



Senior Housing Properties Trust

Third Quarter 2019

Supplemental Operating and Financial Data

Exhibit 99.2
SNH
Nasdaq Listed



28515 Westinghouse Place, Valencia, CA
Tenant: Advanced Bionics LLC
Square Feet: 146,385

All amounts in this report are unaudited.



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CORPORATE INFORMATION



549 Albany Street, Boston, MA
Tenant: PerkinElmer Health Sciences, Inc.
Square Feet: 105,462



COMPANY PROFILE

The Company:

Senior Housing Properties Trust, or SNH, we, our or us, is a real estate investment trust, or REIT, which owns properties leased to medical providers, clinics, medical related businesses and biotech laboratory tenants, or MOBs, independent and assisted living communities, continuing care retirement communities, skilled nursing facilities, or SNFs, and wellness centers located throughout the U.S. SNH is a component of 85 market indices and it comprises more than 1% of the following indices as of September 30, 2019: BI North America Healthcare REIT Valuation Peers Index (BIHLCRNP), BI NA Healthcare REIT – Competitive Index (BIHLCRNC), Solactive US Small Cap High Dividend Index (SOLSMHD), Invesco KBW Premium Yield Equity REIT ETF INAV Index (KBWYIV), Solactive Long Term Care Index (OLDID), Fidelity Canada U.S. High Dividend Index (FIDCNHDP), Bloomberg Real Estate Investment Trust Healthcare Index (BBREHLTH) and the Russell 3000 Equity REIT: Health Care Index (RGUSFEH).

Management:

SNH is managed by The RMR Group LLC, or RMR LLC, the majority owned operating subsidiary of The RMR Group Inc. (Nasdaq: RMR), or RMR Inc. 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 traded equity REITs and three real estate related operating businesses. In addition to managing SNH, RMR manages Service Properties Trust (formerly known as Hospitality Properties Trust), a REIT that owns a diverse portfolio of hotels and net lease service and necessity-based retail properties, Industrial Logistics Properties Trust, a REIT that owns industrial and logistics properties, and Office Properties Income Trust, a REIT that owns buildings primarily leased to single tenants and those with high credit quality characteristics such as government entities. RMR also provides management services to Five Star Senior Living Inc., a publicly traded operator of senior living communities (including some of the senior living communities that SNH owns), Sonesta International Hotels Corporation, a privately owned operator and franchisor of hotels and cruise boats, and TravelCenters of America Inc., a publicly traded operator and franchisor of travel centers along the U.S. Interstate Highway System, standalone truck service facilities and restaurants. RMR also advises the RMR Real Estate Income Fund, a publicly traded closed end fund that invests in publicly traded securities of real estate companies, and Tremont Mortgage Trust, a publicly traded mortgage REIT that focuses on originating and investing in floating rate first mortgage whole loans, secured by middle market and transitional commercial real estate, through wholly owned Securities and Exchange Commission, or SEC, registered investment advisory subsidiaries, as well as manages the RMR Office Property Fund, a private, open end core plus fund focused on the acquisition, ownership and leasing of a diverse portfolio of multi-tenant office properties throughout the U.S. As of September 30, 2019, RMR had \$32.8 billion of real estate assets under management and the combined RMR managed companies had approximately \$12 billion of annual revenues, over 2,200 properties and nearly 50,000 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.

Corporate Headquarters:

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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: Ba1
S&P Global: BBB-



INVESTOR INFORMATION

Board of Trustees

John L. Harrington
Independent Trustee

Lisa Harris Jones
Lead Independent Trustee

Jeffrey P. Somers
Independent Trustee

Jennifer B. Clark
Managing Trustee

Adam D. Portnoy
Chair of the Board & Managing Trustee

Senior Management

Jennifer F. Francis
President & Chief Operating Officer

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

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RESEARCH COVERAGE

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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



*Barrington Terrace, Boynton Beach, FL
Operator: Five Star Senior Living Inc.
138 Living Units*



KEY FINANCIAL DATA

(dollars in thousands, except per share data)

	As of and For the Three Months Ended				
	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018
Selected Balance Sheet Data:					
Total gross assets ⁽¹⁾	\$ 8,572,131	\$ 8,713,990	\$ 8,706,590	\$ 8,694,818	\$ 9,061,046
Total assets	\$ 6,916,990	\$ 7,098,710	\$ 7,145,900	\$ 7,160,426	\$ 7,453,444
Total liabilities	\$ 3,948,768	\$ 4,062,001	\$ 4,032,462	\$ 3,980,556	\$ 4,058,964
Total equity	\$ 2,968,222	\$ 3,036,709	\$ 3,113,438	\$ 3,179,870	\$ 3,394,480
Selected Income Statement Data:					
Total revenues ⁽²⁾	\$ 255,827	\$ 262,003	\$ 266,286	\$ 285,222	\$ 278,969
Net (loss) income	\$ (27,946)	\$ (35,816)	\$ 31,504	\$ (117,182)	\$ 47,202
Net (loss) income attributable to common shareholders	\$ (29,390)	\$ (37,229)	\$ 30,082	\$ (118,543)	\$ 45,805
NOI ⁽³⁾	\$ 130,744	\$ 141,810	\$ 149,064	\$ 167,782	\$ 162,982
Adjusted EBITDAre ^{(4) (5)}	\$ 121,994	\$ 134,626	\$ 140,904	\$ 117,835	\$ 153,134
FFO attributable to common shareholders ⁽⁶⁾	\$ 67,577	\$ 80,227	\$ 80,411	\$ 115,732	\$ 81,554
Normalized FFO attributable to common shareholders ^{(5) (6)}	\$ 70,069	\$ 81,147	\$ 88,225	\$ 65,080	\$ 100,248
Per Common Share Data (basic and diluted):					
Net (loss) income attributable to common shareholders	\$ (0.12)	\$ (0.16)	\$ 0.13	\$ (0.50)	\$ 0.19
FFO attributable to common shareholders ⁽⁶⁾	\$ 0.28	\$ 0.34	\$ 0.34	\$ 0.49	\$ 0.34
Normalized FFO attributable to common shareholders ^{(5) (6)}	\$ 0.29	\$ 0.34	\$ 0.37	\$ 0.27	\$ 0.42
Dividends:					
Annualized dividend declared per common share ⁽⁷⁾	\$ 0.60	\$ 0.60	\$ 1.56	\$ 1.56	\$ 1.56
Annualized dividend yield (at end of period) ⁽⁷⁾	6.5%	7.3%	13.2%	13.3%	8.9%
Normalized FFO attributable to common shareholders payout ratio (basic and diluted) ^{(5) (6)}	51.7%	44.1%	105.4%	144.4%	92.9%

(1) Total gross assets is total assets plus accumulated depreciation.

(2) During the three months ended December 31, 2018, we recognized \$8.0 million of percentage rent for the year ended December 31, 2018.

(3) See page 19 for the calculation of NOI and a reconciliation of net income (loss) determined in accordance with U.S. generally accepted accounting principles, or GAAP, to that amount.

(4) See page 24 for the calculation of EBITDA, EBITDAre and Adjusted EBITDAre and a reconciliation of net income (loss) determined in accordance with GAAP to these amounts.

(5) Adjusted EBITDAre and Normalized FFO attributable to common shareholders include business management incentive fee expense of \$40,642, or \$0.17 per share, for the three months ended December 31, 2018.

(6) See page 25 for the calculation of FFO attributable to common shareholders and Normalized FFO attributable to common shareholders and a reconciliation of net income (loss) attributable to common shareholders determined in accordance with GAAP to these amounts.

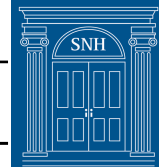
(7) Stated amounts reflect the annualized regular quarterly dividend rates per share. Annualized dividend yield is the annualized dividend declared during the applicable period divided by the closing price of SNH's common shares on The Nasdaq Stock Market LLC at the end of the relevant period.

CONDENSED CONSOLIDATED BALANCE SHEETS

(amounts in thousands, except share data)



	As of September 30, 2019	As of December 31, 2018
ASSETS		
Real estate properties:		
Land	\$ 825,451	\$ 844,567
Buildings and improvements	7,019,361	7,031,733
Total real estate properties, gross	7,844,812	7,876,300
Accumulated depreciation	(1,655,141)	(1,534,392)
Total real estate properties, net	6,189,671	6,341,908
Assets of properties held for sale	104,446	1,928
Cash and cash equivalents	49,462	54,976
Restricted cash	13,987	15,095
Acquired real estate leases and other intangible assets, net	359,909	419,244
Other assets, net	199,515	327,275
Total assets	<u>\$ 6,916,990</u>	<u>\$ 7,160,426</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Unsecured revolving credit facility	\$ 589,000	\$ 139,000
Unsecured term loans, net	548,906	548,286
Senior unsecured notes, net	1,819,802	2,216,945
Secured debt and capital leases, net	698,695	744,186
Accrued interest	30,308	26,182
Assumed real estate lease obligations, net	79,134	86,304
Other liabilities	182,923	219,653
Total liabilities	<u>3,948,768</u>	<u>3,980,556</u>
Commitments and contingencies		
Equity:		
Equity attributable to common shareholders:		
Common shares of beneficial interest, \$.01 par value: 300,000,000 shares authorized, 237,900,277 and 237,729,900 shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively	2,379	2,377
Additional paid in capital	4,612,264	4,611,419
Cumulative net income	2,104,259	2,140,796
Cumulative other comprehensive loss	(175)	(266)
Cumulative distributions	(3,895,248)	(3,731,214)
Total equity attributable to common shareholders	2,823,479	3,023,112
Noncontrolling interest:		
Total equity attributable to noncontrolling interest	144,743	156,758
Total equity	<u>2,968,222</u>	<u>3,179,870</u>
Total liabilities and equity	<u>\$ 6,916,990</u>	<u>\$ 7,160,426</u>



CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(amounts in thousands, except per share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenues:				
Rental income	\$ 148,011	\$ 173,648	\$ 459,349	\$ 521,961
Residents fees and services	107,816	105,321	324,767	309,981
Total revenues	255,827	278,969	784,116	831,942
Expenses:				
Property operating expenses	125,083	115,987	362,498	334,141
Depreciation and amortization	73,368	71,661	219,522	214,300
General and administrative	9,604	31,032	28,287	85,228
Acquisition and certain other transaction related costs	2,492	51	11,209	138
Impairment of assets	33,099	4,525	41,518	5,073
Total expenses	243,646	223,256	663,034	638,880
Gain on sale of properties	4,183	—	21,893	261,916
Dividend income	—	660	1,846	1,978
Gains and losses on equity securities, net	40	35,137	(41,476)	85,643
Interest and other income	238	248	590	362
Interest expense (including net amortization of debt premiums, discounts and issuance costs of \$1,421, \$1,626, \$4,592 and \$4,579, respectively)	(44,817)	(45,416)	(136,840)	(133,781)
Gain (loss) on early extinguishment of debt	—	108	(17)	(22)
(Loss) income from continuing operations before income tax benefit (expense) and equity in earnings of an investee	(28,175)	46,450	(32,922)	409,158
Income tax benefit (expense)	146	(79)	47	(444)
Equity in earnings of an investee	83	831	617	882
Net (loss) income	(27,946)	47,202	(32,258)	409,596
Net income attributable to noncontrolling interest	(1,444)	(1,397)	(4,279)	(4,181)
Net (loss) income attributable to common shareholders	<u>\$ (29,390)</u>	<u>\$ 45,805</u>	<u>\$ (36,537)</u>	<u>\$ 405,415</u>
Weighted average common shares outstanding (basic)	<u>237,608</u>	<u>237,511</u>	<u>237,585</u>	<u>237,492</u>
Weighted average common shares outstanding (diluted)	<u>237,608</u>	<u>237,562</u>	<u>237,585</u>	<u>237,526</u>
Per common share data (basic and diluted):				
Net (loss) income attributable to common shareholders	<u>\$ (0.12)</u>	<u>\$ 0.19</u>	<u>\$ (0.15)</u>	<u>\$ 1.71</u>



CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) (ADDITIONAL DATA)

(dollars in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
<u>Additional Data:</u>				
General and administrative expenses / total assets (at end of period) ⁽¹⁾	0.1%	0.4%	0.4%	1.1%
Business management incentive fees ⁽²⁾	\$ —	\$ 18,751	\$ —	\$ 50,708
Straight line rent included in rental income ⁽³⁾	\$ 1,186	\$ 2,484	\$ 3,550	\$ 8,507
Lease value amortization included in rental income ⁽³⁾	\$ 1,842	\$ 1,493	\$ 4,922	\$ 4,290
Non-cash stock based compensation	\$ 533	\$ 694	\$ 1,140	\$ 1,668
Non-cash amortization included in property operating expenses ⁽⁴⁾	\$ 199	\$ 199	\$ 597	\$ 597
Non-cash amortization included in general and administrative expenses ⁽⁴⁾	\$ 744	\$ 744	\$ 2,231	\$ 2,231

- (1) General and administrative expenses include estimated business management incentive fee expense of \$18,751 and \$50,708 for the three and nine months ended September 30, 2018, respectively.
- (2) Incentive fees under our business management agreement with RMR LLC are payable after the end of each calendar year, are calculated based on common share total return, as defined, compared to returns for the SNL U.S. REIT Healthcare Index over the applicable measurement period and are included in general and administrative expense in our condensed consolidated statements of income (loss).
- (3) 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.
- (4) 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 Inc. class A 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 expense and property management fees expense, which are included in general and administrative expenses and property operating expenses, respectively.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)



	For the Nine Months Ended September 30,	
	2019	2018
Cash flows from operating activities:		
Net (loss) income	\$ (32,258)	\$ 409,596
Adjustments to reconcile net (loss) income to cash provided by operating activities:		
Depreciation and amortization	219,522	214,300
Net amortization of debt premiums, discounts and issuance costs	4,592	4,579
Straight line rental income	(3,550)	(8,507)
Amortization of acquired real estate leases and other intangible assets	(4,922)	(4,290)
Loss on early extinguishment of debt	17	22
Gain on sale of properties	(21,893)	(261,916)
Gains and losses on equity securities, net	41,476	(85,643)
Impairment of assets	41,518	5,073
Other non-cash adjustments	(2,828)	(2,828)
Equity in earnings of an investee	(617)	(882)
Change in assets and liabilities:		
Other assets	(6,139)	(5,243)
Accrued interest	4,126	16,740
Other liabilities	(43,374)	5,021
Net cash provided by operating activities	195,670	286,022
Cash flows from investing activities:		
Real estate acquisitions and deposits	—	(129,493)
Real estate improvements	(175,146)	(65,953)
Proceeds from sale of properties, net	50,355	332,389
Proceeds from sale of RMR Inc. common shares, net	98,557	—
Net cash (used in) provided by investing activities	(26,234)	136,943
Cash flows from financing activities:		
Proceeds from issuance of senior unsecured notes, net	—	491,560
Proceeds from borrowings on revolving credit facility	803,000	617,000
Repayments of borrowings on revolving credit facility	(353,000)	(1,018,000)
Redemption of senior notes	(400,000)	—
Repayment of other debt	(45,438)	(106,038)
Loss on early extinguishment of debt settled in cash	—	(150)
Payment of debt issuance costs	—	(4,296)
Repurchase of common shares	(292)	(407)
Distributions to noncontrolling interest	(16,294)	(15,932)
Distributions to shareholders	(164,034)	(278,031)
Net cash used in financing activities	(176,058)	(314,294)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(amounts in thousands)



	For the Nine Months Ended September 30,	
	2019	2018
(Decrease) increase in cash and cash equivalents and restricted cash	\$ (6,622)	\$ 108,671
Cash and cash equivalents and restricted cash at beginning of period	70,071	47,321
Cash and cash equivalents and restricted cash at end of period	<u>\$ 63,449</u>	<u>\$ 155,992</u>
Supplemental cash flow information:		
Interest paid	\$ 129,010	\$ 112,462
Income taxes paid	\$ 452	\$ 439
Non-cash investing activities:		
Acquisitions funded by assumed debt	\$ —	\$ (44,386)
Capitalized interest	\$ 888	\$ 46
Non-cash financing activities:		
Assumption of mortgage notes payable	\$ —	\$ 44,386

Supplemental disclosure of cash and cash equivalents and restricted cash

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within our condensed consolidated balance sheets to the amount shown in our condensed consolidated statements of cash flows:

	As of September 30,	
	2019	2018
Cash and cash equivalents	\$ 49,462	\$ 47,657
Restricted cash	13,987	108,335
Total cash and cash equivalents and restricted cash shown in our condensed consolidated statements of cash flows	<u>\$ 63,449</u>	<u>\$ 155,992</u>

DEBT SUMMARY

(dollars in thousands)

As of September 30, 2019



	Coupon Rate	Interest Rate ⁽¹⁾	Principal Balance ⁽²⁾	Maturity Date	Due at Maturity	Years to Maturity
Unsecured Debt:						
<u>Unsecured Floating Rate Debt:</u>						
Unsecured revolving credit facility (LIBOR + 120 b.p.) ⁽³⁾	3.147%	3.147%	\$ 589,000	1/15/2022	\$ 589,000	2.3
Unsecured term loan (LIBOR + 140 b.p.)	3.500%	3.500%	350,000	1/15/2020	350,000	0.3
Unsecured term loan (LIBOR + 135 b.p.)	3.394%	3.394%	200,000	9/28/2022	200,000	3.0
Weighted average rate / total unsecured floating rate debt	3.299%	3.299%	\$ 1,139,000		\$ 1,139,000	1.8
<u>Unsecured Fixed Rate Debt:</u>						
Senior notes due 2020	6.750%	6.900%	\$ 200,000	4/15/2020	\$ 200,000	0.5
Senior notes due 2021	6.750%	7.000%	300,000	12/15/2021	300,000	2.2
Senior notes due 2024	4.750%	4.790%	250,000	5/1/2024	250,000	4.6
Senior notes due 2028	4.750%	4.966%	500,000	2/15/2028	500,000	8.4
Senior notes due 2042	5.625%	5.625%	350,000	8/1/2042	350,000	22.9
Senior notes due 2046	6.250%	6.250%	250,000	2/1/2046	250,000	26.4
Weighted average rate / total unsecured fixed rate debt	5.659%	5.779%	\$ 1,850,000		\$ 1,850,000	11.2
Weighted average rate / total unsecured debt	4.759%	4.834%	\$ 2,989,000		\$ 2,989,000	7.6
Secured Debt:						
<u>Secured Fixed Rate Debt:</u>						
Mortgage - secured by 1 property	7.490%	7.490%	1,584	1/1/2022	61	2.3
Mortgage - secured by 1 property	6.280%	5.170%	12,675	7/1/2022	10,744	2.8
Mortgage - secured by 1 property	4.850%	3.790%	11,015	10/1/2022	10,287	3.0
Mortgage - secured by 2 properties	5.750%	5.110%	16,211	10/6/2022	15,182	3.0
Mortgage - secured by 1 property	6.640%	4.920%	16,155	6/1/2023	14,522	3.7
Capital leases - 2 properties	7.700%	7.700%	9,120	4/30/2026	155	6.6
Mortgages - secured by 2 properties ⁽⁴⁾	3.530%	3.530%	620,000	8/6/2026	620,000	6.9
Mortgage - secured by 1 property	6.250%	6.250%	1,640	3/1/2026	18	6.4
Mortgage - secured by 1 property	4.444%	4.444%	10,742	7/1/2043	1,698	23.8
Weighted average rate / total secured fixed rate debt	3.808%	3.716%	\$ 699,142		\$ 672,667	6.8
Weighted average rate / total debt	4.579%	4.622%	\$ 3,688,142		\$ 3,661,667	7.5

(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 \$1,000,000 revolving credit facility. Interest rate is as of September 30, 2019 and excludes the 25 basis points facility fee. Upon payment of an extension fee and our meeting certain conditions, we have the option to extend the maturity date by one year.

(4) The properties encumbered by these mortgages are owned in a joint venture arrangement in which we own a 55% equity interest. The principal amounts listed in the table for these debts have not been adjusted to reflect the equity interests in the joint venture that we do not own.



DEBT MATURITY SCHEDULE

(dollars in thousands)

As of September 30, 2019

Year	Unsecured Floating Rate Debt	% of Total	Unsecured Fixed Rate Debt	% of Total	Secured Fixed Rate Debt ⁽¹⁾	% of Total	Total	% of Total
2019	\$ —		\$ —		\$ 907		\$ 907	
2020	350,000		200,000		3,799		553,799	
2021	—		300,000		4,097		304,097	
2022	789,000 ⁽²⁾		—		39,372		828,372	
2023	—		—		16,673		16,673	
2024	—		250,000		2,110		252,110	
2025	—		—		2,295		2,295	
2026	—		—		620,973		620,973	
2027	—		—		302		302	
Thereafter	—		1,100,000		8,614		1,108,614	
Principal balance	<u>\$ 1,139,000</u>		<u>\$ 1,850,000</u>		<u>\$ 699,142</u>		<u>\$ 3,688,142</u>	
Unamortized debt issuance costs, premiums and discounts	<u>(1,094)</u>		<u>(30,198)</u>		<u>(447)</u>		<u>(31,739)</u>	
Total debt, net	<u><u>\$ 1,137,906</u></u>	31.1%	<u><u>\$ 1,819,802</u></u>	49.8%	<u><u>\$ 698,695</u></u>	19.1%	<u><u>\$ 3,656,403</u></u>	100.0%

(1) Includes \$9,120 of capital lease obligations due through April 2026.

(2) Includes \$589,000 outstanding under our \$1,000,000 revolving credit facility at September 30, 2019. Upon payment of an extension fee and our meeting certain conditions, we have the option to extend the maturity date by one year.



LEVERAGE RATIOS, COVERAGE RATIOS AND PUBLIC DEBT COVENANTS

	As of and For the Three Months Ended				
	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018
Leverage Ratios:					
Net debt ⁽¹⁾ / total gross assets ⁽²⁾	42.4%	42.9%	42.8%	41.7%	40.8%
Net debt ⁽¹⁾ / gross book value of real estate assets ⁽³⁾	42.5%	43.1%	43.4%	42.1%	42.1%
Secured debt ⁽¹⁾ / total assets	10.1%	9.9%	10.4%	10.4%	10.0%
Variable rate debt ⁽¹⁾ / net debt ⁽¹⁾	31.3%	33.1%	20.8%	19.0%	20.2%
Coverage Ratios:					
Net debt ⁽¹⁾ / annualized Adjusted EBITDAre ^{(4) (5)}	7.4x	6.9x	6.6x	6.4x	6.0x
Adjusted EBITDAre ^{(4) (5)} / interest expense	2.7x	2.9x	3.1x	2.6x	3.4x
Public Debt Covenants:					
Total debt / adjusted total assets ⁽⁶⁾ - allowable maximum 60.0%	42.6%	43.1%	43.0%	42.2%	41.2%
Secured debt / adjusted total assets ⁽⁶⁾ - allowable maximum 40.0%	8.1%	8.0%	8.5%	8.5%	8.2%
Consolidated income available for debt service ⁽⁷⁾ / debt service - required minimum 1.50x	2.74x	2.97x	3.02x	3.83x	3.05x
Total unencumbered assets ⁽⁶⁾ / unsecured debt - required minimum 150.0%	245.0%	241.4%	243.3%	249.6%	256.4%

- (1) Debt amounts reflect the principal balances as of the date presented. Net debt is total debt less cash.
- (2) Total gross assets is total assets plus accumulated depreciation.
- (3) Gross book value of real estate assets is real estate assets at cost plus certain acquisition costs, before depreciation and purchase price allocations, less impairment writedowns, if any. Excludes properties classified as held for sale, if any.
- (4) See page 24 for the calculation of Adjusted EBITDAre and a reconciliation of net income (loss) determined in accordance with GAAP to that amount.
- (5) Adjusted EBITDAre includes business management incentive fee expense of \$40,642 for the three months ended December 31, 2018. Excluding business management incentive fee expense, net debt / annualized Adjusted EBITDAre and Adjusted EBITDAre / interest expense would have been 5.9x and 3.5x, respectively, for the three months ended December 31, 2018.
- (6) Adjusted total assets and total unencumbered assets include original cost of real estate assets calculated in accordance with GAAP before depreciation and after impairment write downs, if any, 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, gains or losses on equity securities, gains or losses on sales of properties and early extinguishment of debt, determined together with debt service for the applicable period.



SUMMARY OF CAPITAL EXPENDITURES

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

	For the Three Months Ended				
	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018
MOB tenant improvements ⁽¹⁾	\$ 2,584	\$ 2,008	\$ 5,000	\$ 4,283	\$ 5,073
MOB leasing costs ⁽²⁾	2,038	1,144	4,132	845	3,686
MOB building improvements ⁽³⁾	5,673	2,929	995	6,665	3,831
Managed senior living communities capital improvements	4,997	3,487	3,312	3,518	3,721
Recurring capital expenditures ⁽⁴⁾⁽⁵⁾	<u>\$ 15,292</u>	<u>\$ 9,568</u>	<u>\$ 13,439</u>	<u>\$ 15,311</u>	<u>\$ 16,311</u>
MOB avg. sq. ft. during period	12,276	12,460	12,574	12,600	12,600
Managed senior living communities avg. units during period	10,126	9,925	9,766	9,641	9,513
MOB building improvements per avg. sq. ft. during period	\$ 0.46	\$ 0.24	\$ 0.08	\$ 0.53	\$ 0.30
Managed senior living communities capital improvements per avg. unit during period	\$ 493	\$ 351	\$ 339	\$ 365	\$ 391
Development, redevelopment and other activities - MOBs ⁽⁶⁾	\$ 8,220	\$ 9,285	\$ 6,059	\$ 6,924	\$ 1,072
Development, redevelopment and other activities - Managed senior living communities ⁽⁴⁾	7,509	9,798	9,079	7,144	9,051
Total development, redevelopment and other activities ⁽⁴⁾⁽⁵⁾	<u>\$ 15,729</u>	<u>\$ 19,083</u>	<u>\$ 15,138</u>	<u>\$ 14,068</u>	<u>\$ 10,123</u>

(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 tenant inducements.

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

(4) During the three months ended September 30, 2019, we invested \$670 in revenue producing capital improvements at certain of our triple net leased senior living communities leased to private operators, and as a result, annual rents payable to us increased by approximately \$46 pursuant to the terms of the applicable leases. These capital improvements are not included in the table above.

(5) During the three months ended September 30, 2019, we purchased \$11,192 of fixed assets and capital improvements related to certain of our senior living communities leased to Five Star Senior Living Inc., or Five Star. Pursuant to the transaction agreement, or the Transaction Agreement, we and Five Star entered into in April 2019, the aggregate amount of monthly minimum rent payable to us by Five Star did not increase as a result of the purchase of these capital improvements. These fixed asset and capital improvements are not included in the table above.

(6) Development, redevelopment and other activities generally include capital expenditures that reposition a property or result in new sources of revenue.



PROPERTY ACQUISITIONS / DISPOSITIONS INFORMATION SINCE JANUARY 1, 2019

(dollars in thousands)

Acquisitions:

We have not acquired any properties since January 1, 2019.

Dispositions: ⁽¹⁾

Date Sold	Location	Type of Property	Number of Buildings	Gross Sales Price ⁽²⁾
2/21/2019	Alachua, FL	Life Science	1	\$ 2,900
3/28/2019	Millbury, MA	Medical Office	1	75
5/1/2019	Various	Skilled Nursing Facility	3	21,500
5/9/2019	Thornton, CO	Medical Office	1	2,590
6/3/2019	Milford, MA	Medical Office	1	925
6/5/2019	Worcester, MA	Medical Office	2	3,659
6/14/2019	Various	Medical Office	2	1,748
6/19/2019	Westborough, MA	Medical Office	2	1,710
7/17/2019	Worcester, MA	Medical Office	1	2,750
7/18/2019	Spencer, MA	Medical Office	1	605
7/25/2019	Worcester, MA	Medical Office	1	1,600
8/23/2019	Leominster, MA	Medical Office	1	2,221
9/17/2019	Various	Skilled Nursing Facility	15	8,000
9/20/2019	Auburn, MA	Medical Office	1	2,750
10/2/2019	Various	Independent Living / Skilled Nursing Facility	3	10,500
10/4/2019	Bridgewater, NJ	Life Science	1	47,500
Total Dispositions			37	\$ 111,033

(1) As of November 6, 2019, we have 20 properties in our MOB segment, nine SNFs, nine assisted living facilities and two independent living facilities under agreements to sell for an aggregate sales price of approximately \$452,804, excluding closing costs.

(2) Represents the gross contract sales price, excluding closing costs.



CALCULATION AND RECONCILIATION OF NOI AND CASH BASIS NOI ⁽¹⁾

(amounts in thousands)

	For the Three Months Ended					For the Nine Months Ended	
	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018	9/30/2019	9/30/2018
Calculation of NOI and Cash Basis NOI:							
Revenues:							
Rental income	\$ 148,011	\$ 153,097	\$ 158,241	\$ 178,680	\$ 173,648	\$ 459,349	\$ 521,961
Residents fees and services	107,816	108,906	108,045	106,542	105,321	324,767	309,981
Total revenues	255,827	262,003	266,286	285,222	278,969	784,116	831,942
Property operating expenses	(125,083)	(120,193)	(117,222)	(117,440)	(115,987)	(362,498)	(334,141)
Property NOI	130,744	141,810	149,064	167,782	162,982	421,618	497,801
Non-cash straight line rent adjustments	(1,186)	(430)	(1,934)	(1,720)	(2,484)	(3,550)	(8,507)
Lease value amortization	(1,842)	(1,555)	(1,525)	(1,497)	(1,493)	(4,922)	(4,290)
Non-cash amortization included in property operating expenses ⁽²⁾	(199)	(199)	(199)	(200)	(199)	(597)	(597)
Cash Basis NOI	<u>\$ 127,517</u>	<u>\$ 139,626</u>	<u>\$ 145,406</u>	<u>\$ 164,365</u>	<u>\$ 158,806</u>	<u>\$ 412,549</u>	<u>\$ 484,407</u>
Reconciliation of Net Income (Loss) to NOI and Cash Basis NOI:							
Net (loss) income	\$ (27,946)	\$ (35,816)	\$ 31,504	\$ (117,182)	\$ 47,202	\$ (32,258)	\$ 409,596
Equity in (earnings) losses of an investee	(83)	(130)	(404)	366	(831)	(617)	(882)
Income tax (benefit) expense	(146)	(35)	134	32	79	(47)	444
Loss (gain) on early extinguishment of debt	—	17	—	—	(108)	17	22
Interest expense	44,817	46,412	45,611	45,506	45,416	136,840	133,781
Interest and other income	(238)	(238)	(114)	(305)	(248)	(590)	(362)
(Gains) losses on equity investments, net	(40)	64,448	(22,932)	106,367	(35,137)	41,476	(85,643)
Dividend income	—	(923)	(923)	(923)	(660)	(1,846)	(1,978)
(Gain) loss on sale of properties	(4,183)	(17,832)	122	—	—	(21,893)	(261,916)
Impairment of assets	33,099	2,213	6,206	61,273	4,525	41,518	5,073
Acquisition and certain other transaction related costs	2,492	903	7,814	56	51	11,209	138
General and administrative	9,604	8,867	9,816	657	31,032	28,287	85,228
Depreciation and amortization	73,368	73,924	72,230	71,935	71,661	219,522	214,300
Property NOI	130,744	141,810	149,064	167,782	162,982	421,618	497,801
Non-cash amortization included in property operating expenses ⁽²⁾	(199)	(199)	(199)	(200)	(199)	(597)	(597)
Lease value amortization	(1,842)	(1,555)	(1,525)	(1,497)	(1,493)	(4,922)	(4,290)
Non-cash straight line rent adjustments	(1,186)	(430)	(1,934)	(1,720)	(2,484)	(3,550)	(8,507)
Cash Basis NOI	<u>\$ 127,517</u>	<u>\$ 139,626</u>	<u>\$ 145,406</u>	<u>\$ 164,365</u>	<u>\$ 158,806</u>	<u>\$ 412,549</u>	<u>\$ 484,407</u>

(1) See Definitions of Certain Non-GAAP Financial Measures on page 26 for a definition of NOI, Cash Basis NOI, same property NOI and same property 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 Inc. class A 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 expense, which is included in property operating expenses.



NOI AND CASH BASIS NOI ⁽¹⁾

(dollars in thousands)

	For the Three Months Ended			For the Nine Months Ended		
	9/30/2019	9/30/2018	% Change	9/30/2019	9/30/2018	% Change
NOI:						
Life Science	\$ 35,565	\$ 37,654	(5.5)%	\$ 111,240	\$ 112,249	(0.9)%
Medical Office	30,261	34,186	(11.5)%	97,490	102,475	(4.9)%
Total MOB Portfolio	65,826	71,840	(8.4)%	208,730	214,724	(2.8)%
Triple Net Leased Senior Living Communities	43,326	64,538	(32.9)%	137,683	198,626	(30.7)%
Managed Senior Living Communities	16,917	21,986	(23.1)%	61,155	70,613	(13.4)%
Total Senior Living Communities	60,243	86,524	(30.4)%	198,838	269,239	(26.1)%
Non-Segment ⁽²⁾	4,675	4,618	1.2 %	14,050	13,838	1.5 %
Total	<u>\$ 130,744</u>	<u>\$ 162,982</u>	(19.8)%	<u>\$ 421,618</u>	<u>\$ 497,801</u>	(15.3)%
Cash Basis NOI:						
Life Science	\$ 32,804	\$ 34,143	(3.9)%	\$ 104,175	\$ 101,539	2.6 %
Medical Office	29,993	34,148	(12.2)%	96,051	101,978	(5.8)%
Total MOB Portfolio	62,797	68,291	(8.0)%	200,226	203,517	(1.6)%
Triple Net Leased Senior Living Communities	43,071	63,990	(32.7)%	136,947	196,904	(30.4)%
Managed Senior Living Communities	16,917	21,986	(23.1)%	61,155	70,613	(13.4)%
Total Senior Living Communities	59,988	85,976	(30.2)%	198,102	267,517	(25.9)%
Non-Segment ⁽²⁾	4,732	4,539	4.3 %	14,221	13,373	6.3 %
Total	<u>\$ 127,517</u>	<u>\$ 158,806</u>	(19.7)%	<u>\$ 412,549</u>	<u>\$ 484,407</u>	(14.8)%

(1) See page 19 for the calculation of NOI and a reconciliation of net income (loss) determined in accordance with GAAP to that amount, and pages 22 - 23 for the calculations and reconciliations of NOI, cash basis NOI, same property NOI and same property cash basis NOI by segment from NOI by segment.

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



SAME PROPERTY NOI AND CASH BASIS NOI ⁽¹⁾

(dollars in thousands)

	For the Three Months Ended ⁽²⁾			For the Nine Months Ended ⁽³⁾		
	9/30/2019	9/30/2018	% Change	9/30/2019	9/30/2018	% Change
NOI:						
Life Science	\$ 34,378	\$ 33,888	1.4 %	\$ 97,555	\$ 96,313	1.3 %
Medical Office	30,263	32,256	(6.2)%	92,069	94,191	(2.3)%
Total MOB Portfolio	64,641	66,144	(2.3)%	189,624	190,504	(0.5)%
Triple Net Leased Senior Living Communities	42,363	60,829	(30.4)%	133,806	182,218	(26.6)%
Managed Senior Living Communities	18,360	22,251	(17.5)%	62,153	68,463	(9.2)%
Total Senior Living Communities	60,723	83,080	(26.9)%	195,959	250,681	(21.8)%
Non-Segment ⁽⁴⁾	4,675	4,618	1.2 %	14,050	13,838	1.5 %
Total	<u>\$ 130,039</u>	<u>\$ 153,842</u>	(15.5)%	<u>\$ 399,633</u>	<u>\$ 455,023</u>	(12.2)%
Cash Basis NOI:						
Life Science	\$ 31,645	\$ 29,837	6.1 %	\$ 89,774	\$ 84,384	6.4 %
Medical Office	29,981	32,004	(6.3)%	90,172	93,026	(3.1)%
Total MOB Portfolio	61,626	61,841	(0.3)%	179,946	177,410	1.4 %
Triple Net Leased Senior Living Communities	42,105	60,461	(30.4)%	133,061	181,075	(26.5)%
Managed Senior Living Communities	18,360	22,251	(17.5)%	62,153	68,463	(9.2)%
Total Senior Living Communities	60,465	82,712	(26.9)%	195,214	249,538	(21.8)%
Non-Segment ⁽⁴⁾	4,732	4,539	4.3 %	14,221	13,373	6.3 %
Total	<u>\$ 126,823</u>	<u>\$ 149,092</u>	(14.9)%	<u>\$ 389,381</u>	<u>\$ 440,321</u>	(11.6)%

- (1) See page 19 for the calculation of NOI and a reconciliation of net income (loss) determined in accordance with GAAP to that amount, and pages 22 - 23 for the calculations and reconciliations of NOI, cash basis NOI, same property NOI and same property cash basis NOI by segment from NOI by segment.
- (2) Consists of properties owned, in service and managed by the same operator continuously since July 1, 2018, including our MOB (two buildings) owned in a joint venture arrangement in which we own a 55% equity interest; excludes properties classified as held for sale or in redevelopment, if any.
- (3) Consists of properties owned, in service and managed by the same operator continuously since January 1, 2018, including our MOB (two buildings) owned in a joint venture arrangement in which we own a 55% equity interest; excludes properties classified as held for sale or in redevelopment, if any.
- (4) Includes the operating results of certain properties that offer wellness, fitness and spa services to members.



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

(dollars in thousands)

	For the Three Months Ended September 30, 2019					For the Three Months Ended September 30, 2018				
	MOBs	Triple Net Leased Senior Living Communities	Managed Senior Living Communities	Non- Segment ⁽²⁾	Total	MOBs	Triple Net Leased Senior Living Communities	Managed Senior Living Communities	Non- Segment ⁽²⁾	Total
Calculation of NOI and Cash Basis NOI:										
Rental income / residents fees and services	\$ 100,010	\$ 43,326	\$ 107,816	\$ 4,675	\$ 255,827	\$ 104,492	\$ 64,538	\$ 105,321	\$ 4,618	\$ 278,969
Property operating expenses	(34,184)	—	(90,899)	—	(125,083)	(32,652)	—	(83,335)	—	(115,987)
Property NOI	<u>\$ 65,826</u>	<u>\$ 43,326</u>	<u>\$ 16,917</u>	<u>\$ 4,675</u>	<u>\$ 130,744</u>	<u>\$ 71,840</u>	<u>\$ 64,538</u>	<u>\$ 21,986</u>	<u>\$ 4,618</u>	<u>\$ 162,982</u>
NOI change	(8.4)%	(32.9)%	(23.1)%	1.2%	(19.8)%					
Property NOI	\$ 65,826	\$ 43,326	\$ 16,917	\$ 4,675	\$ 130,744	\$ 71,840	\$ 64,538	\$ 21,986	\$ 4,618	\$ 162,982
Less:										
Non-cash straight line rent adjustments	1,043	255	—	(112)	1,186	1,912	548	—	24	2,484
Lease value amortization	1,787	—	—	55	1,842	1,438	—	—	55	1,493
Non-cash amortization included in property operating expenses ⁽³⁾	199	—	—	—	199	199	—	—	—	199
Cash Basis NOI	<u>\$ 62,797</u>	<u>\$ 43,071</u>	<u>\$ 16,917</u>	<u>\$ 4,732</u>	<u>\$ 127,517</u>	<u>\$ 68,291</u>	<u>\$ 63,990</u>	<u>\$ 21,986</u>	<u>\$ 4,539</u>	<u>\$ 158,806</u>
Cash Basis NOI change	(8.0)%	(32.7)%	(23.1)%	4.3%	(19.7)%					
Reconciliation of NOI to Same Property NOI:										
Property NOI	\$ 65,826	\$ 43,326	\$ 16,917	\$ 4,675	\$ 130,744	\$ 71,840	\$ 64,538	\$ 21,986	\$ 4,618	\$ 162,982
Less:										
NOI not included in same property	1,185	963	(1,443)	—	705	5,696	3,709	(265)	—	9,140
Same property NOI ⁽⁴⁾	<u>\$ 64,641</u>	<u>\$ 42,363</u>	<u>\$ 18,360</u>	<u>\$ 4,675</u>	<u>\$ 130,039</u>	<u>\$ 66,144</u>	<u>\$ 60,829</u>	<u>\$ 22,251</u>	<u>\$ 4,618</u>	<u>\$ 153,842</u>
Same property NOI change	(2.3)%	(30.4)%	(17.5)%	1.2%	(15.5)%					
Reconciliation of Same Property NOI to Same Property Cash Basis NOI:										
Same property NOI ⁽⁴⁾	\$ 64,641	\$ 42,363	\$ 18,360	\$ 4,675	\$ 130,039	\$ 66,144	\$ 60,829	\$ 22,251	\$ 4,618	\$ 153,842
Less:										
Non-cash straight line rent adjustments	1,029	258	—	(112)	1,175	2,466	368	—	24	2,858
Lease value amortization	1,798	—	—	55	1,853	1,654	—	—	55	1,709
Non-cash amortization included in property operating expenses ⁽³⁾	188	—	—	—	188	183	—	—	—	183
Same property cash basis NOI ⁽⁴⁾	<u>\$ 61,626</u>	<u>\$ 42,105</u>	<u>\$ 18,360</u>	<u>\$ 4,732</u>	<u>\$ 126,823</u>	<u>\$ 61,841</u>	<u>\$ 60,461</u>	<u>\$ 22,251</u>	<u>\$ 4,539</u>	<u>\$ 149,092</u>
Same property cash basis NOI change	(0.3)%	(30.4)%	(17.5)%	4.3%	(14.9)%					

- (1) See page 19 for the calculation of NOI and a reconciliation of net income (loss) determined in accordance with GAAP to that amount, and Definitions of Certain Non-GAAP Financial Measures on page 26 for a definition of NOI, Cash Basis NOI, same property NOI and same property 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 Inc. class A 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 expense, which is included in property operating expenses.
- (4) Consists of properties owned, in service and managed by the same operator continuously since July 1, 2018, including our MOB (two buildings) owned in a joint venture arrangement in which we own a 55% equity interest; excludes properties classified as held for sale or in redevelopment, if any.



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

(dollars in thousands)

	For the Nine Months Ended September 30, 2019					For the Nine Months Ended September 30, 2018				
	MOBs	Triple Net Leased Senior Living Communities	Managed Senior Living Communities	Non- Segment ⁽²⁾	Total	MOBs	Triple Net Leased Senior Living Communities	Managed Senior Living Communities	Non- Segment ⁽²⁾	Total
Calculation of NOI and Cash Basis NOI:										
Rental income / residents fees and services	\$ 307,616	\$ 137,683	\$ 324,767	\$ 14,050	\$ 784,116	\$ 309,497	\$ 198,626	\$ 309,981	\$ 13,838	\$ 831,942
Property operating expenses	(98,886)	—	(263,612)	—	(362,498)	(94,773)	—	(239,368)	—	(334,141)
Property NOI	<u>\$ 208,730</u>	<u>\$ 137,683</u>	<u>\$ 61,155</u>	<u>\$ 14,050</u>	<u>\$ 421,618</u>	<u>\$ 214,724</u>	<u>\$ 198,626</u>	<u>\$ 70,613</u>	<u>\$ 13,838</u>	<u>\$ 497,801</u>
NOI change	(2.8)%	(30.7)%	(13.4)%	1.5%	(15.3)%					
Property NOI	\$ 208,730	\$ 137,683	\$ 61,155	\$ 14,050	\$ 421,618	\$ 214,724	\$ 198,626	\$ 70,613	\$ 13,838	\$ 497,801
Less:										
Non-cash straight line rent adjustments	3,151	736	—	(337)	3,550	6,486	1,722	—	299	8,507
Lease value amortization	4,756	—	—	166	4,922	4,124	—	—	166	4,290
Non-cash amortization included in property operating expenses ⁽³⁾	597	—	—	—	597	597	—	—	—	597
Cash Basis NOI	<u>\$ 200,226</u>	<u>\$ 136,947</u>	<u>\$ 61,155</u>	<u>\$ 14,221</u>	<u>\$ 412,549</u>	<u>\$ 203,517</u>	<u>\$ 196,904</u>	<u>\$ 70,613</u>	<u>\$ 13,373</u>	<u>\$ 484,407</u>
Cash Basis NOI change	(1.6)%	(30.4)%	(13.4)%	6.3%	(14.8)%					
Reconciliation of NOI to Same Property NOI:										
Property NOI	\$ 208,730	\$ 137,683	\$ 61,155	\$ 14,050	\$ 421,618	\$ 214,724	\$ 198,626	\$ 70,613	\$ 13,838	\$ 497,801
Less:										
NOI not included in same property	19,106	3,877	(998)	—	21,985	24,220	16,408	2,150	—	42,778
Same property NOI ⁽⁴⁾	<u>\$ 189,624</u>	<u>\$ 133,806</u>	<u>\$ 62,153</u>	<u>\$ 14,050</u>	<u>\$ 399,633</u>	<u>\$ 190,504</u>	<u>\$ 182,218</u>	<u>\$ 68,463</u>	<u>\$ 13,838</u>	<u>\$ 455,023</u>
Same property NOI change	(0.5)%	(26.6)%	(9.2)%	1.5%	(12.2)%					
Reconciliation of Same Property NOI to Same Property Cash Basis NOI:										
Same property NOI ⁽⁴⁾	\$ 189,624	\$ 133,806	\$ 62,153	\$ 14,050	\$ 399,633	\$ 190,504	\$ 182,218	\$ 68,463	\$ 13,838	\$ 455,023
Less:										
Non-cash straight line rent adjustments	3,772	745	—	(337)	4,180	7,621	1,143	—	299	9,063
Lease value amortization	5,352	—	—	166	5,518	4,926	—	—	166	5,092
Non-cash amortization included in property operating expenses ⁽³⁾	554	—	—	—	554	547	—	—	—	547
Same property cash basis NOI ⁽⁴⁾	<u>\$ 179,946</u>	<u>\$ 133,061</u>	<u>\$ 62,153</u>	<u>\$ 14,221</u>	<u>\$ 389,381</u>	<u>\$ 177,410</u>	<u>\$ 181,075</u>	<u>\$ 68,463</u>	<u>\$ 13,373</u>	<u>\$ 440,321</u>
Same property cash basis NOI change	1.4%	(26.5)%	(9.2)%	6.3%	(11.6)%					

(1) See page 19 for the calculation of NOI and a reconciliation of net income (loss) determined in accordance with GAAP to that amount, and Definitions of Certain Non-GAAP Financial Measures on page 26 for a definition of NOI, Cash Basis NOI, same property NOI and same property 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 Inc. class A 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 expense, which is included in property operating expenses.

(4) Consists of properties owned, in service and managed by the same operator continuously since January 1, 2018, including our MOB (two buildings) owned in a joint venture arrangement in which we own a 55% equity interest; excludes properties classified as held for sale or in redevelopment, if any.



CALCULATION AND RECONCILIATION OF EBITDA, EBITDAre AND ADJUSTED EBITDAre ⁽¹⁾

(amounts in thousands)

	For the Three Months Ended					For the Nine Months Ended	
	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018	9/30/2019	9/30/2018
Net (loss) income	\$ (27,946)	\$ (35,816)	\$ 31,504	\$ (117,182)	\$ 47,202	\$ (32,258)	\$ 409,596
Interest expense	44,817	46,412	45,611	45,506	45,416	136,840	133,781
Income tax (benefit) expense	(146)	(35)	134	32	79	(47)	444
Depreciation and amortization	73,368	73,924	72,230	71,935	71,661	219,522	214,300
EBITDA	90,093	84,485	149,479	291	164,358	324,057	758,121
(Gain) loss on sale of properties	(4,183)	(17,832)	122	—	—	(21,893)	(261,916)
Impairment of assets	33,099	2,213	6,206	61,273	4,525	41,518	5,073
EBITDAre	119,009	68,866	155,807	61,564	168,883	343,682	501,278
General and administrative expense paid in common shares ⁽²⁾	533	392	215	556	694	1,140	1,668
Estimated business management incentive fees ⁽³⁾	—	—	—	(50,708)	18,751	—	50,708
Acquisition and certain other transaction related costs	2,492	903	7,814	56	51	11,209	138
Loss (gain) on early extinguishment of debt	—	17	—	—	(108)	17	22
(Gains) losses on equity securities, net ⁽⁴⁾	(40)	64,448	(22,932)	106,367	(35,137)	41,476	(85,643)
Adjusted EBITDAre	<u>\$ 121,994</u>	<u>\$ 134,626</u>	<u>\$ 140,904</u>	<u>\$ 117,835</u>	<u>\$ 153,134</u>	<u>\$ 397,524</u>	<u>\$ 468,171</u>

- (1) See Definitions of Certain Non-GAAP Financial Measures on page 26 for a definition of EBITDA, EBITDAre and Adjusted EBITDAre and a description of why we believe they are appropriate supplemental measures.
- (2) Amounts represent equity compensation awarded to our trustees, officers and certain other employees of RMR LLC.
- (3) Incentive fees under our business management agreement with RMR LLC are payable after the end of each calendar year, are calculated based on common share total return, as defined, and are included in general and administrative expense in our condensed consolidated statements of income (loss). In calculating net income (loss) in accordance with GAAP, we recognize estimated business management incentive fee expense, if any, in the first, second and third quarters. Although we recognize this expense, if any, in the first, second and third quarters for purposes of calculating net income (loss), we do not include these amounts in the calculation of Adjusted EBITDAre until the fourth quarter, when the amount of the business management incentive fee expense for the calendar year, if any, is determined. Adjusted EBITDAre includes business management incentive fee expense of \$40,642 for the three months ended December 31, 2018.
- (4) (Gains) losses on equity securities, net, represent the adjustment required to adjust the carrying value of our investment in Five Star common stock and our former investment in RMR Inc. common stock to their fair value as of the end of the period. On July 1, 2019, we sold our investment in RMR Inc. common stock.



CALCULATION AND RECONCILIATION OF FFO AND NORMALIZED FFO ATTRIBUTABLE TO COMMON SHAREHOLDERS ⁽¹⁾

(amounts in thousands, except per share data)

	For the Three Months Ended					For the Nine Months Ended	
	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018	9/30/2019	9/30/2018
Net (loss) income attributable to common shareholders	\$ (29,390)	\$ (37,229)	\$ 30,082	\$ (118,543)	\$ 45,805	\$ (36,537)	\$ 405,415
Depreciation and amortization	73,368	73,924	72,230	71,935	71,661	219,522	214,300
FFO attributable to noncontrolling interest	(5,277)	(5,297)	(5,297)	(5,300)	(5,300)	(15,871)	(15,900)
(Gain) loss on sale of properties	(4,183)	(17,832)	122	—	—	(21,893)	(261,916)
Impairment of assets	33,099	2,213	6,206	61,273	4,525	41,518	5,073
(Gains) losses on equity securities, net ⁽²⁾	(40)	64,448	(22,932)	106,367	(35,137)	41,476	(85,643)
FFO attributable to common shareholders	67,577	80,227	80,411	115,732	81,554	228,215	261,329
Estimated business management incentive fees ⁽³⁾	—	—	—	(50,708)	18,751	—	50,708
Acquisition and certain other transaction related costs	2,492	903	7,814	56	51	11,209	138
Loss (gain) on early extinguishment of debt	—	17	—	—	(108)	17	22
Normalized FFO attributable to common shareholders	<u>\$ 70,069</u>	<u>\$ 81,147</u>	<u>\$ 88,225</u>	<u>\$ 65,080</u>	<u>\$ 100,248</u>	<u>\$ 239,441</u>	<u>\$ 312,197</u>
Weighted average common shares outstanding (basic)	237,608	237,580	237,568	237,568	237,511	237,585	237,492
Weighted average common shares outstanding (diluted)	237,608	237,580	237,600	237,573	237,562	237,585	237,526
Per Common Share Data (basic and diluted):							
Net (loss) income attributable to common shareholders	\$ (0.12)	\$ (0.16)	\$ 0.13	\$ (0.50)	\$ 0.19	\$ (0.15)	\$ 1.71
FFO attributable to common shareholders	\$ 0.28	\$ 0.34	\$ 0.34	\$ 0.49	\$ 0.34	\$ 0.96	\$ 1.10
Normalized FFO attributable to common shareholders	\$ 0.29	\$ 0.34	\$ 0.37	\$ 0.27	\$ 0.42	\$ 1.01	\$ 1.31

- (1) See Definitions of Certain Non-GAAP Financial Measures on page 26 for a definition of FFO attributable to common shareholders and Normalized FFO attributable to common shareholders, a description of why we believe they are appropriate supplemental measures and a description of how we use these measures.
- (2) (Gains) losses on equity securities, net, represent the adjustment required to adjust the carrying value of our investment in Five Star common stock and our former investment in RMR Inc. common stock to their fair value as of the end of the period. On July 1, 2019, we sold our investment in RMR Inc. common stock.
- (3) Incentive fees under our business management agreement with RMR LLC are payable after the end of each calendar year, are calculated based on common share total return, as defined, and are included in general and administrative expense in our condensed consolidated statements of income (loss). In calculating net income (loss) attributable to common shareholders in accordance with GAAP, we recognize estimated business management incentive fee expense, if any, in the first, second and third quarters. Although we recognize this expense, if any, in the first, second and third quarters for purposes of calculating net income (loss) attributable to common shareholders, we do not include these amounts in the calculation of Normalized FFO attributable to common shareholders until the fourth quarter, when the amount of business management incentive fee expense for the calendar year, if any, is determined. Normalized FFO attributable to common shareholders includes business management incentive fee expense of \$40,642 for the three months ended December 31, 2018.



DEFINITIONS OF CERTAIN NON-GAAP FINANCIAL MEASURES

Non-GAAP Financial Measures

We present certain "non-GAAP financial measures" within the meaning of applicable Securities and Exchange Commission, or SEC, rules, including net operating income, or NOI, Cash Basis NOI, same property NOI, same property Cash Basis NOI, earnings before interest, income tax, depreciation and amortization, or EBITDA, EBITDA for real estate, or EBITDA_{re}, Adjusted EBITDA_{re}, funds from operations attributable to common shareholders, or FFO attributable to common shareholders, normalized funds from operations attributable to common shareholders, or Normalized FFO attributable to common shareholders. These measures do not represent cash generated by operating activities in accordance with GAAP and should not be considered alternatives to net income (loss) or net income (loss) attributable to common shareholders as indicators of our operating performance or as measures of our liquidity. These measures should be considered in conjunction with net income (loss) and net income (loss) attributable to common shareholders as presented in our condensed consolidated statements of income (loss). We consider these non-GAAP measures to be appropriate supplemental measures of operating performance for a REIT, along with net income (loss) and net income (loss) attributable to common shareholders. We believe these measures provide useful information to investors because by excluding the effects of certain historical amounts, such as depreciation and amortization, they may facilitate a comparison of our operating performance between periods and with other REITs and, in the case of NOI, Cash Basis NOI, same property NOI and same property Cash Basis NOI, reflecting only those income and expense items that are generated and incurred at the property level may help both investors and management to understand the operations at our properties.

NOI, Cash Basis NOI, Same Property NOI and Same Property Cash Basis NOI

The calculations of NOI, Cash Basis NOI, same property NOI and same property Cash Basis NOI exclude certain components of net income (loss) in order to provide results that are more closely related to our property level results of operations. We calculate NOI, Cash Basis NOI, same property NOI and same property Cash Basis NOI as shown on pages 19 through 23. 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 that we record 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 calculate same property NOI and same property Cash Basis NOI in the same manner that we calculate the corresponding NOI and Cash Basis NOI amounts, except that we only include same properties in calculating same property NOI and same property Cash Basis NOI. We use NOI, Cash Basis NOI, same property NOI and same property Cash Basis NOI to evaluate individual and company wide property level performance. Other real estate companies and REITs may calculate NOI, Cash Basis NOI, same property NOI and same property Cash Basis NOI differently than we do.

EBITDA, EBITDA_{re} and Adjusted EBITDA_{re}

We calculate EBITDA, EBITDA_{re} and Adjusted EBITDA_{re} as shown on page 24. EBITDA_{re} is calculated on the basis defined by the National Association of Real Estate Investment Trusts, or Nareit, which is EBITDA, excluding gains and losses on the sale of real estate, loss on impairment of real estate assets, if any, as well as certain other adjustments currently not applicable to us. In calculating Adjusted EBITDA_{re}, we adjust for the items shown on page 24 and 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 be payable when all contingencies for determining such fees are known at the end of the calendar year. Other real estate companies and REITs may calculate EBITDA, EBITDA_{re} and Adjusted EBITDA_{re} differently than we do.

FFO and Normalized FFO Attributable to Common Shareholders

We calculate FFO attributable to common shareholders and Normalized FFO attributable to common shareholders as shown on page 25. FFO attributable to common shareholders is calculated on the basis defined by Nareit, which is net income (loss) attributable to common shareholders, calculated in accordance with GAAP, excluding any gain or loss on sale of properties, loss on impairment of real estate assets and gains or losses on equity securities, net, if any, plus real estate depreciation and amortization and minus FFO attributable to noncontrolling interest, as well as certain other adjustments currently not applicable to us. In calculating Normalized FFO attributable to common shareholders, we adjust for the items shown on page 25 and 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 be payable when all contingencies for determining such fees are known at the end of the calendar year. FFO attributable to common shareholders and Normalized FFO attributable to common shareholders 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 for and availability of cash to pay our obligations. Other real estate companies and REITs may calculate FFO attributable to common shareholders and Normalized FFO attributable to common shareholders differently than we do.

PORTFOLIO INFORMATION

21 Spurs Lane, San Antonio, TX
Multi-Tenant
Square Feet: 129,432

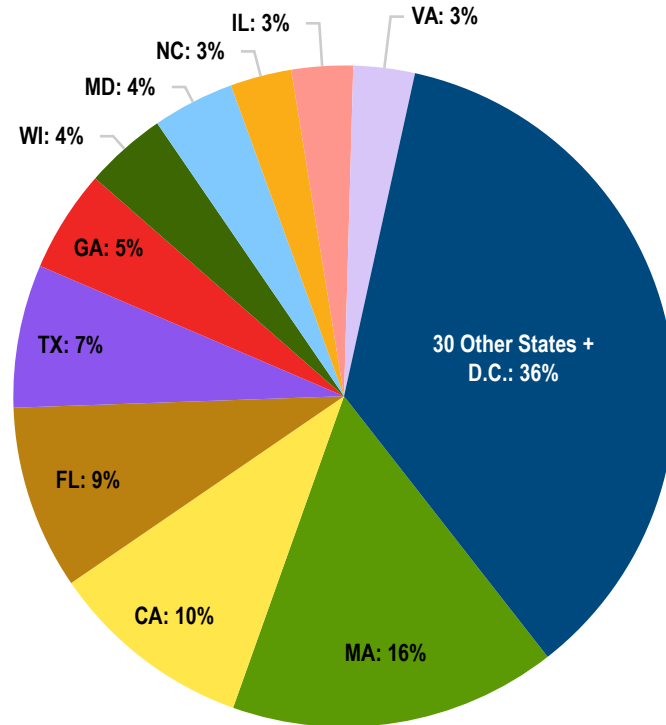




PORTFOLIO SUMMARY BY GEOGRAPHIC DIVERSIFICATION AND PROPERTY TYPE

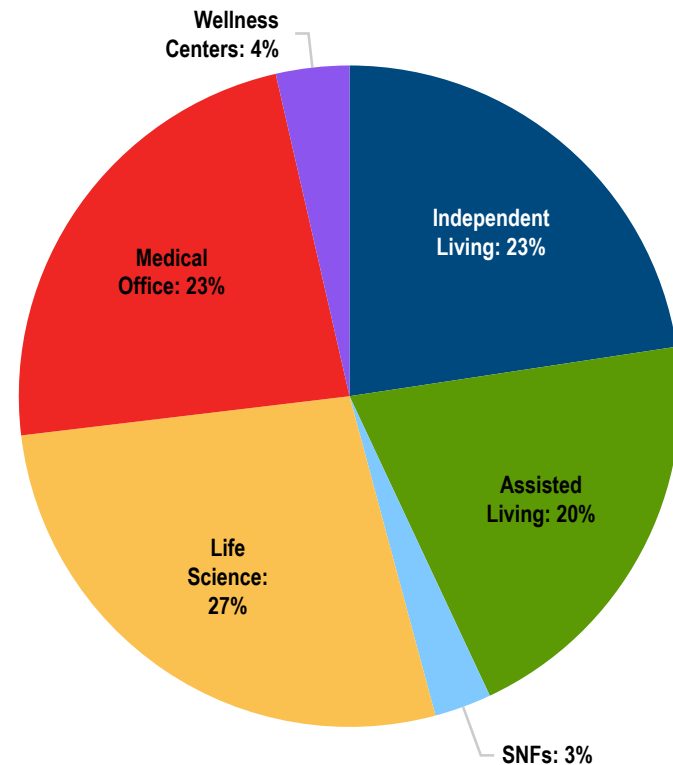
Geographic Diversification

(based on Gross Book Value of Real Estate Assets as of September 30, 2019) ⁽¹⁾



Property Type

(based on Q3 2019 NOI) ⁽²⁾



- (1) Gross book value of real estate assets is real estate assets at cost plus certain acquisition costs, before depreciation and purchase price allocations, less impairment writedowns, if any. Excludes properties classified as held for sale, if any.
- (2) See page 19 for the calculation of NOI and a reconciliation of net income (loss) determined in accordance with GAAP to that amount.



PORTFOLIO SUMMARY BY PROPERTY TYPE AND TENANT

(dollars in thousands, except investment per unit or square foot)

As of September 30, 2019

	Number of Properties	Square Feet or Number of Units	Carrying Value of Investment ⁽¹⁾	% of Total Investment	Investment Per Square Foot or Unit ⁽²⁾	Q3 2019 Revenues ⁽³⁾	% of Q3 2019 Total Revenues	Q3 2019 NOI ^{(3) (4)}	% of Q3 2019 Total NOI
Property Type:									
Life science	35	4,737,207	\$ 1,858,826	21.7%	\$ 392	\$ 47,826	18.7%	\$ 35,565	27.2%
Medical office	105	7,441,374	1,877,373	21.9%	252	52,184	20.4%	30,480	23.3%
Subtotal MOBs ⁽⁵⁾	140	12,178,581 sq. ft.	3,736,199	43.6%	307	100,010	39.1%	66,045	50.5%
Independent living ⁽⁶⁾	68	15,039	2,318,315	27.1%	\$ 154,154	82,509	32.3%	29,525	22.7%
Assisted living ⁽⁶⁾	198	14,850	2,200,848	25.7%	\$ 148,205	64,711	25.4%	26,796	20.4%
Skilled nursing facilities ⁽⁶⁾	20	2,521	132,251	1.5%	\$ 52,460	3,630	1.4%	3,630	2.8%
Subtotal senior living communities	286	32,410	4,651,414	54.3%	\$ 143,518	150,850	59.1%	59,951	45.9%
Wellness centers	10	812,000 sq. ft.	178,110	2.1%	\$ 219	4,675	1.8%	4,675	3.6%
Total	436		\$ 8,565,723	100.0%		\$ 255,535	100.0%	\$ 130,671	100.0%
Operator / Tenant / Managed Properties:									
Life science	35	4,737,207	\$ 1,858,826	21.7%	\$ 392	\$ 47,826	18.7%	\$ 35,565	27.2%
Medical office	105	7,441,374	1,877,373	21.9%	252	52,184	20.4%	30,480	23.3%
Subtotal MOBs ⁽⁵⁾	140	12,178,581 sq. ft.	3,736,199	43.6%	307	100,010	39.1%	66,045	50.5%
Five Star (leased)	166	18,676	2,311,860	27.0%	\$ 123,788	32,446	12.7%	32,446	24.8%
Brookdale Senior Living	18	940	65,912	0.8%	\$ 70,119	2,026	0.8%	2,026	1.6%
Other private senior living companies (combined)	25	2,626	344,815	4.0%	\$ 131,308	8,562	3.4%	8,562	6.6%
Subtotal triple net leased senior living communities	209	22,242	2,722,587	31.8%	\$ 122,407	43,034	16.9%	43,034	33.0%
Managed senior living communities ⁽⁷⁾	77	10,168	1,928,827	22.5%	\$ 189,696	107,816	42.2%	16,917	12.9%
Subtotal senior living communities	286	32,410	4,651,414	54.3%	\$ 143,518	150,850	59.1%	59,951	45.9%
Wellness centers	10	812,000 sq. ft.	178,110	2.1%	\$ 219	4,675	1.8%	4,675	3.6%
Total	436		\$ 8,565,723	100.0%		\$ 255,535	100.0%	\$ 130,671	100.0%

(1) Represents gross book value of real estate assets before depreciation and purchase price allocations, less impairment write downs, if any. Amounts exclude investment carrying value of eight properties classified as held for sale as of September 30, 2019, which amounts are included in our condensed consolidated balance sheet.

(2) Represents carrying value of investment divided by number of rentable square feet or living units, as applicable, at September 30, 2019.

(3) Excludes \$292 of revenues and \$73 of NOI from properties sold during the three months ended September 30, 2019.

(4) See page 19 for the calculation of NOI and a reconciliation of net income (loss) determined in accordance with GAAP to that amount.

(5) 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 "full-service" leases where we receive fixed rent from our tenants and no reimbursement for our property operating costs.

(6) Senior living communities are categorized by the type of living units which constitute a majority of the living units at the community.

(7) These senior living communities are managed for our account and include properties leased to our taxable REIT subsidiaries, or TRSSs.



OCCUPANCY BY PROPERTY TYPE AND TENANT ⁽¹⁾

	As of and For the Twelve Months Ended ⁽²⁾				
	6/30/2019	3/31/2019	12/31/2018	9/30/2018	6/30/2018
Property Type:					
Life science	97.9%	97.8%	99.0%	98.8%	98.8%
Medical office	89.1%	91.7%	91.7%	93.6%	93.8%
Weighted average occupancy MOBs ⁽³⁾	92.5%	94.0%	94.5%	95.6%	95.7%
Independent living	86.2%	86.0%	85.7%	85.5%	85.3%
Assisted living	83.5%	83.3%	83.3%	83.1%	83.2%
Skilled nursing facilities	78.6%	77.8%	77.0%	76.3%	76.8%
Weighted average occupancy senior living communities	84.4%	84.1%	83.9%	83.7%	83.7%
Wellness centers	100.0%	100.0%	100.0%	100.0%	100.0%
Tenant / Managed Properties:					
Life science	97.9%	97.8%	99.0%	98.8%	98.8%
Medical office	89.1%	91.7%	91.7%	93.6%	93.8%
Weighted average occupancy MOBs ⁽³⁾	92.5%	94.0%	94.5%	95.6%	95.7%
Five Star (leased)	83.2%	82.7%	82.3%	81.8%	81.7%
Brookdale Senior Living	83.2%	83.9%	84.6%	85.1%	85.0%
Other private senior living companies (combined)	87.7%	87.5%	88.1%	88.2%	90.6%
Weighted average occupancy triple net leased senior living communities	83.6%	83.2%	83.0%	82.7%	82.8%
Managed senior living communities ⁽⁴⁾	86.0%	86.2%	86.1%	86.1%	85.9%
Weighted average occupancy senior living communities	84.4%	84.1%	83.9%	83.7%	83.7%
Wellness centers	100.0%	100.0%	100.0%	100.0%	100.0%

- (1) Excludes data for periods prior to our ownership of certain properties, as well as properties sold or classified as held for sale, or for which there was a transfer of operations during the periods presented.
- (2) Operating data for multi-tenant MOBs is presented as of the end of the period shown; operating data for other tenants is 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 and (ii) space which is leased but is not occupied or is being offered for sublease by tenants. MOB occupancy as of September 30, 2019 was 92.3%.
- (4) These senior living communities are managed by Five Star 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 September 30, 2019, was 85.5%.

All tenant operating data presented is 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⁾

(dollars in thousands)

Tenant	For the Twelve Months Ended				
	6/30/2019	3/31/2019	12/31/2018	9/30/2018	6/30/2018
Five Star ⁽²⁾	1.52x	1.53x	0.96x	1.00x	1.06x
Brookdale Senior Living	1.95x	2.00x	2.05x	2.10x	2.15x
Other private senior living companies (combined)	1.32x	1.31x	1.32x	1.35x	1.35x
Weighted average rent coverage triple net leased senior living communities	1.51x	1.51x	1.05x	1.09x	1.14x
Wellness centers	1.87x	1.93x	1.99x	2.03x	1.96x
Total	1.54x	1.55x	1.11x	1.15x	1.19x

- (1) Excludes data for periods prior to our ownership of certain properties, as well as properties sold or classified as held for sale, or for which there was a transfer of operations during the periods presented.
- (2) Rent coverage for the 12 months ended June 30, 2019 is calculated based on the \$132,000 of annualized rental income, adjusted for properties sold or classified as held for sale, payable to us by Five Star pursuant to the Transaction Agreement.

All tenant operating data presented is 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 of our properties, before subordinated charges, if any, divided by rent payable to us.



MOB PORTFOLIO SEGMENT - RESULTS OF OPERATIONS

(dollars and sq. ft. in thousands)						
	As of and For the Three Months Ended September 30, 2019			As of and For the Three Months Ended September 30, 2018		
	Life Science	Medical Office	Total MOB	Life Science	Medical Office	Total MOB
Number of Buildings	35	105	140	36	119	155
Square Feet ⁽¹⁾	4,737	7,442	12,179	4,798	7,802	12,600
Occupancy ⁽²⁾	94.5 %	90.9 %	92.3 %	98.8%	93.6%	95.6%
Rental Income ⁽³⁾	\$ 47,826	\$ 52,184	\$ 100,010	\$ 49,744	\$ 54,748	\$ 104,492
NOI ⁽⁴⁾	\$ 35,565	\$ 30,261	\$ 65,826	\$ 37,654	\$ 34,186	\$ 71,840
Cash Basis NOI ⁽⁴⁾	\$ 32,804	\$ 29,993	\$ 62,797	\$ 34,143	\$ 34,148	\$ 68,291
NOI Margin % ⁽⁵⁾	74.4 %	58.0 %	65.8 %	75.7%	62.4%	68.8%
Cash Basis NOI Margin % ⁽⁶⁾	72.6 %	57.7 %	64.6 %	73.7%	62.3%	67.5%
NOI % Change	(5.5)%	(11.5)%	(8.4)%			
Cash Basis NOI % Change	(3.9)%	(12.2)%	(8.0)%			

MOB PORTFOLIO SAME PROPERTY - RESULTS OF OPERATIONS

(dollars and sq. ft. in thousands)						
	As of and For the Three Months Ended September 30, 2019 ⁽⁷⁾			As of and For the Three Months Ended September 30, 2018 ⁽⁷⁾		
	Life Science	Medical Office	Total MOB	Life Science	Medical Office	Total MOB
Number of Buildings	30	103	133	30	103	133
Square Feet ⁽¹⁾	4,274	7,296	11,570	4,274	7,279	11,553
Occupancy ⁽²⁾	100.0 %	91.4 %	94.6 %	99.4%	93.9%	95.9%
Rental Income ⁽³⁾	\$ 46,356	\$ 51,820	\$ 98,176	\$ 45,301	\$ 52,460	\$ 97,761
NOI ⁽⁴⁾	\$ 34,378	\$ 30,263	\$ 64,641	\$ 33,888	\$ 32,256	\$ 66,144
Cash Basis NOI ⁽⁴⁾	\$ 31,645	\$ 29,981	\$ 61,626	\$ 29,837	\$ 32,004	\$ 61,841
NOI Margin % ⁽⁵⁾	74.2 %	58.4 %	65.8 %	74.8%	61.5%	67.7%
Cash Basis NOI Margin % ⁽⁶⁾	72.4 %	58.1 %	64.6 %	72.2%	61.2%	66.0%
NOI % Change	1.4 %	(6.2)%	(2.3)%			
Cash Basis NOI % Change	6.1 %	(6.3)%	(0.3)%			

(1) Prior periods exclude space remeasurements made subsequent to those periods.

(2) Occupancy includes (i) space being fitted out for occupancy 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 19 for the calculation of NOI and a reconciliation of net income (loss) determined in accordance with GAAP to that amount, and pages 22 - 23 for the calculations and reconciliations of NOI, cash basis NOI, same property NOI and same property cash basis NOI by segment from 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 MOB's owned and in service continuously since July 1, 2018, including our MOB (two buildings) owned in a joint venture arrangement in which we own a 55% equity interest; excludes properties classified as held for sale or in redevelopment, if any.



MOB PORTFOLIO SEGMENT - RESULTS OF OPERATIONS

(dollars and sq. ft. in thousands)								
	As of and For the Nine Months Ended September 30, 2019			As of and For the Nine Months Ended September 30, 2018				
	Life Science	Medical Office	Total MOB	Life Science	Medical Office	Total MOB		
Number of Buildings	35	105	140	36	119	155		
Square Feet ⁽¹⁾	4,737	7,442	12,179	4,798	7,802	12,600		
Occupancy ⁽²⁾	94.5 %	90.9 %	92.3 %	98.8%	93.6%	95.6%		
Rental Income ⁽³⁾	\$ 147,152	\$ 160,464	\$ 307,616	\$ 146,497	\$ 163,000	\$ 309,497		
NOI ⁽⁴⁾	\$ 111,240	\$ 97,490	\$ 208,730	\$ 112,249	\$ 102,475	\$ 214,724		
Cash Basis NOI ⁽⁴⁾	\$ 104,175	\$ 96,051	\$ 200,226	\$ 101,539	\$ 101,978	\$ 203,517		
NOI Margin % ⁽⁵⁾	75.6 %	60.8 %	67.9 %	76.6%	62.9%	69.4%		
Cash Basis NOI Margin % ⁽⁶⁾	74.2 %	60.3 %	66.8 %	74.6%	62.6%	68.1%		
NOI % Change	(0.9)%	(4.9)%	(2.8)%					
Cash Basis NOI % Change	2.6 %	(5.8)%	(1.6)%					

MOB PORTFOLIO SAME PROPERTY - RESULTS OF OPERATIONS

(dollars and sq. ft. in thousands)								
	As of and For the Nine Months Ended September 30, 2019 ⁽⁷⁾			As of and For the Nine Months Ended September 30, 2018 ⁽⁷⁾				
	Life Science	Medical Office	Total MOB	Life Science	Medical Office	Total MOB		
Number of Buildings	28	101	129	28	101	129		
Square Feet ⁽¹⁾	3,956	7,079	11,035	3,956	7,061	11,017		
Occupancy ⁽²⁾	100.0 %	91.3 %	94.4 %	99.3%	93.9%	95.8%		
Rental Income ⁽³⁾	\$ 129,703	\$ 152,200	\$ 281,903	\$ 126,133	\$ 152,324	\$ 278,457		
NOI ⁽⁴⁾	\$ 97,555	\$ 92,069	\$ 189,624	\$ 96,313	\$ 94,191	\$ 190,504		
Cash Basis NOI ⁽⁴⁾	\$ 89,774	\$ 90,172	\$ 179,946	\$ 84,384	\$ 93,026	\$ 177,410		
NOI Margin % ⁽⁵⁾	75.2 %	60.5 %	67.3 %	76.4%	61.8%	68.4%		
Cash Basis NOI Margin % ⁽⁶⁾	73.5 %	59.9 %	66.0 %	73.7%	61.4%	66.7%		
NOI % Change	1.3 %	(2.3)%	(0.5)%					
Cash Basis NOI % Change	6.4 %	(3.1)%	1.4 %					

(1) Prior periods exclude space remeasurements made subsequent to those periods.

(2) Occupancy includes (i) space being fitted out for occupancy 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 19 for the calculation of NOI and a reconciliation of net income (loss) determined in accordance with GAAP to that amount, and pages 22 - 23 for the calculations and reconciliations of NOI, cash basis NOI, same property NOI and same property cash basis NOI by segment from 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 MOB's owned and in service continuously since January 1, 2018, including our MOB (two buildings) owned in a joint venture arrangement in which we own a 55% equity interest; excludes properties classified as held for sale or in redevelopment, if any.



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

(dollars in thousands)				
	As of and For the Three Months Ended September 30,		As of and For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Number of Properties	209	229	209	229
Number of Units	22,242	24,298	22,242	24,298
Occupancy ⁽²⁾	83.6 %	82.8%	83.6 %	82.8%
Rent Coverage ⁽²⁾	1.51x	1.14x	1.51x	1.14x
Rental Income	\$ 43,326	\$ 64,538	\$ 137,683	\$ 198,626
NOI ⁽³⁾	\$ 43,326	\$ 64,538	\$ 137,683	\$ 198,626
Cash Basis NOI ⁽³⁾	\$ 43,071	\$ 63,990	\$ 136,947	\$ 196,904
NOI % change	(32.9)%		(30.7)%	
Cash Basis NOI % change	(32.7)%		(30.4)%	

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

(dollars in thousands)				
	As of and For the Three Months Ended September 30,		As of and For the Nine Months Ended September 30,	
	2019 ⁽⁴⁾	2018 ⁽⁴⁾	2019 ⁽⁵⁾	2018 ⁽⁵⁾
Number of Properties	205	205	205	205
Number of Units	21,847	21,847	21,847	21,847
Occupancy ⁽²⁾	83.6 %	82.8%	83.6 %	82.8%
Rent Coverage ⁽²⁾	1.51x	1.14x	1.51x	1.14x
Rental Income	\$ 42,363	\$ 60,829	\$ 133,806	\$ 182,218
NOI ⁽³⁾	\$ 42,363	\$ 60,829	\$ 133,806	\$ 182,218
Cash Basis NOI ⁽³⁾	\$ 42,105	\$ 60,461	\$ 133,061	\$ 181,075
NOI % change	(30.4)%		(26.6)%	
Cash Basis NOI % change	(30.4)%		(26.5)%	

(1) Includes independent and assisted living communities and SNFs.

(2) All tenant operating data presented is based upon the operating results provided by our tenants for the 12 months ended June 30, 2019 and 2018 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' facility operations of our properties, before subordinated charges, if any, divided by triple net lease minimum rents payable to us. We have not independently verified tenant operating data. Excludes data for periods prior to our ownership of certain properties, as well as properties sold or classified as held for sale during the periods presented.

(3) See page 19 for the calculation of NOI and a reconciliation of net income (loss) determined in accordance with GAAP to that amount, and pages 22 - 23 for the calculations and reconciliations of NOI, cash basis NOI, same property NOI and same property cash basis NOI by segment from NOI by segment.

(4) Consists of triple net leased senior living communities owned continuously since July 1, 2018 and excludes communities classified as held for sale, if any.

(5) Consists of triple net leased senior living communities owned continuously since January 1, 2018 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 September 30,		As of and For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Number of Properties ⁽¹⁾	77	75	77	75
Number of Units ⁽¹⁾	10,168	9,515	10,168	9,515
Occupancy	84.7 %	86.7%	85.4 %	86.2%
Average Monthly Rate ⁽²⁾	\$ 4,110	\$ 4,163	\$ 4,184	\$ 4,237
Average Monthly Rate % Change	(1.3)%		(1.3)%	
Residents Fees and Services	\$ 107,816	\$ 105,321	\$ 324,767	\$ 309,981
Property Operating Expenses	(90,899)	(83,335)	(263,612)	(239,368)
NOI ⁽³⁾	<u>\$ 16,917</u>	<u>\$ 21,986</u>	<u>\$ 61,155</u>	<u>\$ 70,613</u>
NOI Margin % ⁽⁴⁾	15.7 %	20.9%	18.8 %	22.8%
NOI % Change	(23.1)%		(13.4)%	

MANAGED SENIOR LIVING COMMUNITIES SAME PROPERTY - RESULTS OF OPERATIONS

(dollars in thousands, except average monthly rate)

	As of and For the Three Months Ended September 30,		As of and For the Nine Months Ended September 30,	
	2019 ⁽⁵⁾	2018 ⁽⁵⁾	2019 ⁽⁶⁾	2018 ⁽⁶⁾
Number of Properties	75	75	70	70
Number of Units	9,611	9,611	9,059	9,059
Occupancy	85.3 %	86.7%	85.7 %	86.1%
Average Monthly Rate ⁽²⁾	\$ 4,153	\$ 4,163	\$ 4,256	\$ 4,251
Average Monthly Rate % Change	(0.2)%		0.1 %	
Residents Fees and Services	\$ 103,706	\$ 105,321	\$ 300,638	\$ 301,265
Property Operating Expenses	(85,346)	(83,070)	(238,485)	(232,802)
NOI ⁽³⁾	<u>\$ 18,360</u>	<u>\$ 22,251</u>	<u>\$ 62,153</u>	<u>\$ 68,463</u>
NOI Margin % ⁽⁴⁾	17.7 %	21.1%	20.7 %	22.7%
NOI % Change	(17.5)%		(9.2)%	

(1) Includes only those managed senior living communities owned and managed for our account during the periods presented.

(2) Average monthly rate is calculated by taking the average daily rate, which is defined as total residents fees and services divided by occupied units during the period, and multiplying it by 30 days.

(3) See page 19 for the calculation of NOI and a reconciliation of net income (loss) determined in accordance with GAAP to that amount, and pages 22 - 23 for the calculations and reconciliations of NOI, cash basis NOI, same property NOI and same property cash basis NOI by segment from NOI by segment.

(4) NOI margin % is defined as NOI as a percentage of residents fees and services.

(5) Consists of managed senior living communities owned and managed by the same operator continuously since July 1, 2018 and excludes communities classified as held for sale, if any.

(6) Consists of managed senior living communities owned and managed by the same operator continuously since January 1, 2018 and excludes communities 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				
	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018
Buildings	140	145	153	155	155
Total sq. ft. ⁽¹⁾	12,179	12,372	12,547	12,600	12,600
Occupancy ⁽²⁾	92.3%	92.5%	94.0%	94.5%	95.6%
Leasing Activity (sq. ft.):					
New leases	54	31	51	53	86
Renewals	260	281	447	143	308
Total	314	312	498	196	394
Rental Rate on New and Renewed Leases per Sq. Ft.:					
New leases	\$ 30.07	\$ 30.18	\$ 24.88	\$ 25.48	\$ 22.12
Renewals	\$ 24.50	\$ 44.76	\$ 25.03	\$ 27.77	\$ 24.71
Average net annual rent	\$ 25.45	\$ 43.32	\$ 25.01	\$ 27.15	\$ 24.14
Leasing Costs and Concession Commitments ⁽³⁾:					
New leases	\$ 3,205	\$ 1,496	\$ 1,857	\$ 1,434	\$ 4,128
Renewals	4,416	892	12,518	949	7,113
Total	\$ 7,621	\$ 2,388	\$ 14,375	\$ 2,383	\$ 11,241
Leasing Costs and Concession Commitments per Sq. Ft. ⁽³⁾:					
New leases	\$ 59.87	\$ 48.69	\$ 36.28	\$ 26.90	\$ 47.90
Renewals	\$ 16.97	\$ 3.17	\$ 28.01	\$ 6.62	\$ 23.08
All new and renewed leases	\$ 24.29	\$ 7.66	\$ 28.86	\$ 12.12	\$ 28.51
Weighted Average Lease Term (years) ⁽⁴⁾:					
New leases	7.8	7.3	5.0	6.1	8.2
Renewals	5.7	15.8	8.9	3.0	6.2
All new and renewed leases	6.1	15.3	8.5	3.8	6.6
Leasing Costs and Concession Commitments per Sq. Ft. per Year ⁽³⁾:					
New leases	\$ 7.69	\$ 6.68	\$ 7.20	\$ 4.53	\$ 6.60
Renewals	\$ 2.98	\$ 0.20	\$ 3.16	\$ 2.33	\$ 3.77
All new and renewed leases	\$ 3.97	\$ 0.50	\$ 3.40	\$ 3.29	\$ 4.47

(1) Square feet measurements are subject to modest changes when space is periodically remeasured or reconfigured for new tenants.

(2) Occupancy includes (i) space being fitted out for occupancy 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 September 30, 2019, 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 ANNUALIZED RENTAL INCOME

(dollars in thousands)
As of September 30, 2019

Tenant	Facility Type	Annualized Rental Income ⁽¹⁾	% of Annualized Rental Income ⁽¹⁾	Expiration
1 Five Star Senior Living Inc. ⁽²⁾	Senior living	\$ 129,785	20.0%	2019
2 Vertex Pharmaceuticals Inc. ⁽³⁾	MOB - Life science	94,956	14.7%	2028
3 Advocate Aurora Health	MOB - Medical office	16,896	2.6%	2024
4 Cedars-Sinai Medical Center	MOB - Medical office	15,265	2.4%	2019 - 2032
5 Pacifica Senior Living, LLC	Senior living	11,375	1.8%	2023
6 Life Time Athletic	Wellness center	10,550	1.6%	2028
7 Brookdale Senior Living, Inc.	Senior living	9,850	1.5%	2032
8 Ology Bioservices, Inc.	MOB - Life science	8,324	1.3%	2041
9 Starmark Holdings, LLC	Wellness center	7,929	1.2%	2023
10 HCA Holdings Inc.	MOB - Medical office	7,182	1.1%	2020 - 2029
11 Medtronic, Inc.	MOB - Medical office	6,983	1.1%	2020 - 2022
All Other Tenants ⁽⁴⁾		329,054	50.7%	2019 - 2035
Total Tenants		<u>\$ 648,149</u>	100.0%	

- (1) Annualized rental income is based on rents pursuant to existing leases as of September 30, 2019. 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.
- (2) Pursuant to the Transaction Agreement and subject to certain conditions and the receipt of various approvals, effective January 1, 2020, our existing five master leases for our senior living communities that are leased to Five Star, as well as the existing management arrangements with Five Star for these senior living communities that Five Star currently manages for us will be terminated and replaced with new management agreements for all Five Star operated senior living communities. Pursuant to the Transaction Agreement, the aggregate amount of monthly minimum rent payable to us by Five Star under our existing five master leases with Five Star as of September 30, 2019 was reduced to \$10,815 as a result of dispositions and may be further reduced for additional dispositions in accordance with the Transaction Agreement.
- (3) The property leased by this tenant is owned in a joint venture arrangement in which we own a 55% equity interest. Rental income presented includes 100% of rental income as reported under GAAP.
- (4) Includes NOI for the three months ended September 30, 2019, annualized, from our managed senior living communities.

LEASE EXPIRATION SCHEDULE ⁽¹⁾

(dollars in thousands)

As of September 30, 2019

MOB Annualized Rental Income Expiring

Year	Annualized Rental Income ⁽²⁾	Percent of Total Annualized Rental Income Expiring	Cumulative Percentage of Annualized Rental Income Expiring
2019	\$ 7,588	2.0%	2.0%
2020	30,814	8.0%	10.0%
2021	29,120	7.5%	17.5%
2022	36,395	9.4%	26.9%
2023	21,838	5.7%	32.6%
2024	50,396	13.0%	45.6%
2025	21,556	5.6%	51.2%
2026	26,227	6.8%	58.0%
2027	10,539	2.7%	60.7%
Thereafter	151,912	39.3%	100.0%
Total	<u>\$ 386,385</u>	<u>100.0%</u>	

Average remaining lease term for our MOBs (weighted by annualized rental income): 6.4 years

MOB Square Feet with Leases Expiring

Year	Square Feet ⁽³⁾	Percent of Total Square Feet Expiring	Cumulative Percentage of Total Square Feet Expiring
2019	192,595	1.7%	1.7%
2020	1,230,840	10.9%	12.6%
2021	889,527	7.9%	20.5%
2022	1,286,277	11.4%	31.9%
2023	1,096,583	9.8%	41.7%
2024	1,831,530	16.3%	58.0%
2025	901,544	8.0%	66.0%
2026	898,605	8.0%	74.0%
2027	419,500	3.7%	77.7%
Thereafter	2,495,491	22.3%	100.0%
Total	<u>11,242,492</u>	<u>100.0%</u>	

- (1) Lease expiration data for our triple net leased senior living communities and wellness centers is not included in the table above because, except for the expected change in the lease expiration data under our existing five master leases with Five Star from various dates to January 1, 2020, there were no changes to our lease expiration schedules for our triple net leased senior living communities and wellness centers from those reported in our second quarter 2019 supplemental operating and financial data.
- (2) Annualized rental income is based on rents pursuant to existing leases as of September 30, 2019, including straight line rent adjustments, estimated recurring expense reimbursements for certain net and modified gross leases and excluding lease value amortization at certain of our MOBs. Rental income amounts also include 100% of rental income as reported under GAAP from a property owned in a joint venture arrangement in which we own a 55% equity interest.
- (3) Includes 100% of square feet from a property owned in a joint venture arrangement in which we own a 55% equity interest.





WARNING CONCERNING FORWARD-LOOKING STATEMENTS

This presentation of supplemental operating and financial data may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. 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. Actual results may differ materially from those contained in or implied by our forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control.

For example:

- We entered into the Transaction Agreement to modify our existing business arrangements with Five Star, and certain of the transactions contemplated by the Transaction Agreement are expected to be effective January 1, 2020. These transactions are subject to conditions, including, among others, the receipt of certain licensing and other regulatory approvals. We cannot be sure that any or all of these conditions will be satisfied. Accordingly, these transactions may not become effective as of January 1, 2020 or at all, or the terms of such transactions may change.
- We have classified certain assets as held for sale as of September 30, 2019. This may imply that all of the properties that we have classified as held for sale will be sold; however, any such sales may not occur and we may incur losses with respect to such sales or those assets.
- We have 20 properties in our MOB segment, nine SNFs, nine assisted living facilities and two independent living facilities under agreements to sell for an aggregate sales price of approximately \$452.8 million, excluding closing costs. These sales are subject to conditions. These conditions may not be met and these sales may not occur or may be delayed or their terms may change.

The information contained in our filings with the SEC, including under “Risk Factors” in our periodic reports, or incorporated therein, identifies important factors that could cause our actual results to differ materially from those stated in or implied by 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 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.