



Senior Housing Properties Trust

NEWS RELEASE

Senior Housing Properties Trust Announces Business Updates

12/30/2019

NEWTON, Mass.--(BUSINESS WIRE)-- **Senior Housing Properties Trust (Nasdaq: SNH)** today announced that it remains on schedule to complete the restructuring of its business arrangements with its largest tenant, Five Star Senior Living Inc. (Nasdaq: FVE), or Five Star, as of January 1, 2020.

In addition, SNH announced the completion of \$207.8 million in property sales during the fourth quarter of 2019 as part of its previously announced plan to sell up to \$900 million of properties in connection with the restructuring. SNH also recently completed the acquisition of a 169-unit Active Adult rental property in Plano, TX for approximately \$50.3 million and obtained a new, short-term \$250 million senior unsecured term loan.

Disposition Update:

Since the conference call regarding SNH's third quarter 2019 financial results, SNH has completed the sale of approximately \$149.8 million of senior living and medical office properties. The sales include:

- a portfolio of seven senior living communities with a combined 566 units located in California, Oregon, Arizona, Florida and Rhode Island for approximately \$103.3 million.
- a 150-unit senior living community located in Redmond, WA for \$32.5 million, and
- a 95,000 square foot medical office building located in Atlanta, GA for \$14 million.

As part of this disposition plan, SNH has sold, or currently has under agreement to sell, approximately \$678 million

of properties. SNH also currently has an additional \$231 million of properties with offers from prospective buyers. SNH expects to use the proceeds from these sales to repay debt and for general business purposes, including potential acquisitions.

Acquisition of 169-Unit, Active Adult rental property in Plano, TX:

During the fourth quarter of 2019, SNH acquired a 169-unit, Class A, Active Adult rental property built in 2016 and located in Plano, TX, a submarket of Dallas, for approximately \$50.3 million. SNH funded this acquisition with proceeds from dispositions and borrowings under its \$1 billion unsecured revolving credit facility. Within a 10 mile radius of this property, SNH owns two senior living facilities: the 245-unit Forum at Park Lane and the 143-unit Premier Residences of Dallas.

“SNH is excited to add this high-quality asset to our diverse portfolio of healthcare properties,” said Jennifer Francis, President and Chief Operating Officer of SNH. “The age-restricted Active Adult rental apartment segment has gained popularity with baby boomers due to their interest in the active lifestyle, wellness and socialization benefits offered in these communities without the services and care that are provided in more traditional senior living communities. We believe the addition of this Active Adult property to our portfolio will capture the evolving real estate needs of the baby boomer generation, provide additional diversification of our assets and create synergies with our existing independent and assisted living communities.”

Short-Term \$250 Million Senior Unsecured Term Loan Facility:

SNH also announced that, on December 12, 2019, it obtained a new short-term \$250 million senior unsecured term loan. The maturity date of the term loan is June 12, 2020, which may be extended by six months subject to the satisfaction of certain conditions, including the payment of an extension fee. SNH used the net proceeds from this term loan, together with proceeds from its property dispositions, borrowings under its revolving credit facility and cash on hand, to prepay in full its \$350 million senior unsecured term loan that was scheduled to mature on January 15, 2020. The interest rate on the new term loan is LIBOR plus 125 basis points, subject to adjustment based on changes to SNH's credit ratings.

SNH is a real estate investment trust, or REIT, that owns medical office and life science properties, senior living communities and wellness centers throughout the United States. SNH is managed by The RMR Group LLC, the majority owned operating subsidiary of The RMR Group Inc. (Nasdaq: RMR), an alternative asset management company that is headquartered in Newton, MA.

WARNING REGARDING FORWARD-LOOKING STATEMENTS

This press release contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. Also, whenever SNH uses words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “estimate”, “will”, “may” and negatives or derivatives of these or similar expressions, SNH is making forward-looking statements. These forward-looking statements are based upon SNH’s present intent, beliefs or expectations, but forward-looking statements are not guaranteed to occur and may not occur. Actual results may differ materially from those contained in or implied by SNH’s forward-looking statements as a result of various factors. Forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond SNH’s control. For example:

- This press release states that SNH remains on schedule to complete the restructuring of its business arrangement with Five Star as of January 1, 2020. The completion of the restructuring is subject to conditions, including, among others, the continued effectiveness of Five Star’s registration statement on Form S-1 for the related Five Star common share issuances and the receipt of certain regulatory approvals. SNH cannot be sure that these conditions will be satisfied. Accordingly, the restructuring may not become effective as of January 1, 2020 or at all, or the terms of such transactions may change.
- This press release states that the property sales announced today were part of SNH’s previously announced disposition plan to sell up to \$900 million of properties. SNH cannot be sure when or if it will be able to sell additional properties or that any additional properties it may sell, when combined with proceeds from previous sales, will aggregate or exceed \$900 million. Further, SNH is not obligated to continue to pursue this disposition plan and it may elect to abandon pursuit of this disposition plan at any time. If SNH does not complete its disposition plan, its credit ratings may be adversely impacted, and it may be limited in pursuing its business strategies.
- This press release states that SNH expects to use the net proceeds from the sale of properties announced today to repay debt and for general business purposes, including potential acquisitions. However, SNH may elect to use these proceeds for other reasons. Further, any reduction in SNH’s debt that may result from any repayment of its debt with these proceeds may be offset by future borrowings that SNH may incur.
- Ms. Francis discusses in this press release certain benefits SNH may receive from the addition of the Active Adult community to its portfolio. However, such benefits may not materialize as expected, or at all.
- This press release states that SNH has the option to extend the maturity date of the new term loan by six months subject to the satisfaction of certain conditions, including the payment of an extension fee. However, the applicable conditions may not be met. In addition, actual costs under the new term loan will be higher than LIBOR plus a premium because of fees and expenses associated with such debt.

The information contained in SNH’s filings with the Securities and Exchange Commission, or SEC, including under “Risk Factors” in SNH’s periodic reports, or incorporated therein, identifies other important factors that could cause SNH’s actual results to differ materially from those stated in or implied by SNH’s forward-looking statements. SNH’s filings with the SEC are available on the SEC’s website at www.sec.gov.

You should not place undue reliance upon forward-looking statements.

Except as required by law, SNH does 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 Nasdaq.
No shareholder, Trustee or officer is personally liable for any act or obligation of the Trust.

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Michael Kodesch, Director, Investor Relations
(617) 796-8234
www.snhreit.com

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