is \$368.0 million, plus or minus customary closing adjustments, or approximately \$312,129 per living unit/bed.

The total rent received by SNH for the communities to be sold during the 12 months ended September 30, 2017 (including both base and percentage rent) was approximately \$14.8 million, which equates to sale price capitalization rate of approximately 4% p.a.

The four communities were purchased by SNH in 1994 for approximately \$124.3 million. At that time, these communities were leased to Marriott Senior Living Services, Inc., then a wholly owned subsidiary of Marriott International, Inc. (Nasdaq: MAR). In 2003, Marriott International sold its senior living business to Sunrise, but Marriott International has remained a guarantor of the lease obligations due to SNH. SNH's current book value of

these communities is approximately \$60.0 million.

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

“SNH has enjoyed its long term relationship with Marriott International at these communities and its successor tenant, Sunrise. SNH believes these communities now require updating and renovation capital; and the current tenant arranged for SNH to sell these communities to a buyer interested to make the necessary investments on terms acceptable to the tenant. In these circumstances, now is the right time for SNH to harvest its significant capital gains on this investment and to use the proceeds to reduce SNH’s debt leverage and/or to re-deploy the capital received from these sales into new investments.”

The sale of one of these communities located in Arlington, VA was completed on December 29, 2017 in order that SNH may spread the capital gains to be realized over two tax years. The three additional communities are located in Boca Raton, FL, Silver Springs, MD and Charlottesville, VA. SNH currently expects that these three additional sales will be completed before March 31, 2018.

Senior Housing Properties Trust is a real estate investment trust which owns senior living communities, medical office buildings, life science and biotech research and manufacturing properties, and wellness centers throughout the United States. SNH is managed by the operating subsidiary of The RMR Group Inc. (Nasdaq: RMR), an alternative asset management company focused on real estate businesses, that 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 FORWARD LOOKING STATEMENTS 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 EXPECTS TO SELL ALL FOUR SENIOR LIVING COMMUNITIES FOR APPROXIMATELY \$368 MILLION AND TO REALIZE CAPITAL GAINS OF APPROXIMATELY \$308 MILLION, AND THAT THESE SALES WILL BE CONCLUDED BY MARCH 31, 2018. SNH BELIEVES THAT ITS TENANT AT THESE COMMUNITIES AND THE BUYER INTEND TO CHANGE THE TENANCY AND OPERATING ARRANGEMENTS AT THESE COMMUNITIES. THESE CHANGES ARE LIKELY TO REQUIRE LICENSING AND OTHER THIRD PARTY APPROVALS. FOR THESE OR OTHER REASONS, THESE SALES MAY BE DELAYED, THE TERMS OF THE SALES MAY BE CHANGED OR THESE SALES MAY NOT OCCUR.

FOR THESE REASONS, AMONG OTHERS, INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE UPON SNH’S

FORWARD LOOKING STATEMENTS. EXCEPT AS REQUIRED BY LAW, SNH DOES NOT UNDERTAKE TO UPDATE ITS FORWARD LOOKING STATEMENTS AS A RESULT OF CHANGED CIRCUMSTANCES, OR OTHERWISE.

A Maryland Real Estate Investment Trust with transferable shares of beneficial interest listed on the Nasdaq. No shareholder, Trustee or officer is personally liable for any act or obligation of the Trust.

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