Senior Housing Properties Trust
Fourth Quarter 2016
Supplemental Operating and Financial Data

SNH
Nasdaq Listed

Remington Club
405 Living Units
San Diego, CA

All amounts in this report are unaudited.

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WARNING CONCERNING FORWARD LOOKING STATEMENTS

THIS PRESENTATION OF SUPPLEMENTAL OPERATING AND FINANCIAL DATA 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 WE USE WORDS SUCH AS "BELIEVE", "EXPECT", "ANTICIPATE", "INTEND", "PLAN", "ESTIMATE", "WILL", "MAY" AND NEGATIVES OR DERIVATIVES OF THESE OR SIMILAR EXPRESSIONS, WE ARE MAKING FORWARD LOOKING STATEMENTS. THESE FORWARD LOOKING STATEMENTS ARE BASED UPON OUR PRESENT INTENT, BELIEFS OR EXPECTATIONS, BUT FORWARD LOOKING STATEMENTS ARE NOT GUARANTEED TO OCCUR AND MAY NOT OCCUR. FORWARD LOOKING STATEMENTS IN THIS PRESENTATION OF SUPPLEMENTAL OPERATING AND FINANCIAL DATA RELATE TO VARIOUS ASPECTS OF OUR BUSINESS, INCLUDING:

- OUR POLICIES AND PLANS REGARDING INVESTMENTS, FINANCINGS AND DISPOSITIONS,
- OUR ABILITY TO RETAIN OUR EXISTING TENANTS, ATTRACT NEW TENANTS AND MAINTAIN OR INCREASE CURRENT RENTAL RATES,
- THE CREDIT QUALITIES OF OUR TENANTS,
- OUR ABILITY TO COMPETE FOR ACQUISITIONS AND TENANCIES EFFECTIVELY,
- OUR ACQUISITIONS AND SALES OF PROPERTIES,
- OUR ABILITY TO PAY DISTRIBUTIONS TO OUR SHAREHOLDERS AND THE AMOUNT OF SUCH DISTRIBUTIONS,
- OUR ABILITY TO RAISE DEBT OR EQUITY CAPITAL,
- THE FUTURE AVAILABILITY OF BORROWINGS UNDER OUR REVOLVING CREDIT FACILITY,
- OUR ABILITY TO PAY INTEREST ON AND PRINCIPAL OF OUR DEBT,
- OUR ABILITY TO APPROPRIATELY BALANCE OUR USE OF DEBT AND EQUITY CAPITAL,
- OUR CREDIT RATINGS,
- OUR EXPECTATION THAT WE BENEFIT FROM OUR OWNERSHIP OF THE RMR GROUP INC., OR RMR INC.,
- OUR EXPECTATION THAT WE BENEFIT FROM OUR OWNERSHIP OF AFFILIATES INSURANCE COMPANY, OR AIC, AND FROM OUR PARTICIPATION IN INSURANCE PROGRAMS ARRANGED BY AIC,
- OUR QUALIFICATION FOR TAXATION AS A REAL ESTATE INVESTMENT TRUST, OR REIT,
- OUR BELIEF THAT THE AGING U.S. POPULATION WILL INCREASE THE DEMAND FOR EXISTING SENIOR LIVING COMMUNITIES,
- OUR BELIEF THAT FIVE STAR QUALITY CARE, INC., OR FIVE STAR, OUR FORMER SUBSIDIARY AND LARGEST TENANT AND THE MANAGER OF OUR MANAGED SENIOR LIVING COMMUNITIES, HAS ADEQUATE FINANCIAL RESOURCES AND LIQUIDITY AND THE ABILITY TO MEET ITS OBLIGATIONS TO US AND TO MANAGE OUR SENIOR LIVING COMMUNITIES SUCCESSFULLY, AND
- OTHER MATTERS.

OUR ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE CONTAINED IN OR IMPLIED BY OUR FORWARD LOOKING STATEMENTS AS A RESULT OF VARIOUS FACTORS. FACTORS THAT COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR FORWARD LOOKING STATEMENTS AND UPON OUR BUSINESS, RESULTS OF OPERATIONS, FINANCIAL CONDITION, FUNDS FROM OPERATIONS, OR FFO, NORMALIZED FUNDS FROM OPERATIONS, OR NORMALIZED FFO, NET OPERATING INCOME, OR NOI, CASH BASIS NOI, EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION, OR EBITDA, EBITDA AS ADJUSTED, OR ADJUSTED EBITDA, CASH FLOWS, LIQUIDITY AND PROSPECTS INCLUDE, BUT ARE NOT LIMITED TO:

- THE IMPACT OF CHANGES AND CONDITIONS IN THE ECONOMY AND THE CAPITAL MARKETS ON US AND OUR TENANTS AND MANAGERS,
- THE IMPACT OF THE PATIENT PROTECTION AND AFFORDABLE CARE ACT, AS AMENDED BY THE HEALTH CARE AND EDUCATION RECONCILIATION ACT, OR COLLECTIVELY, THE ACA, INCLUDING CURRENT PROPOSALS TO REPEAL AND REPLACE THE ACA AND OTHER EXISTING OR PROPOSED LEGISLATION OR REGULATIONS ON US, ON OUR TENANTS AND MANAGERS AND ON THEIR ABILITY TO PAY OUR RENTS AND RETURNS,
- ACTUAL AND POTENTIAL CONFLICTS OF INTEREST WITH OUR RELATED PARTIES, INCLUDING OUR MANAGING TRUSTEES, FIVE STAR, THE RMR GROUP LLC, OR RMR LLC, RMR INC., AIC, D&R YONKERS LLC, SELECT INCOME REIT, OR SIR, AND OTHERS AFFILIATED WITH THEM,
- COMPLIANCE WITH, AND CHANGES TO, FEDERAL, STATE AND LOCAL LAWS AND REGULATIONS, ACCOUNTING RULES, TAX LAWS AND SIMILAR MATTERS,
- LIMITATIONS IMPOSED ON OUR BUSINESS AND OUR ABILITY TO SATISFY COMPLEX RULES IN ORDER FOR US TO QUALIFY FOR TAXATION AS A REIT FOR U.S. FEDERAL INCOME TAX PURPOSES,
- COMPETITION WITHIN THE HEALTHCARE AND REAL ESTATE INDUSTRIES, AND
- ACTS OF TERRORISM, OUTBREAKS OF SO CALLED PANDEMICS OR OTHER MANMADE OR NATURAL DISASTERS BEYOND OUR CONTROL.

FOR EXAMPLE:

- FIVE STAR IS OUR LARGEST TENANT AND THE MANAGER OF OUR MANAGED SENIOR LIVING COMMUNITIES AND IT MAY EXPERIENCE FINANCIAL DIFFICULTIES AS A RESULT OF A NUMBER OF FACTORS, INCLUDING, BUT NOT LIMITED TO:
  - CHANGES IN MEDICARE OR MEDICAID POLICIES, INCLUDING THOSE THAT MAY RESULT FROM THE ACA, INCLUDING CURRENT PROPOSALS TO REPEAL AND REPLACE THE ACA AND OTHER EXISTING OR PROPOSED LEGISLATION OR REGULATIONS, WHICH COULD RESULT IN REDUCED MEDICARE OR MEDICAID RATES OR A FAILURE OF SUCH RATES TO COVER FIVE STAR'S COSTS OR LIMIT THE SCOPE OR FUNDING OF EITHER OR BOTH PROGRAMS,
  - THE IMPACT OF CHANGES IN THE ECONOMY AND THE CAPITAL MARKETS ON FIVE STAR AND ITS RESIDENTS AND OTHER CUSTOMERS.
  - COMPETITION WITHIN THE SENIOR LIVING SERVICES BUSINESS,
  - INCREASES IN INSURANCE AND TORT LIABILITY AND OTHER COSTS, AND
  - INCREASES IN FIVE STAR'S LABOR COSTS OR IN COSTS FIVE STAR PAYS FOR GOODS AND SERVICES.
- IF FIVE STAR'S OPERATIONS CONTINUE TO BE UNPROFITABLE, IT MAY DEFAULT IN ITS RENT OBLIGATIONS TO US OR WE MAY REALIZE REDUCED INCOME FROM OUR MANAGED SENIOR LIVING COMMUNITIES,
- IF FIVE STAR FAILS TO PROVIDE QUALITY SERVICES AT SENIOR LIVING COMMUNITIES THAT WE OWN, OUR INCOME FROM THESE COMMUNITIES MAY BE ADVERSELY AFFECTED,
- OUR OTHER TENANTS MAY EXPERIENCE LOSSES AND DEFAULT IN THEIR RENT OBLIGATIONS TO US,
- SOME OF OUR TENANTS MAY NOT RENEW EXPIRING LEASES, AND WE MAY BE UNABLE TO OBTAIN NEW TENANTS TO MAINTAIN OR INCREASE THE HISTORICAL OCCUPANCY RATES OF, OR RENTS FROM, OUR PROPERTIES,
- OUR ABILITY TO MAKE FUTURE DISTRIBUTIONS TO OUR SHAREHOLDERS AND TO MAKE PAYMENTS OF PRINCIPAL AND INTEREST ON OUR INDEBTEDNESS DEPENDS UPON A NUMBER OF FACTORS, INCLUDING OUR FUTURE EARNINGS, THE CAPITAL COSTS WE INCUR TO LEASE AND OPERATE OUR PROPERTIES AND OUR WORKING CAPITAL REQUIREMENTS. WE MAY BE UNABLE TO PAY OUR DEBT OBLIGATIONS OR TO MAINTAIN OUR CURRENT RATE OF DISTRIBUTIONS ON OUR COMMON SHARES AND FUTURE DISTRIBUTIONS MAY BE REDUCED OR ELIMINATED,
- OUR ABILITY TO GROW OUR BUSINESS AND INCREASE OUR DISTRIBUTIONS DEPENDS IN LARGE PART UPON OUR ABILITY TO BUY PROPERTIES AND ARRANGE FOR THEIR PROFITABLE OPERATION OR LEASE THEM FOR RENTS, LESS PROPERTY OPERATING EXPENSES, THAT EXCEED OUR CAPITAL COSTS. WE MAY BE UNABLE TO IDENTIFY PROPERTIES THAT WE WANT TO ACQUIRE OR TO NEGOTIATE ACCEPTABLE PURCHASE PRICES, ACQUISITION FINANCING, MANAGEMENT AGREEMENTS OR LEASE TERMS FOR NEW PROPERTIES,
- RENTS THAT WE CAN CHARGE AT OUR PROPERTIES MAY DECLINE BECAUSE OF CHANGING MARKET CONDITIONS OR OTHERWISE,
- CONTINGENCIES IN OUR ACQUISITION AND SALE AGREEMENTS MAY NOT BE SATISFIED AND OUR PENDING ACQUISITIONS AND SALES AND ANY RELATED LEASES OR MANAGEMENT ARRANGEMENTS WE MAY EXPECT TO ENTER INTO MAY NOT OCCUR, MAY BE DELAYED OR THE TERMS OF SUCH TRANSACTIONS OR ARRANGEMENTS MAY CHANGE,
- WE MAY ENTER INTO ADDITIONAL LEASE OR MANAGEMENT ARRANGEMENTS WITH FIVE STAR FOR ADDITIONAL SENIOR LIVING COMMUNITIES THAT WE OWN OR MAY ACQUIRE IN THE FUTURE OR WE MAY ENTER INTO OTHER TRANSACTIONS WITH FIVE STAR. HOWEVER, WE CANNOT BE SURE THAT WE WILL ENTER INTO ANY ADDITIONAL LEASES, MANAGEMENT ARRANGEMENTS OR OTHER TRANSACTIONS WITH FIVE STAR,

- CONTINUED AVAILABILITY OF BORROWINGS UNDER OUR REVOLVING CREDIT FACILITY IS SUBJECT TO OUR SATISFYING CERTAIN FINANCIAL COVENANTS AND OTHER CUSTOMARY CREDIT FACILITY CONDITIONS THAT WE MAY BE UNABLE TO SATISFY,
- ACTUAL COSTS UNDER OUR REVOLVING CREDIT FACILITY OR OTHER FLOATING RATE CREDIT FACILITIES WILL BE HIGHER THAN LIBOR PLUS A PREMIUM BECAUSE OF OTHER FEES AND EXPENSES ASSOCIATED WITH SUCH FACILITIES,
- THE MAXIMUM BORROWING AVAILABILITY UNDER OUR REVOLVING CREDIT FACILITY AND TERM LOANS MAY BE INCREASED TO UP TO $2.6 BILLION ON A COMBINED BASIS IN CERTAIN CIRCUMSTANCES. HOWEVER, INCREASING THE MAXIMUM BORROWING AVAILABILITY UNDER OUR REVOLVING CREDIT FACILITY AND TERM LOANS IS SUBJECT TO OUR OBTAINING ADDITIONAL COMMITMENTS FROM LENDERS, WHICH MAY NOT OCCUR,
- WE HAVE THE OPTION TO EXTEND THE MATURITY DATE OF OUR REVOLVING CREDIT FACILITY UPON PAYMENT OF A FEE AND MEETING CERTAIN OTHER CONDITIONS. HOWEVER, THE APPLICABLE CONDITIONS MAY NOT BE MET,
- THE PREMIUMS USED TO DETERMINE THE INTEREST RATE PAYABLE ON OUR REVOLVING CREDIT FACILITY AND TERM LOANS AND THE FACILITY FEE PAYABLE ON OUR REVOLVING CREDIT FACILITY ARE BASED ON OUR CREDIT RATINGS. FUTURE CHANGES IN OUR CREDIT RATINGS MAY CAUSE THE INTEREST AND FEES WE PAY TO INCREASE,
- WE MAY BE UNABLE TO REPAY OUR DEBT OBLIGATIONS WHEN THEY BECOME DUE,
- FOR THE YEAR ENDED DECEMBER 31, 2016, APPROXIMATELY 97% OF OUR NOI WAS GENERATED FROM PROPERTIES WHERE A MAJORITY OF THE REVENUES ARE DERIVED FROM OUR TENANTS' AND RESIDENTS' PRIVATE RESOURCES. THIS MAY IMPLY THAT WE WILL MAINTAIN OR INCREASE THE PERCENTAGE OF OUR NOI GENERATED FROM PRIVATE RESOURCES AT OUR SENIOR LIVING COMMUNITIES. HOWEVER, OUR RESIDENTS AND PATIENTS MAY BECOME UNABLE TO FUND OUR CHARGES WITH PRIVATE RESOURCES IN THE FUTURE AND WE MAY BE REQUIRED OR MAY ELECT FOR BUSINESS REASONS TO ACCEPT OR PURSUE REVENUES FROM GOVERNMENT SOURCES, WHICH COULD RESULT IN AN INCREASED PART OF OUR NOI AND REVENUE BEING GENERATED FROM GOVERNMENT PAYMENTS AND OUR BECOMING MORE DEPENDENT ON GOVERNMENT PAYMENTS,
- CIRCUMSTANCES THAT ADVERSELY AFFECT THE ABILITY OF SENIORS OR THEIR FAMILIES TO PAY FOR OUR TENANTS' AND MANAGERS' SERVICES, SUCH AS ECONOMIC DOWNTURNS, SOFTNESS IN THE U.S. HOUSING MARKET, HIGHER LEVELS OF UNEMPLOYMENT AMONG RESIDENT FAMILY MEMBERS, LOWER LEVELS OF CONSUMER CONFIDENCE, STOCK MARKET VOLATILITY AND / OR CHANGES IN DEMOGRAPHICS GENERALLY COULD AFFECT THE PROFITABILITY OF OUR MANAGED SENIOR LIVING COMMUNITIES,
- WE MAY NOT BE ABLE TO SELL PROPERTIES THAT WE MAY CLASSIFY AS HELD FOR SALE ON TERMS ACCEPTABLE TO US OR OTHERWISE,
- WE BELIEVE THAT OUR RELATIONSHIPS WITH OUR RELATED PARTIES, INCLUDING FIVE STAR, RMR LLC, RMR INC., ABP TRUST, AIC, D&R YONKERS LLC, SIR AND OTHERS AFFILIATED WITH THEM MAY BENEFIT US AND PROVIDE US WITH COMPETITIVE ADVANTAGES IN OPERATING AND GROWING OUR BUSINESS. HOWEVER, THE ADVANTAGES WE BELIEVE WE MAY REALIZE FROM THESE RELATIONSHIPS MAY NOT MATERIALIZE,
- OUR SENIOR LIVING COMMUNITIES ARE SUBJECT TO EXTENSIVE GOVERNMENT REGULATION, LICENSURE AND OVERSIGHT. WE SOMETIMES EXPERIENCE DEFICIENCIES IN THE OPERATION OF OUR SENIOR LIVING COMMUNITIES AND SOME OF OUR COMMUNITIES MAY BE PROHIBITED FROM ADMITTING NEW RESIDENTS OR OUR LICENSE TO CONTINUE OPERATIONS AT A COMMUNITY MAY BE REVOKED. ALSO, OPERATING DEFICIENCIES OR A LICENSE REVOCATION AT ONE OR MORE OF OUR SENIOR LIVING COMMUNITIES MAY HAVE AN ADVERSE IMPACT ON OUR ABILITY TO OBTAIN LICENSES FOR OR ATTRACT RESIDENTS TO OUR OTHER COMMUNITIES, AND
- THE BUSINESS MANAGEMENT AND PROPERTY MANAGEMENT AGREEMENTS BETWEEN US AND RMR LLC HAVE CONTINUING 20 YEAR TERMS. HOWEVER, THOSE AGREEMENTS INCLUDE TERMS WHICH PERMIT EARLY TERMINATION IN CERTAIN CIRCUMSTANCES. ACCORDINGLY, WE CANNOT BE SURE THAT THESE AGREEMENTS WILL REMAIN IN EFFECT FOR CONTINUING 20 YEAR TERMS OR FOR SHORTER TERMS.

CURRENTLY UNEXPECTED RESULTS COULD OCCUR DUE TO MANY DIFFERENT CIRCUMSTANCES, SOME OF WHICH ARE BEYOND OUR CONTROL, SUCH AS NEW LEGISLATION OR REGULATIONS AFFECTING OUR BUSINESS OR THE BUSINESSES OF OUR TENANTS OR MANAGERS, CHANGES IN OUR TENANTS' OR MANAGERS' REVENUES OR COSTS, CHANGES IN OUR TENANTS' OR MANAGERS' FINANCIAL CONDITIONS, DEFICIENCIES IN OPERATIONS BY THE TENANTS OR MANAGERS OF OUR SENIOR LIVING COMMUNITIES, CHANGED MEDICARE OR MEDICAID RATES, ACTS OF TERRORISM, NATURAL DISASTERS OR CHANGES IN CAPITAL MARKETS OR THE ECONOMY GENERALLY.

THE INFORMATION CONTAINED IN OUR FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION, OR SEC, INCLUDING UNDER THE CAPTION "RISK FACTORS" IN OUR PERIODIC REPORTS, OR INCORPORATED THEREIN, IDENTIFIES OTHER IMPORTANT FACTORS THAT COULD CAUSE DIFFERENCES FROM OUR FORWARD LOOKING STATEMENTS. OUR FILINGS WITH THE SEC ARE AVAILABLE ON THE SEC'S WEBSITE AT WWW.SEC.GOV.

YOU SHOULD NOT PLACE UNDUE RELIANCE UPON OUR FORWARD LOOKING STATEMENTS.

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.

CORPORATE INFORMATION

Tenant: Advanced Bionics
146,385 Sq. Ft.
Valencia, CA

The Company:

Senior Housing Properties Trust, or SNH, we, our or us, is a real estate investment trust, or REIT, which owns independent and assisted living communities, continuing care retirement communities, skilled nursing facilities, or SNFs, wellness centers, and properties leased to medical providers, medical related businesses, clinics and biotech laboratory tenants, or MOBs, located throughout the U.S. We are included in a number of stock indices, including the S&P 400 MidCap Index, Russell 1000® Index, the MSCI US REIT Index, FTSE EPRA/NAREIT United States Index and the S&P REIT Composite Index.

Management:

SNH is managed by The RMR Group LLC, the operating subsidiary of The RMR Group Inc. (Nasdaq: RMR). RMR is an alternative asset management company that was founded in 1986 to manage real estate companies and related businesses. RMR primarily provides management services to four publicly owned real estate investment trusts, or REITs, and three real estate related operating businesses. In addition to managing SNH, RMR manages Hospitality Properties Trust, a REIT that owns hotels and travel centers, Select Income REIT, a REIT that is focused on owning and investing in net leased, single tenant properties, and Government Properties Income Trust, a REIT that primarily owns properties leased to the U.S. and state governments. RMR also provides management services to TravelCenters of America LLC, a publicly traded operator of travel centers along the U.S. Interstate Highway System, convenience stores and restaurants, Five Star Quality Care, Inc., a publicly traded operator of senior living communities (including some of the senior living communities that SNH owns), and Sonesta International Hotels Corporation, a privately owned franchisor and operator of hotels and cruise ships. RMR also manages publicly traded securities of real estate companies and private commercial real estate debt funds through wholly owned SEC registered investment advisory subsidiaries. As of December 31, 2016, RMR had $27.2 billion of real estate assets under management and the combined RMR managed companies had approximately $11.0 billion of annual revenues, over 1,400 properties and more than 53,000 employees. We believe that being managed by RMR is a competitive advantage for SNH because of RMR's depth of management and experience in the real estate industry. We also believe RMR provides management services to us at costs that are lower than we would have to pay for similar quality services.

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Stock Exchange Listing:

Nasdaq

Trading Symbols:

Common Shares: SNH
5.625% Senior Notes due 2042: SNHNI
6.250% Senior Notes due 2046: SNHNL

Senior Unsecured Debt Ratings:

Moody's: Baa3
Standard & Poor's: BBB-

INVESTOR INFORMATION

Board of Trustees

Senior Management

David J. Hegarty
President & Chief Operating Officer

Richard W. Siedel, Jr.
Chief Financial Officer & Treasurer

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SNH is followed by the equity research analysts and its publicly held debt is rated by the rating agencies listed above. Please note that any opinions, estimates or forecasts regarding SNH's performance made by these analysts or agencies do not represent opinions, forecasts or predictions of SNH or its management. SNH does not by its reference above imply its endorsement of or concurrence with any information, conclusions or recommendations provided by any of these analysts or agencies.

FINANCIALS

The Court at Palm Aire
295 Living Units
Pompano Beach, FL

KEY FINANCIAL DATA

(amounts in thousands, except per share data)

	As of and For the Three Months Ended				
	12/31/2016	9/30/2016	6/30/2016	3/31/2016	12/31/2015
Selected Balance Sheet Data:					
Total gross assets [1]	$ 8,555,765	$ 8,510,876	$ 8,501,876	$ 8,347,701	$ 8,307,630
Total assets	$ 7,227,754	$ 7,230,098	$ 7,265,767	$ 7,154,151	$ 7,160,090
Total liabilities	$ 4,028,349	$ 3,991,130	$ 3,980,199	$ 3,831,407	$ 3,800,330
Total shareholders' equity	$ 3,199,405	$ 3,238,968	$ 3,285,568	$ 3,322,744	$ 3,359,760
Selected Income Statement Data:					
Total revenues [2]	$ 274,296	$ 263,983	$ 261,367	$ 258,375	$ 267,519
Net income	$ 42,885	$ 27,903	$ 39,233	$ 31,272	$ 9,544
NOI [3]	$ 173,275	$ 160,636	$ 163,893	$ 160,426	$ 166,253
Adjusted EBITDA [4] [5]	$ 162,505	$ 150,157	$ 153,661	$ 150,222	$ 159,042
FFO [6]	$ 117,522	$ 104,825	$ 111,505	$ 109,885	$ 81,385
Normalized FFO [5] [6]	$ 118,601	$ 105,733	$ 111,685	$ 110,330	$ 120,584
Per Share Data:					
Net income (basic and diluted)	$ 0.18	$ 0.12	$ 0.17	$ 0.13	$ 0.04
FFO (basic and diluted) [6]	$ 0.50	$ 0.44	$ 0.47	$ 0.46	$ 0.34
Normalized FFO (basic and diluted) [5] [6]	$ 0.50	$ 0.45	$ 0.47	$ 0.46	$ 0.51
Dividends:					
Annualized distribution paid per share [7]	$ 1.56	$ 1.56	$ 1.56	$ 1.56	$ 1.56
Annualized distribution yield (at end of period) [7]	8.2%	6.9%	7.5%	8.7%	10.5%
Normalized FFO payout ratio (basic and diluted) [5] [6] [8]	78.1%	87.6%	83.0%	84.8%	76.5%

(1) Total gross assets is total assets plus accumulated depreciation.
(2) In the fourth quarters of 2016 and 2015, we recognized $10.2 million and $10.1 million of percentage rent for the years ended December 31, 2016 and 2015, respectively.
(3) See page 21 for the calculation of NOI and a reconciliation of that amount to net income determined in accordance with GAAP.
(4) See page 25 for the calculation of earnings before interest, taxes, depreciation and amortization, or EBITDA, and EBITDA as adjusted, or Adjusted EBITDA, and a reconciliation of net income determined in accordance with U.S. generally accepted accounting principles, or GAAP, to these amounts.
(5) Effective as of the quarter ended June 30, 2016, we changed our calculations of Adjusted EBITDA and normalized funds from operations, or Normalized FFO, to no longer include adjustments for estimated percentage rent. Historically, when calculating Adjusted EBITDA and Normalized FFO, we estimated an amount of percentage rental income for each of the first three quarters of the year and then, in the fourth quarter, excluded the amounts that had been included in the first three quarters. In calculating net income in accordance with GAAP, we recognize percentage rental income for the full year in the fourth quarter, which is when all contingencies are met and the income is earned. Adjusted EBITDA and Normalized FFO for historical periods have been restated to be comparable with the current period calculation.
(6) See page 26 for the calculation of funds from operations, or FFO, and Normalized FFO and a reconciliation of net income determined in accordance with GAAP to these amounts.
(7) The amounts stated reflect the regular quarterly distribution rates per share annualized and exclude a $0.13 per common share non-cash distribution of RMR common stock to our shareholders on December 14, 2015. On January 13, 2017, we declared a quarterly distribution of $0.39 per share ($1.56 per year) which we paid on February 21, 2017 to holders of record on January 23, 2017. Annualized distribution yield is the annualized distribution paid during the period divided by the closing price at the end of the period.
(8) Distribution amounts reflect the amounts paid during the period. The distribution amount for the period ended December 31, 2015 excludes a $0.13 per common share non-cash distribution of RMR common stock to our shareholders on December 14, 2015.

CONDENSED CONSOLIDATED BALANCE SHEETS

(amounts in thousands, except share and per share data)

	As of December 31, 2016	As of December 31, 2015
ASSETS		
Real estate properties:		
Land	$ 803,773	$ 781,426
Buildings, improvements and equipment	6,926,750	6,675,514
	7,730,523	7,456,940
Accumulated depreciation	(1,328,011)	(1,147,540)
	6,402,512	6,309,400
Cash and cash equivalents	31,749	37,656
Restricted cash	3,829	6,155
Acquired real estate leases and other intangible assets, net	514,446	604,286
Other assets, net	275,218	202,593
Total assets	$ 7,227,754	$ 7,160,090
LIABILITIES AND SHAREHOLDERS' EQUITY		
Unsecured revolving credit facility	$ 327,000	$ 775,000
Unsecured term loans, net	547,058	546,305
Senior unsecured notes, net	1,722,758	1,478,536
Secured debt and capital leases, net	1,117,649	679,295
Accrued interest	18,471	16,974
Assumed real estate lease obligations, net	106,038	115,363
Other liabilities	189,375	188,857
Total liabilities	4,028,349	3,800,330
Commitments and contingencies		
Shareholders' equity:		
Common shares of beneficial interest, $.01 par value:		
300,000,000 shares authorized, 237,544,479 and 237,471,559 shares issued and outstanding at December 31, 2016 and 2015, respectively	2,375	2,375
Additional paid in capital	4,533,456	4,531,703
Cumulative net income	1,618,885	1,477,590
Cumulative other comprehensive income (loss)	34,549	(32,537)
Cumulative distributions	(2,989,860)	(2,619,371)
Total shareholders' equity	3,199,405	3,359,760
Total liabilities and shareholders' equity	$ 7,227,754	$ 7,160,090

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(amounts in thousands, except per share data)

	For the Three Months Ended December 31, 2016	For the Three Months Ended December 31, 2015	For the Year Ended December 31, 2016	For the Year Ended December 31, 2015
Revenues:				
Rental income	$ 175,277	$ 170,706	$ 666,200	$ 630,899
Residents fees and services	99,019	96,813	391,822	367,874
Total revenues	274,296	267,519	1,058,022	998,773
Expenses:				
Property operating expenses	101,021	101,266	399,790	377,579
Depreciation and amortization	72,893	71,549	287,831	257,783
General and administrative	11,619	10,266	46,559	42,830
Acquisition and certain other transaction related costs	642	337	2,085	6,853
Impairment of assets	1,744	292	18,674	194
Total expenses	187,919	183,710	754,939	685,239
Operating income	86,377	83,809	303,083	313,534
Dividend income	659	2,773	2,108	2,773
Interest and other income	99	106	430	379
Interest expense	(43,737)	(38,043)	(167,574)	(150,881)
Loss on distribution to common shareholders of RMR common stock	—	(38,437)	—	(38,437)
Loss on early extinguishment of debt	(437)	(425)	(526)	(1,894)
Income from continuing operations before income tax expense and equity in earnings (losses) of an investee	42,961	9,783	137,521	125,474
Income tax expense	(106)	(189)	(424)	(574)
Equity in earnings (losses) of an investee	30	(50)	137	20
Income from continuing operations	42,885	9,544	137,234	124,920
Discontinued operations:				
Loss from discontinued operations	—	—	—	(350)
Loss on impairment of assets from discontinued operations	—	—	—	(602)
Income before gain on sale of properties	42,885	9,544	137,234	123,968
Gain on sale of properties	—	—	4,061	—
Net income	$ 42,885	$ 9,544	$ 141,295	$ 123,968
Weighted average common shares outstanding (basic)	237,391	237,313	237,345	232,931
Weighted average common shares outstanding (diluted)	237,393	237,320	237,382	232,963
Basic and diluted income from continuing operations per common share	$ 0.18	$ 0.04	$ 0.60	$ 0.54
Basic and diluted loss from discontinued operations per common share	—	—	—	(0.01)
Basic and diluted net income per common share	$ 0.18	$ 0.04	$ 0.60	$ 0.53

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (ADDITIONAL DATA)

(dollar amounts in thousands)

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2016	2015	2016	2015
Additional Data:				
General and administrative expenses / total revenues	4.2%	3.8%	4.4%	4.3%
General and administrative expenses / total assets (at end of period)	0.2%	0.1%	0.6%	0.6%
Non-cash stock based compensation	$ 61	$ 226	$ 2,195	$ 2,874
Non-cash lease termination fees included in rental income	$ -	$ 127	$ -	$ 639
Continuing Operations:				
Straight line rent included in rental income (1)	$ 4,006	$ 4,300	$ 17,604	$ 18,039
Lease value amortization included in rental income (1)	$ 1,147	$ 599	$ 4,941	$ 4,061
Amortization of deferred financing fees and debt premiums / discounts	$ 1,457	$ 1,401	$ 5,729	$ 5,942
Non-cash amortization included in property operating expenses (2)	$ 199	$ 199	$ 798	$ 402
Non-cash amortization included in general and administrative expenses (2)	$ 744	$ 744	$ 2,974	$ 1,743

(1) We report rental income on a straight line basis over the terms of the respective leases; accordingly, rental income includes non-cash straight line rent adjustments. Rental income also includes non-cash amortization of intangible lease assets and liabilities and lease termination fees, if any.

(2) We recorded a liability for the amount by which the estimated fair value for accounting purposes exceeded the price we paid for our investment in RMR common stock in June 2015. This liability is being amortized on a straight line basis through December 31, 2035 as an allocated reduction to business management fees and property management fees, which are included in general and administrative expenses and property operating expenses, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)

	For the Year Ended December 31, 2016	2015
Cash flows from operating activities:		
Net income	$ 141,295	$ 123,968
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	287,831	257,783
Net amortization of debt discounts, premiums and deferred financing fees	5,729	5,942
Straight line rental income	(17,604)	(18,039)
Amortization of acquired real estate leases and other intangible assets	(4,941)	(4,060)
Loss on early extinguishment of debt	526	1,894
Impairment of assets	18,674	796
Loss on distribution to common shareholders of The RMR Group Inc. common stock	—	38,437
Gain on sale of properties	(4,061)	—
Gain on sale of investments	—	(71)
Other non-cash adjustments	(3,772)	(2,145)
Equity in earnings of an investee	(137)	(20)
Change in assets and liabilities:		
Restricted cash	2,326	4,389
Other assets	(1,548)	(19,917)
Accrued interest	1,497	(3,072)
Other liabilities	992	19,636
Net cash provided by operating activities	426,807	405,521
Cash flows from investing activities:		
Real estate acquisitions and deposits	(227,072)	(1,134,735)
Real estate improvements	(99,663)	(70,427)
Investment in The RMR Group Inc.	—	(17,286)
Proceeds from sale of properties	33,866	2,782
Proceeds from sale of investments	—	6,571
Net cash used for investing activities	(292,869)	(1,213,095)
Cash flows from financing activities:		
Proceeds from issuance of common shares, net	—	659,496
Proceeds from issuance of senior unsecured notes	250,000	—
Proceeds from unsecured term loans	—	200,000
Proceeds from borrowings on revolving credit facility	662,000	1,640,243
Proceeds from issuance of secured debt	620,000	—
Repayments of borrowings on revolving credit facility	(1,110,000)	(945,243)
Redemption of senior notes	—	(250,000)
Repayment of other debt	(178,418)	(125,879)
Loss on early extinguishment of debt settled in cash	(470)	(1,448)
Payment of debt issuance costs	(12,016)	(2,931)
Repurchase of common shares	(452)	(212)
Distributions to shareholders	(370,489)	(356,390)
Net cash (used for) provided by financing activities	(139,845)	817,636
(Decrease) increase in cash and cash equivalents:	(5,907)	10,062
Cash and cash equivalents at beginning of period	37,656	27,594
Cash and cash equivalents at end of period	$ 31,749	$ 37,656
Supplemental cash flows information:		
Interest paid	$ 160,348	$ 148,011
Income taxes paid	$ 435	$ 477
Non-cash investing activities:		
Investment acquired by issuance of common shares	—	$ (44,521)
Acquisitions funded by assumed debt	—	$ (181,433)
Non-cash financing activities:		
Assumption of mortgage notes payable	—	$ 181,433
Issuance of common shares	—	$ 47,691
Distribution to common shareholders of RMR common stock	—	$ (31,335)

DEBT SUMMARY

(dollars in thousands)

As of December 31, 2016

	Coupon Rate	Interest Rate [1]	Principal Balance [2]	Maturity Date	Due at Maturity	Years to Maturity
Unsecured Debt:						
Unsecured Floating Rate Debt:						
Unsecured revolving credit facility (LIBOR + 130 b.p.) [3]	2.011%	2.011%	$ 327,000	1/15/2018	$ 327,000	1.0
Unsecured term loan (LIBOR + 140 b.p.) [4]	2.017%	2.017%	350,000	1/15/2020	350,000	3.0
Unsecured term loan (LIBOR + 180 b.p.) [5]	2.570%	2.570%	200,000	9/28/2022	200,000	5.7
Weighted average rate / total unsecured floating rate debt	2.141%	2.141%	$ 877,000		$ 877,000	2.9
Unsecured Fixed Rate Debt:						
Senior notes due 2019	3.250%	3.250%	400,000	5/1/2019	400,000	2.3
Senior notes due 2020	6.750%	6.750%	200,000	4/15/2020	200,000	3.3
Senior notes due 2021	6.750%	6.750%	300,000	12/15/2021	300,000	5.0
Senior notes due 2024	4.750%	4.750%	250,000	5/1/2024	250,000	7.3
Senior notes due 2042	5.625%	5.625%	350,000	8/1/2042	350,000	25.6
Senior notes due 2046	6.250%	6.250%	250,000	2/1/2046	250,000	29.1
Weighted average rate / total unsecured fixed rate debt	5.368%	5.368%	$ 1,750,000		$ 1,750,000	12.1
Weighted average rate / total unsecured debt	4.291%	4.291%	$ 2,627,000		$ 2,627,000	9.0
Secured Debt:						
Secured Fixed Rate Debt:						
Mortgage - secured by 1 property	6.150%	4.180%	10,653	8/1/2017	10,578	0.6
Mortgage - secured by 1 property	6.730%	4.730%	8,686	4/1/2018	8,328	1.2
Mortgages - secured by 1 property	6.310%	4.450%	12,772	10/1/2018	12,352	1.8
Mortgages - secured by 1 property	6.240%	4.550%	12,061	10/1/2018	11,697	1.8
Mortgage - secured by 10 properties	4.470%	4.350%	69,953	10/5/2018	66,196	1.8
Mortgage - secured by 1 property	4.690%	4.280%	6,565	1/1/2019	6,271	2.0
Mortgage - secured by 4 properties	3.790%	4.270%	44,462	7/1/2019	42,184	2.5
Mortgage - secured by 17 properties	6.710%	6.710%	279,505	9/1/2019	266,704	2.7
Mortgage - secured by 1 property	7.490%	7.490%	3,128	1/1/2022	62	5.0
Mortgage - secured by 1 property	6.280%	5.170%	14,300	7/1/2022	10,744	5.5
Mortgage - secured by 1 property	4.850%	3.790%	11,594	10/1/2022	10,479	5.8
Capital leases - 2 properties	7.700%	7.700%	11,466	4/30/2026	-	9.3
Mortgages - secured by 1 property	3.530%	3.530%	620,000	8/1/2026	620,000	9.6
Mortgage - secured by 1 property	6.250%	6.250%	2,819	2/1/2033	26	16.1
Mortgage - secured by 1 property	5.950%	5.950%	8,882	8/1/2037	1,211	20.6
Mortgage - secured by 1 property	4.375%	4.375%	4,427	9/1/2043	23	26.7
Weighted average rate / total secured fixed rate debt	4.641%	4.551%	$ 1,121,273		$ 1,066,855	6.8
Weighted average rate / total debt	4.395%	4.369%	$ 3,748,273		$ 3,693,855	8.4

(1) Includes the effect of mark to market accounting for certain assumed mortgages and premiums and discounts on certain mortgages and unsecured notes. Excludes effects of offering and transaction costs.

(2) The principal balances are the amounts actually payable pursuant to contracts. In accordance with GAAP, our carrying values and recorded interest expense may be different because of market conditions at the time we assumed certain of these debts.

(3) Represents amount outstanding under our revolving credit facility. Subject to our payment of an extension fee and meeting other conditions, we have an option to extend the stated maturity date of our revolving credit facility by an additional year to January 15, 2019. Interest rate is as of December 31, 2016 and excludes the 30 basis points facility fee.

(4) Represents amount outstanding under our $350,000 term loan. This term loan is prepayable without penalty at any time.

(5) Represents amount outstanding under our $200,000 term loan. This term loan is prepayable without penalty after September 29, 2017.

DEBT MATURITY SCHEDULE

(dollars in thousands)
As of December 31, 2016

Year	Unsecured Floating Rate Debt		% of Total	Unsecured Fixed Rate Debt	% of Total	Secured Fixed Rate Debt [1]	% of Total	Total	% of Total
2017	$ -			$ -		$ 22,085		$ 22,085	
2018	327,000	(2)		-		109,768		436,768	
2019	-			400,000		320,919		720,919	
2020	350,000	(3)		200,000		3,080		553,080	
2021	-			300,000		3,327		303,327	
2022	200,000	(3)		-		23,467		223,467	
2023	-			-		1,968		1,968	
2024	-			250,000		2,141		252,141	
2025	-			-		2,329		2,329	
Thereafter	-			600,000		632,189		1,232,189	
Principal balance	$ 877,000			$ 1,750,000		$ 1,121,273		$ 3,748,273	
Unamortized debt issuance costs, premiums and discounts	(2,942)			(27,242)		(3,624)		(33,808)	
Total debt	$ 874,058		23.5%	$ 1,722,758	46.4%	$ 1,117,649	30.1%	$ 3,714,465	100.0%

(1) Includes $11,466 of capital lease obligations due in April 2026.

(2) Represents amounts outstanding under our revolving credit facility. We have a $1,000,000 revolving credit facility which has a maturity date of January 15, 2018, interest payable on borrowings of LIBOR plus 130 basis points and a facility fee of 30 basis points. Subject to our payment of an extension fee and meeting other conditions, we have an option to extend the stated maturity date of our revolving credit facility by an additional year to January 15, 2019.

(3) Represents the outstanding balance under each of our two term loans. We have a $350,000 term loan with a maturity date of January 15, 2020 and interest rate on the amount outstanding of LIBOR plus 140 basis points. This term loan is prepayable without penalty at any time. We also have a $200,000 term loan with a maturity date of September 28, 2022 and interest rate on the amount outstanding of LIBOR plus 180 basis points. This term loan is prepayable without penalty after September 29, 2017.

LEVERAGE RATIOS, COVERAGE RATIOS AND PUBLIC DEBT COVENANTS

	As of and For the Three Months Ended				
	12/31/2016	9/30/2016	6/30/2016	3/31/2016	12/31/2015
Leverage Ratios:					
Total debt (book value) [1] / total gross assets [2]	43.4%	42.9%	43.1%	41.9%	41.9%
Total debt (book value) [1] / gross book value of real estate assets [3]	45.0%	44.6%	44.8%	43.7%	43.6%
Total debt (book value) [1] / total market capitalization [4]	45.2%	40.4%	42.6%	45.2%	49.7%
Secured debt (book value) [1] / total assets	15.5%	16.2%	8.9%	9.4%	9.5%
Variable rate debt (book value) [1] / total debt (book value) [1]	23.5%	20.9%	35.4%	31.7%	38.0%
Coverage Ratios:					
Adjusted EBITDA [5] / interest expense	3.7x	3.5x	3.7x	3.9x	4.0x
Total debt (book value) [1] / annualized Adjusted EBITDA [5]	5.7x	6.1x	6.0x	5.7x	5.7x
Public Debt Covenants:					
Total debt / adjusted total assets [6] - allowable maximum 60.0%	44.3%	43.9%	44.2%	43.2%	42.4%
Secured debt / adjusted total assets [6] - allowable maximum 40.0%	13.3%	13.9%	7.8%	8.2%	8.3%
Consolidated income available for debt service [7] / debt service - required minimum 1.50x	3.80x	3.75x	3.94x	3.81x	4.07x
Total unencumbered assets [6] / unsecured debt - required minimum 150.0%	247.4%	252.8%	237.5%	245.7%	251.5%

(1) Debt amounts are net of certain unamortized premiums, discounts and certain issuance costs.
(2) Total gross assets is total assets plus accumulated depreciation.
(3) Gross book value of real estate assets is real estate properties at cost, before depreciation and purchase price allocations, less impairment writedowns, if any. Excludes properties classified as held for sale, if any.
(4) Total market capitalization is total debt plus the market value of our common shares at the end of each period.
(5) See page 25 for the calculation of Adjusted EBITDA and a reconciliation of net income determined in accordance with GAAP to that amount.
(6) Adjusted total assets and total unencumbered assets include original cost of real estate assets before depreciation, but after impairment write downs, and exclude accounts receivable and intangible assets.
(7) Consolidated income available for debt service is earnings from operations excluding interest expense, depreciation and amortization, taxes, loss on asset impairment and gains and losses on sales of assets and early extinguishment of debt, determined together with debt service on a pro forma basis for the four consecutive fiscal quarters most recently ended.

SUMMARY OF CAPITAL EXPENDITURES

(dollars and sq. ft. in thousands, except per sq. ft. and unit data)

	For the Three Months Ended				
	12/31/2016	9/30/2016	6/30/2016	3/31/2016	12/31/2015
MOB tenant improvements [1]	$ 7,453	$ 2,652	$ 1,743	$ 389	$ 3,808
MOB leasing costs [2]	1,828	1,220	965	857	2,620
MOB building improvements [3]	2,874	3,816	4,759	1,977	4,424
Managed senior living communities capital improvements	5,510	4,542	2,628	3,620	3,158
Recurring capital expenditures	17,665	12,230	10,095	6,843	14,010
Development, redevelopment and other activities [4]	7,167	7,362	10,847	6,459	6,192
Total capital expenditures[5]	$ 24,832	$ 19,592	$ 20,942	$ 13,302	$ 20,202
MOB avg. sq. ft. during period	11,416	11,506	11,527	11,380	11,315
Managed senior living communities avg. units during period	8,793	8,716	8,585	8,571	8,596
MOB building improvements per avg. sq. ft. during period	$ 0.25	$ 0.33	$ 0.41	$ 0.17	$ 0.39
Managed senior living communities capital improvements per avg. unit during period	$ 627	$ 521	$ 306	$ 422	$ 367

(1) MOB tenant improvements generally include capital expenditures to improve tenants' space or amounts paid directly to tenants to improve their space.

(2) MOB leasing costs generally include leasing related costs, such as brokerage commissions and other tenant inducements.

(3) MOB building improvements generally include expenditures to replace obsolete building components and expenditures that extend the useful life of existing assets.

(4) Development, redevelopment and other activities generally include (1) capital expenditures that are identified at the time of a property acquisition and incurred within a short period after acquiring the property and (2) capital expenditure projects that reposition a property or result in new sources of revenue.

(5) During the three months and year ended December 31, 2016, we invested $8.9 million and $30.3 million, respectively, in revenue producing capital improvements at certain of our triple net leased senior living communities, and as a result, annual rent payable to us will increase by approximately $0.7 million and $2.4 million, respectively, pursuant to the terms of certain of our leases. These capital improvement amounts are not included in the table above.

PROPERTY ACQUISITIONS / DISPOSITIONS INFORMATION SINCE JANUARY 1, 2016

(dollars and sq. ft. in thousands, except per sq. ft. and unit data)

Triple Net Leased Senior Living Acquisitions:

Date Acquired	Location	Type of Property	Number of Properties	Number of Buildings	Units	Purchase Price (1)	Purchase Price Per Unit	Initial Lease / Cap Rate (2)	Weighted Average Remaining Lease Term (3)	Tenant
6/29/2016	4 States	Assisted Living	7	7	545	$ 112,350	$ 206	7.5%	12.5	Five Star
12/8/2016	Shiloh & Troy, IL	Assisted Living	2	2	126	18,600	$ 148	7.5%	12.1	Five Star
	Total / Weighted Average: Triple Net Leased Senior Living Acquisitions		9	9	671	$ 130,950	$ 195	7.5%	12.4	

Managed Senior Living Acquisitions:

Date Acquired	Location	Type of Property	Number of Properties	Number of Buildings	Units	Purchase Price (1)	Purchase Price Per Unit	Initial Lease / Cap Rate (2)	Tenant
5/1/2016	Acworth, GA	Assisted Living (4)	1	1	38	$ 8,400	$ 221	8.2%	Our TRS
	Total / Weighted Average: Managed Senior Living Acquisitions		1	1	38	$ 8,400	$ 221	8.2%	

MOB Acquisitions:

Date Acquired	Location	Number of Properties	Number of Buildings	Sq. Ft.	Purchase Price (2)	Purchase Price per Sq. Ft.	Cap Rate (2)	Weighted Average Remaining Lease Term (3)	Occupancy (5)	Major Tenant
2/10/2016	Golden Valley, MN	1	3	128	$ 22,700	$ 177	8.3%	6.5	99.0%	North Memorial Health Care
5/4/2016	Alachua, FL	1	1	166	45,000	$ 271	15.9%	15.0	100.0%	Nanotherapeutics, Inc.
10/6/2016	Mason, OH	1	1	96	18,500	$ 193	8.2%	14.1	100.0%	AtriCure, Inc.
1/17/2017	Mission, KS	1	1	117	15,500	$ 132	7.7%	10.6	100.0%	University of Kansas Hospital Authority
	Total / Weighted Average: MOB Acquisitions	4	6	507	$ 101,700	$ 201	11.5%	12.3		

Dispositions:

Date Sold	Location	Type of Property	Number of Properties	Number of Buildings	Sale Price (6)
3/22/2016	Fort Washington, PA	Land Parcel	—	—	$ 700
6/6/2016	Canonsburg, PA	Skilled Nursing Facility	1	1	9,100
7/15/2016	Oklahoma City, OK	MOB	4	4	20,150
9/29/2016	Pewaukee, WI	Skilled Nursing Facility	1	1	248
12/1/2016	Ormond Beach, FL (7)	Assisted Living	—	—	2,100
12/20/2016	Fort Washington, PA	MOB	1	1	2,800
	Total Dispositions		7	7	$ 35,098

(1) Represents the gross purchase price, including assumed debt, if any, and excludes acquisition costs and purchase price allocation adjustments, if any.
(2) Represents the ratio of the estimated GAAP-based annual rental income, excluding the impact of above and below market lease amortization, less estimated annual property operating expenses, if any, and excluding depreciation and amortization expense, to the purchase price on the date of acquisition, including the principal amount of any assumed debt and excluding acquisition costs.
(3) Weighted average remaining lease term based on rental income at the time of acquisition.
(4) In December 2016, we acquired a land parcel adjacent to this community for approximately $1.6 million, excluding closing costs. This land acquisition is excluded from the above table.
(5) Occupancy based on leasable square feet as of acquisition date.
(6) Represents the gross contract sale price plus purchase price adjustments, if any, and excludes closing costs.
(7) On December 1, 2016, we sold a formerly managed memory care building. This building was not previously included in our building or property count.

CALCULATION AND RECONCILIATION OF NET OPERATING INCOME (NOI) AND CASH BASIS NOI [1]

(amounts in thousands)

	For the Three Months Ended					For the Year Ended	
	12/31/2016	9/30/2016	6/30/2016	3/31/2016	12/31/2015	12/31/2016	12/31/2015
Calculation of NOI and Cash Basis NOI:							
Revenues:							
Rental income	$ 175,277	$ 165,503	$ 163,997	$ 161,421	$ 170,706	$ 666,200	$ 630,899
Residents fees and services	99,019	98,480	97,370	96,954	96,813	391,822	367,874
Total revenues	274,296	263,983	261,367	258,375	267,519	1,058,022	998,773
Property operating expenses	(101,021)	(103,347)	(97,474)	(97,949)	(101,266)	(399,790)	(377,579)
Property net operating income (NOI):	173,275	160,636	163,893	160,426	166,253	658,232	621,194
Non-cash straight line rent adjustments	(4,006)	(4,292)	(4,745)	(4,561)	(4,300)	(17,604)	(18,039)
Lease value amortization	(1,147)	(1,236)	(1,303)	(1,254)	(599)	(4,941)	(4,061)
Lease termination fee amortization	-	-	-	(42)	(127)	-	(639)
Non-cash amortization included in property operating expenses [2]	(199)	(199)	(199)	(199)	(199)	(798)	(402)
Cash Basis NOI	$ 167,923	$ 154,909	$ 157,646	$ 154,370	$ 161,028	$ 634,889	$ 598,053
Reconciliation of Cash Basis NOI to Net Income:							
Cash Basis NOI	$ 167,923	$ 154,909	$ 157,646	$ 154,370	$ 161,028	$ 634,889	$ 598,053
Non-cash straight line rent adjustments	4,006	4,292	4,745	4,561	4,300	17,604	18,039
Lease value amortization	1,147	1,236	1,303	1,254	599	4,941	4,061
Lease termination fee amortization	-	-	-	42	127	-	639
Non-cash amortization included in property operating expenses [2]	199	199	199	199	199	798	402
Property NOI	173,275	160,636	163,893	160,426	166,253	658,232	621,194
Depreciation and amortization expense	(72,893)	(72,344)	(71,372)	(71,223)	(71,549)	(287,831)	(257,783)
General and administrative expense	(11,619)	(12,107)	(11,965)	(10,863)	(10,266)	(46,559)	(42,830)
Acquisition and certain other transaction related costs	(642)	(824)	(180)	(439)	(337)	(2,085)	(6,853)
Impairment of assets	(1,744)	(4,578)	(4,961)	(7,390)	(292)	(18,674)	(194)
Operating income	86,377	70,783	75,415	70,511	83,809	303,083	313,534
Dividend income	659	659	789	-	2,773	2,108	2,773
Interest and other income	99	89	177	64	106	430	379
Interest expense	(43,737)	(43,438)	(41,118)	(39,280)	(38,043)	(167,574)	(150,881)
Loss on distribution to common shareholders of RMR common stock [3]	-	-	-	-	(38,437)	-	(38,437)
Loss on early extinguishment of debt	(437)	(84)	-	(6)	(425)	(526)	(1,894)
Income before income tax expense and equity in earnings (loss) of an investee	42,961	28,009	35,263	31,289	9,783	137,521	125,474
Income tax expense	(106)	(119)	(108)	(94)	(189)	(424)	(574)
Equity in earnings (loss) of an investee	30	13	17	77	(50)	137	20
Income from continuing operations	42,885	27,903	35,172	31,272	9,544	137,234	124,920
Discontinued operations							
Loss from discontinued operations	-	-	-	-	-	-	(350)
Loss on impairment of assets from discontinued operations	-	-	-	-	-	-	(602)
Income before gain on sale of properties	42,885	27,903	35,172	31,272	9,544	137,234	123,968
Gain on sale of properties	-	-	4,061	-	-	4,061	-
Net income	$ 42,885	$ 27,903	$ 39,233	$ 31,272	$ 9,544	$ 141,295	$ 123,968

(1) See Definitions of Certain Non-GAAP Financial Measures on page 27 for a definition of NOI and Cash Basis NOI, a description of why we believe they are appropriate supplemental measures and a description of how we use these measures.

(2) We recorded a liability for the amount by which the estimated fair value for accounting purposes exceeded the price we paid for our investment in RMR common stock in June 2015. A portion of this liability is being amortized on a straight line basis through December 31, 2035 as a reduction to property management fees, which are included in property operating expenses.

(3) Amount represents a non-cash loss recorded as a result of the closing price of RMR common stock being lower than our carrying amount per share on December 14, 2015, the day we distributed RMR common stock to our shareholders.

CONSOLIDATED NET OPERATING INCOME (NOI) AND CASH BASIS NOI [1]

(dollars in thousands)

	For the Three Months Ended			For the Year Ended		
	12/31/2016	12/31/2015	% Change	12/31/2016	12/31/2015	% Change
NOI:						
Triple Net Leased Senior Living Communities [2]	$ 77,428	$ 75,215	2.9%	$ 274,864	$ 256,035	7.4%
Managed Senior Living Communities [3]	24,406	22,749	7.3%	98,627	89,632	10.0%
MOB Portfolio [4]	66,862	63,720	4.9%	266,471	257,249	3.6%
Non-Segment [5]	4,579	4,569	0.2%	18,270	18,278	(0.0%)
Total	$ 173,275	$ 166,253	4.2%	$ 658,232	$ 621,194	6.0%
Cash Basis NOI:						
Triple Net Leased Senior Living Communities [2]	$ 76,480	$ 73,839	3.6%	$ 270,731	$ 251,984	7.4%
Managed Senior Living Communities [3]	24,406	22,749	7.3%	98,627	89,632	10.0%
MOB Portfolio [4]	62,650	60,062	4.3%	248,031	238,930	3.8%
Non-Segment [5]	4,387	4,378	0.2%	17,500	17,507	(0.0%)
Total	$ 167,923	$ 161,028	4.3%	$ 634,889	$ 598,053	6.2%

SAME PROPERTY NOI AND CASH BASIS NOI [1]

(dollars in thousands)

	For the Three Months Ended [6]			For the Year Ended [7]		
	12/31/2016	12/31/2015	% Change	12/31/2016	12/31/2015	% Change
NOI:						
Triple Net Leased Senior Living Communities [2]	$ 75,337	$ 73,986	1.8%	$ 233,547	$ 230,418	1.4%
Managed Senior Living Communities [3]	22,820	23,547	(3.1%)	83,070	82,096	1.2%
MOB Portfolio [4]	64,425	62,732	2.7%	224,540	221,582	1.3%
Non-Segment [5]	4,579	4,569	0.2%	18,270	18,278	(0.0%)
Total	$ 167,161	$ 164,834	1.4%	$ 559,427	$ 552,374	1.3%
Cash Basis NOI:						
Triple Net Leased Senior Living Communities [2]	$ 74,389	$ 72,683	2.3%	$ 233,191	$ 229,505	1.6%
Managed Senior Living Communities [3]	22,820	23,547	(3.1%)	83,070	82,096	1.2%
MOB Portfolio [4]	60,503	59,192	2.2%	209,351	206,548	1.4%
Non-Segment [5]	4,387	4,378	0.2%	17,500	17,507	(0.0%)
Total	$ 162,099	$ 159,800	1.4%	$ 543,112	$ 535,656	1.4%

(1) See page 21 for the calculation of NOI and a reconciliation of that amount to net income determined in accordance with GAAP, and pages 23-24 for the calculations and reconciliations of NOI, cash basis NOI, same property NOI and same property cash basis NOI by segment from consolidated NOI by segment.
(2) Includes triple net senior living communities that provide short term and long term residential care and dining services for residents.
(3) Includes managed senior living communities that provide short term and long term residential care and dining services for residents.
(4) Includes MOBs.
(5) Includes the operating results of certain properties that offer wellness, fitness and spa services to members.
(6) Consists of properties owned and managed by the same operator continuously since October 1, 2015 and excludes properties classified as held for sale, if any.
(7) Consists of properties owned and managed by the same operator continuously since January 1, 2015 and excludes properties classified as held for sale, if any.

SNH

CALCULATION AND RECONCILIATION OF NET OPERATING INCOME (NOI), CASH BASIS NOI, SAME PROPERTY NOI AND SAME PROPERTY CASH BASIS NOI BY SEGMENT [1]

(dollars in thousands)

	For the Three Months Ended December 31, 2016					For the Three Months Ended December 31, 2015				
Calculation of NOI and Cash Basis NOI:	Triple Net Leased Senior Living Communities	Managed Senior Living Communities	MOBs	Non-Segment [2]	Total	Triple Net Leased Senior Living Communities	Managed Senior Living Communities	MOBs	Non-Segment [2]	Total
Rental income / residents fees and services	$ 77,428	$ 99,019	$ 93,270	$ 4,579	$ 274,296	$ 75,215	$ 96,813	$ 90,922	$ 4,569	$ 267,519
Property operating expenses	-	(74,613)	(26,408)	-	(101,021)	-	(74,064)	(27,202)	-	(101,266)
Property net operating income (NOI)	$ 77,428	$ 24,406	$ 66,862	$ 4,579	$ 173,275	$ 75,215	$ 22,749	$ 63,720	$ 4,569	$ 166,253
NOI change	2.9%	7.3%	4.9%	0.2%	4.2%					
Property NOI	$ 77,428	$ 24,406	$ 66,862	$ 4,579	$ 173,275	$ 75,215	$ 22,749	$ 63,720	$ 4,569	$ 166,253
Less:										
Non-cash straight line rent adjustments	948	-	2,921	137	4,006	1,376	-	2,787	137	4,300
Lease value amortization	-	-	1,092	55	1,147	-	-	545	54	599
Lease termination fee amortization	-	-	-	-	-	-	-	127	-	127
Non-cash amortization included in property operating expenses [3]	-	-	199	-	199	-	-	199	-	199
Cash Basis NOI	$ 76,480	$ 24,406	$ 62,650	$ 4,387	$ 167,923	$ 73,839	$ 22,749	$ 60,062	$ 4,378	$ 161,028
Cash Basis NOI change	3.6%	7.3%	4.3%	0.2%	4.3%					
Reconciliation of NOI to Same Property NOI:										
Property NOI	$ 77,428	$ 24,406	$ 66,862	$ 4,579	$ 173,275	$ 75,215	$ 22,749	$ 63,720	$ 4,569	$ 166,253
Less:										
NOI not included in same property	2,091	1,586	2,437	-	6,114	1,229	(798)	988	-	1,419
Same property NOI [4]	$ 75,337	$ 22,820	$ 64,425	$ 4,579	$ 167,161	$ 73,986	$ 23,547	$ 62,732	$ 4,569	$ 164,834
Same property NOI change	1.8%	(3.1%)	2.7%	0.2%	1.4%					
Reconciliation of Same Property NOI to Same Property Cash Basis NOI:										
Same property NOI [4]	$ 75,337	$ 22,820	$ 64,425	$ 4,579	$ 167,161	$ 73,986	$ 23,547	$ 62,732	$ 4,569	$ 164,834
Less:										
Non-cash straight line rent adjustments	948	-	2,605	137	3,690	1,303	-	2,860	137	4,300
Lease value amortization	-	-	1,118	55	1,173	-	-	483	54	537
Non-cash amortization included in property operating expenses [3]	-	-	199	-	199	-	-	197	-	197
Same property cash basis NOI [4]	$ 74,389	$ 22,820	$ 60,503	$ 4,387	$ 162,099	$ 72,683	$ 23,547	$ 59,192	$ 4,378	$ 159,800
Same property cash basis NOI change	2.3%	(3.1%)	2.2%	0.2%	1.4%					

(1) See page 21 for the calculation of NOI and a reconciliation of that amount to net income determined in accordance with GAAP, and Definitions of Certain Non-GAAP Financial Measures on page 27 for a definition of NOI and Cash Basis NOI, a description of why we believe they are appropriate supplemental measures and a description of how we use these measures.

(2) Includes the operating results of certain properties that offer wellness, fitness and spa services to members.

(3) We recorded a liability for the amount by which the estimated fair value for accounting purposes exceeded the price we paid for our investment in RMR common stock in June 2015. A portion of this liability is being amortized on a straight line basis through December 31, 2035 as a reduction to property management fees, which are included in property operating expenses.

(4) Consists of properties owned and managed by the same operator continuously since October 1, 2015 and excludes properties classified as held for sale, if any.

CALCULATION AND RECONCILIATION OF NET OPERATING INCOME (NOI), CASH BASIS NOI, SAME PROPERTY NOI AND SAME PROPERTY CASH BASIS NOI BY SEGMENT (1)

(dollars in thousands)

	For the Year Ended December 31, 2016				
Calculation of NOI and Cash Basis NOI:	Triple Net Leased Senior Living Communities	Managed Senior Living Communities	MOB	Non-Segment (2)	Total
Rental income / residents fees and services	$ 275,697	$ 391,822	$ 372,233	$ 18,270	$ 1,058,022
Property operating expenses	(833)	(293,195)	(105,762)	-	(399,790)
Property net operating income (NOI)	$ 274,864	$ 98,627	$ 266,471	$ 18,270	$ 658,232
NOI change	7.4%	10.0%	3.6%	(0.0%)	6.0%
Property NOI	$ 274,864	$ 98,627	$ 266,471	$ 18,270	$ 658,232
Less:					
Non-cash straight line rent adjustments	4,133	-	12,922	549	17,604
Lease value amortization	-	-	4,720	221	4,941
Lease termination fee amortization	-	-	-	-	-
Non-cash amortization included in property operating expenses (3)	-	-	798	-	798
Cash Basis NOI	$ 270,731	$ 98,627	$ 248,031	$ 17,500	$ 634,889
Cash Basis NOI change	7.4%	10.0%	3.8%	(0.0%)	6.2%
Reconciliation of NOI to Same Property NOI:					
Property NOI	$ 274,864	$ 98,627	$ 266,471	$ 18,270	$ 658,232
Less:					
NOI not included in same property	41,317	15,557	41,931	-	98,805
Same property NOI (4)	$ 233,547	$ 83,070	$ 224,540	$ 18,270	$ 559,427
Same property NOI change	1.4%	1.2%	1.3%	(0.0%)	1.3%
Reconciliation of Same Property NOI to Same Property Cash Basis NOI:					
Same property NOI (4)	$ 233,547	$ 83,070	$ 224,540	$ 18,270	$ 559,427
Less:					
Non-cash straight line rent adjustments	356	-	10,025	549	10,930
Lease value amortization	-	-	4,469	221	4,690
Non-cash amortization included in property operating expenses (3)	-	-	695	-	695
Same property cash basis NOI (4)	$ 233,191	$ 83,070	$ 209,351	$ 17,500	$ 543,112
Same property cash basis NOI change	1.6%	1.2%	1.4%	(0.0%)	1.4%

	For the Year Ended December 31, 2015				
Calculation of NOI and Cash Basis NOI:	Triple Net Leased Senior Living Communities	Managed Senior Living Communities	MOBs	Non-Segment (2)	Total
Rental income / residents fees and services	$ 256,035	$ 367,874	$ 356,586	$ 18,278	$ 998,773
Property operating expenses	-	(278,242)	(99,337)	-	(377,579)
Property net operating income (NOI)	$ 256,035	$ 89,632	$ 257,249	$ 18,278	$ 621,194
NOI change					
Property NOI	$ 256,035	$ 89,632	$ 257,249	$ 18,278	$ 621,194
Less:					
Non-cash straight line rent adjustments	4,051	-	13,438	550	18,039
Lease value amortization	-	-	3,840	221	4,061
Lease termination fee amortization	-	-	639	-	639
Non-cash amortization included in property operating expenses (3)	-	-	402	-	402
Cash Basis NOI	$ 251,984	$ 89,632	$ 238,930	$ 17,507	$ 598,053
Cash Basis NOI change					
Reconciliation of NOI to Same Property NOI:					
Property NOI	$ 256,035	$ 89,632	$ 257,249	$ 18,278	$ 621,194
Less:					
NOI not included in same property	25,617	7,536	35,667	-	68,820
Same property NOI (4)	$ 230,418	$ 82,096	$ 221,582	$ 18,278	$ 552,374
Same property NOI change					
Reconciliation of Same Property NOI to Same Property Cash Basis NOI:					
Same property NOI (4)	$ 230,418	$ 82,096	$ 221,582	$ 18,278	$ 552,374
Less:					
Non-cash straight line rent adjustments	913	-	11,039	550	12,502
Lease value amortization	-	-	3,647	221	3,868
Non-cash amortization included in property operating expenses (3)	-	-	348	-	348
Same property cash basis NOI (4)	$ 229,505	$ 82,096	$ 206,548	$ 17,507	$ 535,656
Same property cash basis NOI change					

(1) See page 21 for the calculation of NOI and a reconciliation of that amount to net income determined in accordance with GAAP, and Definitions of Certain Non-GAAP Financial Measures on page 27 for a definition of NOI and Cash Basis NOI, a description of why we believe they are appropriate supplemental measures and a description of how we use these measures.

(2) Includes the operating results of certain properties that offer wellness, fitness and spa services to members.

(3) We recorded a liability for the amount by which the estimated fair value for accounting purposes exceeded the price we paid for our investment in RMR common stock in June 2015. A portion of this liability is being amortized on a straight line basis through December 31, 2035 as a reduction to property management fees, which are included in property operating expenses.

(4) Consists of properties owned and managed by the same operator continuously since January 1, 2015 and excludes properties classified as held for sale, if any.

CALCULATION AND RECONCILIATION OF EBITDA AND ADJUSTED EBITDA [1] [2]

(amounts in thousands)

	For the Three Months Ended					For the Year Ended	
	12/31/2016	9/30/2016	6/30/2016	3/31/2016	12/31/2015	12/31/2016	12/31/2015
Net income	$ 42,885	$ 27,903	$ 39,233	$ 31,272	$ 9,544	$ 141,295	$ 123,968
Interest expense	43,737	43,438	41,118	39,280	38,043	167,574	150,881
Income tax expense	106	119	108	94	189	424	574
Depreciation and amortization expense from continuing operations	72,893	72,344	71,372	71,223	71,549	287,831	257,783
EBITDA	159,621	143,804	151,831	141,869	119,325	597,124	533,206
General and administrative expense paid in common shares [3]	61	867	750	518	226	2,195	2,874
Acquisition and certain other transaction related costs	642	824	180	439	337	2,085	6,853
Impairment of assets from continuing operations	1,744	4,578	4,961	7,390	292	18,674	194
Loss on distribution to common shareholders of RMR common stock [4]	-	-	-	-	38,437	-	38,437
Loss on early extinguishment of debt from continuing operations	437	84	-	6	425	526	1,894
Gain on sale of properties	-	-	(4,061)	-	-	(4,061)	-
Impairment of assets from discontinued operations	-	-	-	-	-	-	602
Adjusted EBITDA	$ 162,505	$ 150,157	$ 153,661	$ 150,222	$ 159,042	$ 616,543	$ 584,060

(1) See Definitions of Certain Non-GAAP Financial Measures on page 27 for a definition of EBITDA and Adjusted EBITDA and a description of why we believe they are appropriate supplemental measures.

(2) Effective as of the quarter ended June 30, 2016, we changed our calculation of Adjusted EBITDA to no longer include adjustments for estimated percentage rent. Historically, when calculating Adjusted EBITDA, we estimated an amount of percentage rental income for each of the first three quarters of the year and then, in the fourth quarter, excluded the amounts that had been included in the first three quarters. In calculating net income in accordance with GAAP, we recognize percentage rental income for the full year in the fourth quarter, which is when all contingencies are met and the income is earned. Adjusted EBITDA for historical periods has been restated to be comparable with the current period calculation.

(3) Amounts represent the portion of business management fees that were payable in our common shares as well as equity compensation awarded to our trustees, officers and certain other employees of The RMR Group LLC. Beginning June 1, 2015, all business management fees are paid in cash.

(4) Amount represents a non-cash loss recorded as a result of the closing price of RMR common stock being lower than our carrying amount per share on December 14, 2015, the day we distributed RMR common stock to our shareholders.

SNH

CALCULATION AND RECONCILIATION OF FUNDS FROM OPERATIONS (FFO) AND NORMALIZED FFO (1) (2)

(amounts in thousands, except per share data)

	For the Three Months Ended					For the Year Ended	
	12/31/2016	9/30/2016	6/30/2016	3/31/2016	12/31/2015	12/31/2016	12/31/2015
Net income	$ 42,885	$ 27,903	$ 39,233	$ 31,272	$ 9,544	$ 141,295	$ 123,968
Depreciation and amortization expense	72,893	72,344	71,372	71,223	71,549	287,831	257,783
Gain on sale of properties	-	-	(4,061)	-	-	(4,061)	-
Impairment of assets from continuing operations	1,744	4,578	4,961	7,390	292	18,674	194
Impairment of assets from discontinued operations	-	-	-	-	-	-	602
FFO	117,522	104,825	111,505	109,885	81,385	443,739	382,547
Acquisition and certain other transaction related costs	642	824	180	439	337	2,085	6,853
Loss on distribution to common shareholders of RMR common stock (3)	-	-	-	-	38,437	-	38,437
Loss on early extinguishment of debt	437	84	-	6	425	526	1,894
Normalized FFO	$ 118,601	$ 105,733	$111,685	$ 110,330	$ 120,584	$ 446,350	$ 429,731
Weighted average common shares outstanding (basic)	237,391	237,347	237,325	237,315	237,313	237,345	232,931
Weighted average common shares outstanding (diluted)	237,393	237,396	237,363	237,329	237,320	237,382	232,963
Net income per common share (basic and diluted)	$ 0.18	$ 0.12	$ 0.17	$ 0.13	$ 0.04	$ 0.60	$ 0.53
FFO per common share (basic and diluted)	$ 0.50	$ 0.44	$ 0.47	$ 0.46	$ 0.34	$ 1.87	$ 1.64
Normalized FFO per common share (basic and diluted)	$ 0.50	$ 0.45	$ 0.47	$ 0.46	$ 0.51	$ 1.88	$ 1.84

(1) See Definitions of Certain Non-GAAP Financial Measures on page 27 for a definition of FFO and Normalized FFO, a description of why we believe they are appropriate supplemental measures and a description of how we use these measures.

(2) Effective as of the quarter ended June 30, 2016, we changed our calculation of Normalized FFO to no longer include adjustments for estimated percentage rent. Historically, when calculating Normalized FFO, we estimated an amount of percentage rental income for each of the first three quarters of the year and then, in the fourth quarter, excluded the amounts that had been included in the first three quarters. In calculating net income in accordance with GAAP, we recognize percentage rental income for the full year in the fourth quarter, which is when all contingencies are met and the income is earned. Normalized FFO for historical periods has been restated to be comparable with the current period calculation.

(3) Amounts represent a non-cash loss recorded as a result of the closing price of RMR common stock being lower than our carrying amount per share on December 14, 2015, the day we distributed RMR common stock to our shareholders.

DEFINITIONS OF CERTAIN NON-GAAP FINANCIAL MEASURES

NOI and Cash Basis NOI

The calculations of NOI and Cash Basis NOI exclude certain components of net income in order to provide results that are more closely related to our property level results of operations. We calculate NOI and Cash Basis NOI as shown on page 21. We define NOI as income from our real estate less our property operating expenses. NOI excludes amortization of capitalized tenant improvement costs and leasing commissions because we record those amounts as depreciation and amortization. We define Cash Basis NOI as NOI excluding non-cash straight line rent adjustments, lease value amortization, lease termination fee amortization, if any, and non-cash amortization included in property operating expenses. We consider NOI and Cash Basis NOI to be appropriate supplemental measures to net income because they may help both investors and management to understand the operations of our properties. We use NOI and Cash Basis NOI internally to evaluate individual and company wide property level performance, and we believe that NOI and Cash Basis NOI provide useful information to investors regarding our results of operations because these measures reflect only those income and expense items that are generated and incurred at the property level and may facilitate comparisons of our operating performance between periods and with other REITs. NOI and Cash Basis NOI do not represent cash generated by operating activities in accordance with GAAP and should not be considered as an alternative to net income or operating income as an indicator of our operating performance or as a measure of our liquidity. These measures should be considered in conjunction with net income and operating income as presented in our Condensed Consolidated Statements of Income. Other REITs and real estate companies may calculate NOI and Cash Basis NOI differently than we do.

EBITDA and Adjusted EBITDA

We calculate EBITDA and Adjusted EBITDA as shown on page 25. We consider EBITDA and Adjusted EBITDA to be appropriate supplemental measures of our operating performance, along with net income and operating income. We believe that EBITDA and Adjusted EBITDA provide useful information to investors because by excluding the effects of certain historical amounts, such as interest, depreciation and amortization expense, EBITDA and Adjusted EBITDA may facilitate a comparison of current operating performance with our past operating performance. EBITDA and Adjusted EBITDA do not represent cash generated by operating activities in accordance with GAAP and should not be considered an alternative to net income or operating income as an indicator of operating performance or as a measure of our liquidity. These measures should be considered in conjunction with net income and operating income as presented in our Condensed Consolidated Statements of Income. Other REITs and real estate companies may calculate EBITDA and Adjusted EBITDA differently than we do.

FFO and Normalized FFO

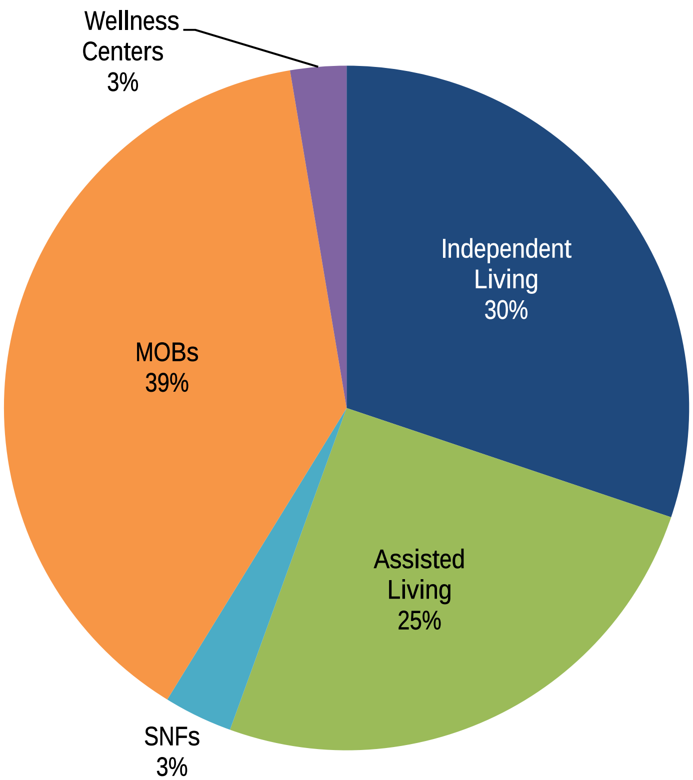
We calculate FFO and Normalized FFO as shown on page 26. FFO is calculated on the basis defined by the National Association of Real Estate Investment Trusts, or NAREIT, which is net income, calculated in accordance with GAAP, excluding any gain or loss on sale of properties and impairment of real estate assets, plus real estate depreciation and amortization, as well as certain other adjustments currently not applicable to us. Our calculation of Normalized FFO differs from NAREIT's definition of FFO because we include business management incentive fees, if any, only in the fourth quarter versus the quarter when they are recognized as expense in accordance with GAAP due to their quarterly volatility not necessarily being indicative of our core operating performance and the uncertainty as to whether any such business management incentive fees will ultimately be payable when all contingencies for determining any such fees are determined at the end of the calendar year, and we exclude acquisition and certain other transaction related costs such as legal and professional fees associated with our acquisition and disposition activities, gains and losses on early extinguishment of debt, if any, and loss on distribution to common shareholders of RMR common stock. We consider FFO and Normalized FFO to be appropriate supplemental measures of operating performance for a REIT, along with net income and operating income. We believe that FFO and Normalized FFO provide useful information to investors because by excluding the effects of certain historical amounts, such as depreciation and amortization expense, FFO and Normalized FFO may facilitate a comparison of our operating performance between periods and with other REITs. FFO and Normalized FFO are among the factors considered by our Board of Trustees when determining the amount of distributions to our shareholders. Other factors include, but are not limited to, requirements to maintain our qualification for taxation as a REIT, limitations in our revolving credit facility and term loan agreements and our public debt covenants, the availability to us of debt and equity capital, our expectation of our future capital requirements and operating performance and our expected needs and availability of cash to pay our obligations. FFO and Normalized FFO do not represent cash generated by operating activities in accordance with GAAP and should not be considered as alternatives to net income or operating income as an indicator of our operating performance or as a measure of our liquidity. These measures should be considered in conjunction with net income and operating income as presented in our Condensed Consolidated Statements of Income. Other REITs and real estate companies may calculate FFO and Normalized FFO differently than we do.

PORTFOLIO INFORMATION

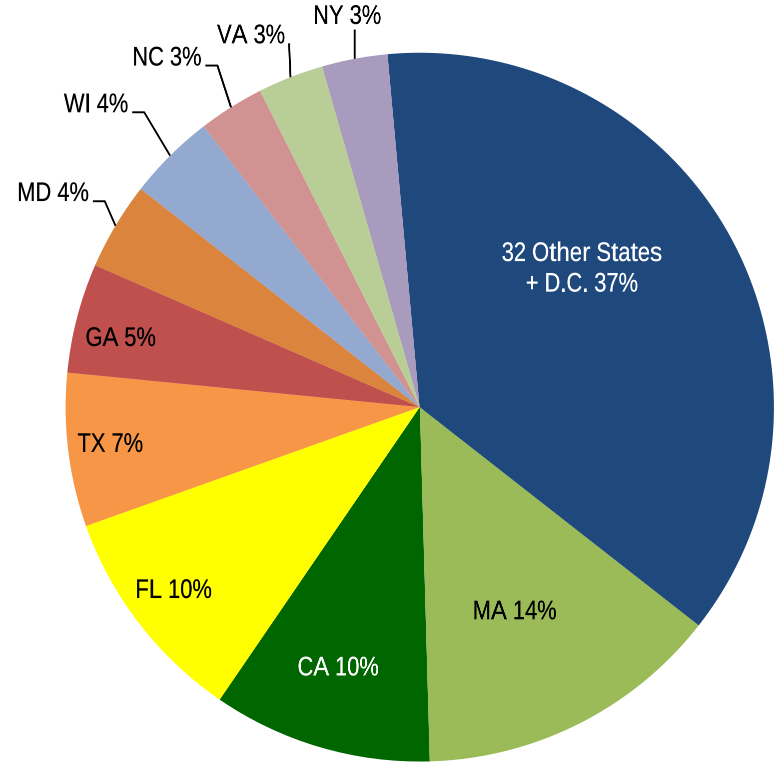
Tenant: Texas Health Presbyterian Hospital
16,605 Sq. Ft.
Rockwall, TX

PORTFOLIO SUMMARY BY PROPERTY MIX AND GEOGRAPHIC DIVERSIFICATION

Property Mix
(based on Q4 2016 NOI)[1]



Geographic Diversification
(based on Gross Book Value of Real Estate Assets as of December 31, 2016)[2]



(1) See Page 21 for the calculation of NOI and a reconciliation of that amount to net income determined in accordance with GAAP.
(2) Gross book value of real estate assets is real estate properties at cost, before depreciation and purchase price allocations, less impairment writedowns, if any.

PORTFOLIO SUMMARY BY PROPERTY TYPE AND TENANT

(dollars in thousands, except investment per unit / bed or square foot)
As of December 31, 2016

	Number of Properties	Number of Units / Beds or Square Feet		Carrying Value of Investment [1]	% of Total Investment	Investment per Unit / Bed or Square Foot [2]	Q4 2016 NOI [3]	% of Q4 2016 Total NOI
Property Type:								
Independent living [4]	68	16,452		$ 2,278,668	29.5%	$ 138,504	$ 52,332	30.2%
Assisted living [4]	197	14,425		2,003,003	25.9%	$ 138,856	43,983	25.4%
Skilled nursing facilities [4]	39	4,131		183,249	2.4%	$ 44,359	5,624	3.2%
Subtotal senior living communities	304	35,008		4,464,920	57.8%	$ 127,540	101,939	58.8%
MOBs [5]	119	11,431,292	sq. ft.	3,085,586	39.9%	$ 270	66,937	38.6%
Wellness centers	10	812,000	sq. ft.	180,017	2.3%	$ 222	4,579	2.6%
Total	433			$ 7,730,523	100.0%		$ 173,455	100.0%
Tenant / Operator / Managed Properties:								
Five Star	185	20,187		$ 2,293,257	29.8%	$ 113,601	$ 56,823	32.8%
Sunrise Senior Living / Marriott [6]	4	1,619		126,326	1.6%	$ 78,027	5,383	3.1%
Brookdale Senior Living	18	894		67,210	0.9%	$ 75,179	3,673	2.1%
11 private senior living companies (combined)	29	3,520		507,216	6.6%	$ 144,095	11,654	6.7%
Subtotal triple net leased senior living communities	236	26,220		2,994,009	38.9%	$ 114,188	77,533	44.7%
Managed senior living communities [7]	68	8,788		1,470,911	18.9%	$ 167,377	24,406	14.1%
Subtotal senior living communities	304	35,008		4,464,920	57.8%	$ 127,540	101,939	58.8%
MOBs [5]	119	11,431,292	sq. ft.	3,085,586	39.9%	$ 270	66,937	38.6%
Wellness centers	10	812,000	sq. ft.	180,017	2.3%	$ 222	4,579	2.6%
Total	433			$ 7,730,523	100.0%		$ 173,455	100.0%

(1) Amounts are before depreciation, but after impairment write downs, if any.
(2) Represents investment carrying value divided by the number of living units, beds or rentable square feet at December 31, 2016.
(3) See page 21 for the calculation of NOI and a reconciliation of that amount to net income determined in accordance with GAAP. Excludes NOI from properties that were sold during the period presented.
(4) Senior living communities are categorized by the type of living units or beds which constitute a majority of the living units or beds at the community.
(5) These 119 MOB properties are comprised of 145 buildings. Our MOB leases include some triple net leases where, in addition to paying fixed rents, the tenants assume the obligation to operate and maintain the properties at their expense, and some net and modified gross leases where we are responsible for the operation and maintenance of the properties, and we charge tenants for some or all of the property operating costs. A small percentage of our MOB leases are so-called "full-service" leases where we receive fixed rent from our tenants and no reimbursement for our property operating costs.
(6) Marriott International, Inc., or Marriott, guarantees the lessee's obligations under these leases.
(7) These senior living communities are managed for our account and include properties leased to our taxable REIT subsidiaries, or TRSs.

OCCUPANCY BY PROPERTY TYPE AND TENANT (1)

	For the Twelve Months Ended (2)				
	9/30/2016	6/30/2016	3/31/2016	12/31/2015	9/30/2015
Property Type:					
Independent living	86.9%	86.9%	87.1%	87.3%	87.4%
Assisted living	86.2%	86.6%	86.8%	86.9%	87.0%
Skilled nursing facilities	78.5%	78.7%	78.6%	78.7%	79.1%
Weighted average occupancy senior living communities	85.6%	85.8%	86.0%	86.1%	86.2%
MOBs (3)	95.9%	95.9%	95.8%	96.4%	96.0%
Wellness centers	100.0%	100.0%	100.0%	100.0%	100.0%
Tenant / Managed Properties:					
Five Star	83.9%	84.2%	84.4%	84.5%	84.8%
Sunrise Senior Living / Marriott (4)	91.0%	90.3%	90.3%	90.6%	91.4%
Brookdale Senior Living	85.6%	86.6%	87.9%	89.3%	90.9%
11 private senior living companies (combined)	88.8%	88.4%	88.1%	87.6%	87.2%
Weighted average occupancy triple net leased senior living communities	85.1%	85.3%	85.4%	85.4%	85.6%
Managed senior living communities (5)	87.3%	87.5%	87.8%	88.1%	88.2%
Weighted average occupancy senior living communities	85.6%	85.8%	86.0%	86.1%	86.2%
MOBs (3)	95.9%	95.9%	95.8%	96.4%	96.0%
Wellness centers	100.0%	100.0%	100.0%	100.0%	100.0%

(1) Excludes operating data from properties that were sold during the periods presented.
(2) Operating data for multi-tenant MOBs are presented as of the end of the period shown; operating data for other tenants are presented for the 12 month period ended on the dates shown, or the most recent prior 12 month period for which tenant and manager operating results are available to us.
(3) MOB occupancy data is as of quarter end and includes (i) space being fitted out for occupancy pursuant to existing leases and (ii) space which is leased but is not occupied or is being offered for sublease by tenants. MOB occupancy as of December 31, 2016 was 96.5%.
(4) Marriott guarantees the lessee's obligations under these leases.
(5) These senior living communities are managed for our account and include properties leased to our TRSs. Occupancy for the 12 month period ended or, if shorter, from the date of acquisition through December 31, 2016, was 87.2%.

All tenant operating data presented are based upon the operating results provided by our tenants for the indicated periods. We report our operating data one quarter in arrears as this is the most recent prior period for which tenant operating results are available to us from our tenants. We have not independently verified tenant operating data. Excludes historical data for periods prior to our ownership of certain properties.

RENT COVERAGE BY TENANT (TRIPLE NET LEASED SENIOR LIVING COMMUNITIES AND WELLNESS CENTERS) [1]

	For the Twelve Months Ended				
Tenant	9/30/2016	6/30/2016	3/31/2016	12/31/2015	9/30/2015
Five Star	1.21x	1.23x	1.22x	1.23x	1.23x
Sunrise Senior Living / Marriott [2]	1.98x	1.94x	1.93x	1.94x	1.98x
Brookdale Senior Living	2.64x	2.71x	2.76x	2.81x	2.77x
11 private senior living companies (combined)	1.25x	1.25x	1.29x	1.35x	1.46x
Weighted average rent coverage senior living communities	1.31x	1.33x	1.33x	1.34x	1.35x
Wellness centers	1.89x	2.03x	1.90x	1.91x	1.93x
Total	1.35x	1.37x	1.37x	1.38x	1.39x

(1) Excludes operating data from properties that were sold during the periods presented.
(2) Marriott guarantees the lessee's obligations under these leases.

All tenant operating data presented are based upon the operating results provided by our tenants for the indicated periods. We report our operating data one quarter in arrears as this is the most recent prior period for which tenant operating results are available to us from our tenants. We have not independently verified tenant operating data. Excludes historical data for periods prior to our ownership of certain properties. Rent coverage is calculated as operating cash flows from our tenants' facility operations, before subordinated charges, if any, divided by rent payable to us.

TRIPLE NET LEASED SENIOR LIVING COMMUNITIES SEGMENT - RESULTS OF OPERATIONS [(1)]

(dollars in thousands)

	As of and For the Three Months Ended December 31, 2016	As of and For the Three Months Ended December 31, 2015	As of and For the Year Ended December 31, 2016	As of and For the Year Ended December 31, 2015
Number of Properties	236	231	236	231
Number of Units	26,220	26,114	26,220	26,114
Occupancy [(2)]	85.1%	85.6%	85.1%	85.6%
Rent Coverage [(2)]	1.31x	1.35x	1.31x	1.35x
Rental Income	$ 77,428	$ 75,215	$ 275,697	$ 256,035
NOI [(3)]	$ 77,428	$ 75,215	$ 274,864	$ 256,035
Cash Basis NOI [(3)]	$ 76,480	$ 73,839	$ 270,731	$ 251,984
NOI % change	2.9%		7.4%	
Cash Basis NOI % change	3.6%		7.4%	

TRIPLE NET LEASED SENIOR LIVING COMMUNITIES SAME PROPERTY - RESULTS OF OPERATIONS [(1)]

(dollars in thousands)

	As of and For the Three Months Ended December 31, 2016 [(4)]	As of and For the Three Months Ended December 31, 2015 [(4)]	As of and For the Year Ended December 31, 2016 [(5)]	As of and For the Year Ended December 31, 2015 [(5)]
Number of Properties	227	227	209	209
Number of Units	25,549	25,549	23,509	23,509
Occupancy [(2)]	85.1%	85.6%	84.4%	85.3%
Rent Coverage [(2)]	1.31x	1.35x	1.33x	1.36x
Rental Income	$ 75,337	$ 73,986	$ 233,547	$ 230,418
NOI [(3)]	$ 75,337	$ 73,986	$ 233,547	$ 230,418
Cash Basis NOI [(3)]	$ 74,389	$ 72,683	$ 233,191	$ 229,505
NOI % change	1.8%		1.4%	
Cash Basis NOI % change	2.3%		1.6%	

(1) Includes independent and assisted living communities and SNFs.
(2) All tenant operating data presented are based upon the operating results provided by our tenants for the 12 months ended September 30, 2016 and 2015 or for the most recent prior period for which tenant operating results are available to us. Rent coverage is calculated as operating cash flows from our triple net leased tenants' operations, before subordinated charges, if any, divided by triple net lease minimum rents payable to us. We have not independently verified tenant operating data. Excludes historical data for periods prior to our ownership of certain properties as well as for properties sold during the periods presented.
(3) See page 21 for the calculation of NOI and a reconciliation of that amount to net income determined in accordance with GAAP, and pages 23-24 for the calculations and reconciliations of NOI, cash basis NOI, same property NOI and same property cash basis NOI by segment from consolidated NOI by segment.
(4) Consists of triple net leased senior living communities owned continuously since October 1, 2015 and excludes communities classified as held for sale, if any.
(5) Consists of triple net leased senior living communities owned continuously since January 1, 2015 and excludes communities classified as held for sale, if any.

MANAGED SENIOR LIVING COMMUNITIES SEGMENT - RESULTS OF OPERATIONS

(dollars in thousands, except average monthly rate)

	As of and For the Three Months Ended December 31, 2016	As of and For the Three Months Ended December 31, 2015	As of and For the Year Ended December 31, 2016	As of and For the Year Ended December 31, 2015
Number of Properties [1]	68	65	68	65
Number of Units [1]	8,788	8,585	8,788	8,585
Occupancy	86.8%	87.7%	87.2%	88.1%
Average Monthly Rate	$ 4,223	$ 4,181	$ 4,243	$ 4,213
Average Monthly Rate % Growth	1.0%	--	0.7%	--
Residents Fees and Services	$ 99,019	$ 96,813	$ 391,822	$ 367,874
Property Operating Expenses	(74,613)	(74,064)	(293,195)	(278,242)
NOI [2]	$ 24,406	$ 22,749	$ 98,627	$ 89,632
NOI Margin % [3]	24.6%	23.5%	25.2%	24.4%
NOI % Change	7.3%		10.0%	

MANAGED SENIOR LIVING COMMUNITIES SAME PROPERTY - RESULTS OF OPERATIONS

(dollars in thousands, except average monthly rate)

	As of and For the Three Months Ended December 31, 2016 [4]	As of and For the Three Months Ended December 31, 2015 [4]	As of and For the Year Ended December 31, 2016 [5]	As of and For the Year Ended December 31, 2015 [5]
Number of Properties	60	60	46	46
Number of Units	8,092	8,092	7,208	7,208
Occupancy	87.1%	87.7%	87.0%	88.0%
Average Monthly Rate	$ 4,245	$ 4,177	$ 4,336	$ 4,264
Average Monthly Rate % Growth	1.6%	--	1.7%	--
Residents Fees and Services	$ 91,849	$ 91,597	$ 331,855	$ 331,270
Property Operating Expenses	(69,029)	(68,050)	(248,785)	(249,174)
NOI [2]	$ 22,820	$ 23,547	$ 83,070	$ 82,096
NOI Margin % [3]	24.8%	25.7%	25.0%	24.8%
NOI % Change	(3.1%)		1.2%	

(1) Includes only those managed senior living communities owned and managed for our account during the periods presented.
(2) See page 21 for the calculation of NOI and a reconciliation of that amount to net income determined in accordance with GAAP, and pages 23-24 for the calculations and reconciliations of NOI, cash basis NOI, same property NOI and same property cash basis NOI by segment from consolidated NOI by segment.
(3) NOI margin % is defined as NOI as a percentage of residents fees and services.
(4) Consists of managed senior living communities owned and managed by the same operator continuously since October 1, 2015 and excludes communities classified as held for sale, if any.
(5) Consists of managed senior living communities owned and managed by the same operator continuously since January 1, 2015 and excludes communities classified as held for sale, if any.

MOB PORTFOLIO SEGMENT - RESULTS OF OPERATIONS

(dollars and sq. ft. in thousands)

	As of and For the Three Months Ended December 31,		As of and For the Year Ended December 31,	
	2016	2015	2016	2015
Number of Properties	119	121	119	121
Number of Buildings	145	145	145	145
Square Feet (1)	11,431	11,316	11,431	11,316
Occupancy (2)	96.5%	96.4%	96.5%	96.4%
Rental Income (3)	$ 93,270	$ 90,922	$ 372,233	$ 356,586
NOI (4)	$ 66,862	$ 63,720	$ 266,471	$ 257,249
Cash Basis NOI (4)	$ 62,650	$ 60,062	$ 248,031	$ 238,930
NOI Margin % (5)	71.7%	70.1%	71.6%	72.1%
Cash Basis NOI Margin % (6)	70.2%	68.7%	69.9%	70.5%
NOI % Change	4.9%		3.6%	
Cash Basis NOI % Change	4.3%		3.8%	

MOB PORTFOLIO SAME PROPERTY - RESULTS OF OPERATIONS

(dollars and sq. ft. in thousands)

	As of and For the Three Months Ended December 31,		As of and For the Year Ended December 31,	
	2016 (7)	2015 (7)	2016 (8)	2015 (8)
Number of Properties	116	116	93	93
Number of Buildings	140	140	117	117
Square Feet (1)	11,042	11,040	8,872	8,870
Occupancy (2)	96.3%	96.3%	95.4%	95.4%
Rental Income (3)	$ 90,238	$ 89,753	$ 320,328	$ 313,463
NOI (4)	$ 64,425	$ 62,732	$ 224,540	$ 221,582
Cash Basis NOI (4)	$ 60,503	$ 59,192	$ 209,351	$ 206,548
NOI Margin % (5)	71.4%	69.9%	70.1%	70.7%
Cash Basis NOI Margin % (6)	69.9%	68.5%	68.5%	69.1%
NOI % Change	2.7%		1.3%	
Cash Basis NOI % Change	2.2%		1.4%	

(1) Prior periods exclude space remeasurements made subsequent to those periods.
(2) Occupancy includes (i) space being fitted out for occupancy pursuant to existing leases and (ii) space which is leased but is not occupied or is being offered for sublease by tenants.
(3) Includes some triple net lease rental income.
(4) See page 21 for the calculation of NOI and a reconciliation of that amount to net income determined in accordance with GAAP, and pages 23-24 for the calculations and reconciliations of NOI, cash basis NOI, same property NOI and same property cash basis NOI by segment from consolidated NOI by segment.
(5) NOI margin % is defined as NOI as a percentage of rental income.
(6) Cash basis NOI margin % is defined as cash basis NOI as a percentage of cash basis rental income. Cash basis rental income excludes non-cash straight line rent adjustments, lease value amortization and lease termination fee amortization, if any.
(7) Consists of MOBs owned continuously since October 1, 2015 and excludes properties classified as held for sale, if any.
(8) Consists of MOBs owned continuously since January 1, 2015 and excludes properties classified as held for sale, if any.

MOB LEASING SUMMARY

(dollars and sq. ft. in thousands, except per sq. ft. data)

	As of and For the Three Months Ended				
	12/31/2016	9/30/2016	6/30/2016	3/31/2016	12/31/2015
Properties	119	119	123	122	121
Buildings	145	145	149	148	145
Total sq. ft. (1)	11,431	11,401	11,610	11,444	11,316
Occupancy (2)	96.5%	95.9%	95.9%	95.8%	96.4%
Leasing Activity (sq. ft.):					
New leases	138	54	46	34	115
Renewals	43	139	137	309	99
Total	181	193	183	343	214
Rent Rate on New and Renewed Leases					
New leases	$ 26.38	$ 30.42	$ 32.62	$ 27.59	$ 27.72
Renewals	$ 31.46	$ 37.42	$ 32.12	$ 14.00	$ 20.34
Average net annual rent	$ 27.59	$ 35.48	$ 32.24	$ 15.34	$ 24.31
Leasing Costs and Concession Commitments (3):					
New leases	$ 3,013	$ 2,261	$ 1,441	$ 804	$ 9,021
Renewals	434	2,709	1,692	2,058	1,266
Total	$ 3,447	$ 4,970	$ 3,133	$ 2,862	$ 10,287
Leasing Costs and Concession Commitments per Sq. Ft. (3):					
New leases	$ 21.89	$ 42.26	$ 31.14	$ 23.78	$ 78.25
Renewals	$ 10.09	$ 19.53	$ 12.39	$ 6.66	$ 12.79
All new and renewed leases	$ 19.08	$ 25.85	$ 17.13	$ 8.35	$ 48.02
Weighted Average Lease Term (years) (4):					
New leases	8.1	7.6	5.8	5.0	13.4
Renewals	4.4	6.8	5.3	6.5	7.0
All new and renewed leases	7.1	7.0	5.4	6.2	10.9
Leasing Costs and Concession Commitments per Sq. Ft. per Year (3):					
New leases	$ 2.71	$ 5.56	$ 5.40	$ 4.80	$ 5.84
Renewals	$ 2.30	$ 2.89	$ 2.33	$ 1.03	$ 1.83
All new and renewed leases	$ 2.69	$ 3.72	$ 3.15	$ 1.34	$ 4.40

(1) Sq. ft. measurements are subject to modest changes when space is re-measured or re-configured for new tenants.
(2) Occupancy includes (i) space being fitted out for occupancy pursuant to existing leases and (ii) space which is leased but is not occupied or is being offered for sublease by tenants.
(3) Includes commitments made for leasing expenditures and concessions, such as tenant improvements, leasing commissions, tenant reimbursements and free rent.
(4) Weighted based on annualized rental income pursuant to existing leases as of December 31, 2016, including straight line rent adjustments and estimated recurring expense reimbursements and excluding lease value amortization.

The above leasing summary is based on leases entered into during the periods indicated.

TENANTS REPRESENTING 1% OR MORE OF TOTAL RENT

(dollars in thousands)
As of December 31, 2016

	Tenant	Facility Type	Annualized Rental Income (1)	% of Annualized Rental Income (1)	Expiration
1	Five Star	Senior living	$ 209,011	27.4%	2024 - 2032
2	Vertex Pharmaceuticals, Inc.	MOB	92,096	12.1%	2028
3	Aurora Health Care, Inc.	MOB	16,896	2.2%	2024
4	Sunrise Senior Living, Inc. / Marriott	Senior living	14,781	1.9%	2023
5	Pacifica Senior Living	Senior living	13,424	1.8%	2023
6	Cedars-Sinai Medical Center	MOB	13,162	1.7%	2017 - 2025
7	Life Time Fitness, Inc.	Wellness center	10,550	1.4%	2028
8	The Scripps Research Institute	MOB	10,158	1.3%	2019
9	Brookdale Senior Living, Inc.	Senior living	9,101	1.2%	2032
10	Medtronic, Inc.	MOB	8,070	1.1%	2017 - 2020
11	HCA Holdings, Inc.	MOB	7,996	1.0%	2018 - 2025
12	Reliant Medical Group, Inc.	MOB	7,661	1.0%	2019
13	Nanotherapeutics, Inc.	MOB	7,384	1.0%	2031
14	Starmark Holdings, LLC	Wellness Center	7,546	1.0%	2023
	All Other Tenants (2)		334,131	43.9%	2017 - 2035
	Total Tenants		$ 761,967	100.0%	

(1) Annualized rental income is based on rents pursuant to existing leases as of December 31, 2016. Annualized rental income includes estimated percentage rents, straight line rent adjustments and estimated recurring expense reimbursements for certain net and modified gross leases and excludes lease value amortization at certain of the MOBs and wellness centers.

(2) Includes NOI (three months ended December 31, 2016, annualized) from our managed senior living communities.

PORTFOLIO LEASE EXPIRATION SCHEDULE
(dollars in thousands)
As of December 31, 2016

Annualized Rental Income [1]

Year	Senior Living Communities [2]	MOBs	Wellness Centers	Total	Percent of Total Annualized Rental Income Expiring	Cumulative Percentage of Annualized Rental Income Expiring
2017	$ -	$ 31,190	$ -	$ 31,190	4.1%	4.1%
2018	-	25,049	-	25,049	3.3%	7.4%
2019	590	39,692	-	40,282	5.3%	12.7%
2020	-	30,850	-	30,850	4.0%	16.7%
2021	1,424	15,508	-	16,932	2.2%	18.9%
2022	-	15,532	-	15,532	2.0%	20.9%
2023	28,205	10,829	7,546	46,580	6.1%	27.0%
2024	68,764	37,532	-	106,296	14.0%	41.0%
2025	-	12,657	-	12,657	1.7%	42.7%
Thereafter [3]	277,054	148,995	10,550	436,599	57.3%	100.0%
Total	$ 376,037	$ 367,834	$ 18,096	$ 761,967	100.0%	

Average remaining lease term for all properties (weighted by annualized rental income): 9.5 years

Number of Living Units / Beds or Square Feet with Leases Expiring

	Living Units / Beds			Square Feet				
Year	Senior Living Communities (Units / Beds) [2]	Percent of Total Living Units / Beds Expiring	Cumulative Percentage of Total Living Units / Beds Expiring	MOBs (Square Feet)	Wellness Centers (Square Feet)	Total Square Feet	Percent of Total Square Feet Expiring	Cumulative Percentage of Total Square Feet Expiring
2017	-	0.0%	0.0%	1,043,748	-	1,043,748	8.8%	8.8%
2018	-	0.0%	0.0%	849,209	-	849,209	7.2%	16.0%
2019	175	0.5%	0.5%	1,272,165	-	1,272,165	10.7%	26.7%
2020	-	0.0%	0.5%	1,412,881	-	1,412,881	11.9%	38.6%
2021	361	1.0%	1.5%	472,254	-	472,254	4.0%	42.6%
2022	-	0.0%	1.5%	596,174	-	596,174	5.0%	47.6%
2023	2,263	6.5%	8.0%	755,538	354,000	1,109,538	9.4%	57.0%
2024	6,561	18.7%	26.7%	1,437,781	-	1,437,781	12.1%	69.1%
2025	-	0.0%	26.7%	537,124	-	537,124	4.5%	73.6%
Thereafter [3]	25,648	73.3%	100.0%	2,650,066	458,000	3,108,066	26.4%	100.0%
Total	35,008	100.0%		11,026,940	812,000	11,838,940	100.0%	

(1) Annualized rental income is based on rents pursuant to existing leases as of December 31, 2016. Annualized rental income includes estimated percentage rents, straight line rent adjustments and estimated recurring expense reimbursements for certain net and modified gross leases; excludes lease value amortization at certain of our MOBs and wellness centers; and includes NOI (three months ended December 31, 2016, annualized) from our managed senior living communities.
(2) Includes leased and managed independent living communities, assisted living communities, continuing care retirement communities and SNFs. Includes NOI (three months ended December 31, 2016, annualized) from our managed senior living communities.
(3) Includes 8,788 living units leased to our TRSs.