UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-15319

SENIOR HOUSING PROPERTIES TRUST
(Exact Name of Registrant as Specified in Its Charter)

Maryland	**04-3445278**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

Two Newton Place, 255 Washington Street, Suite 300, Newton, MA 02458-1634
(Address of Principal Executive Offices) (Zip Code)
617 - 796 - 8350
(Registrant’s Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title Of Each Class	Trading Symbol(s)	Name Of Each Exchange On Which Registered
Common Shares of Beneficial Interest	SNH	The Nasdaq Stock Market LLC
5.625% Senior Notes due 2042	SNHNI	The Nasdaq Stock Market LLC
6.25% Senior Notes due 2046	SNHNL	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of registrant’s common shares outstanding as of November 6, 2019: 237,899,037

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References in this Quarterly Report on Form 10-Q to the Company, we, us or our include Senior Housing Properties Trust and its consolidated subsidiaries unless otherwise expressly stated or the context indicates otherwise.

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PART I. Financial Information

Item 1. Financial Statements.

SENIOR HOUSING PROPERTIES TRUST
CONDENSED CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except share data)
(unaudited)

	September 30, 2019	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	$ 6,916,990	$ 7,160,426
LIABILITIES AND 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	3,948,768	3,980,556
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	2,968,222	3,179,870
Total liabilities and equity	$ 6,916,990	$ 7,160,426

See accompanying notes.

SENIOR HOUSING PROPERTIES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(amounts in thousands, except per share data)
(unaudited)

	Three Months Ended September 30,		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	$ (29,390)	$ 45,805	$ (36,537)	$ 405,415
Other comprehensive (loss) income:				
Equity in unrealized (loss) gain of an investee	(46)	173	91	90
Other comprehensive (loss) income	(46)	173	91	90
Comprehensive (loss) income	(27,992)	47,375	(32,167)	409,686
Comprehensive income attributable to noncontrolling interest	(1,444)	(1,397)	(4,279)	(4,181)
Comprehensive (loss) income attributable to common shareholders	$ (29,436)	$ 45,978	$ (36,446)	$ 405,505
Weighted average common shares outstanding (basic)	237,608	237,511	237,585	237,492
Weighted average common shares outstanding (diluted)	237,608	237,562	237,585	237,526
Per common share amounts (basic and diluted):				
Net (loss) income attributable to common shareholders	$ (0.12)	$ 0.19	$ (0.15)	$ 1.71

See accompanying notes.

SENIOR HOUSING PROPERTIES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(amounts in thousands, except share data)
(unaudited)

	Number of Shares	Common Shares	Additional Paid-in Capital	Cumulative Net Income	Cumulative Other Comprehensive Income (Loss)	Cumulative Distributions	Total Equity Attributable to Common Shareholders	Total Equity Attributable to Noncontrolling Interest	Total Equity
Balance at December 31, 2018:	237,729,900	$ 2,377	$4,611,419	$ 2,140,796	$ (266)	$ (3,731,214)	$ 3,023,112	$ 156,758	$3,179,870
Net income	—	—	—	30,082	—	—	30,082	1,422	31,504
Other comprehensive income	—	—	—	—	66	—	66	—	66
Distributions	—	—	—	—	—	(92,714)	(92,714)	—	(92,714)
Share grants	—	—	215	—	—	—	215	—	215
Distributions to noncontrolling interest	—	—	—	—	—	—	—	(5,503)	(5,503)
Balance at March 31, 2019:	237,729,900	2,377	4,611,634	2,170,878	(200)	(3,823,928)	2,960,761	152,677	3,113,438
Net (loss) income	—	—	—	(37,229)	—	—	(37,229)	1,413	(35,816)
Other comprehensive income	—	—	—	—	71	—	71	—	71
Distributions	—	—	—	—	—	(35,659)	(35,659)	—	(35,659)
Share grants	15,000	—	395	—	—	—	395	—	395
Share repurchases	(4,139)	—	(36)	—	—	—	(36)	—	(36)
Distributions to noncontrolling interest	—	—	—	—	—	—	—	(5,684)	(5,684)
Balance at June 30, 2019:	237,740,761	2,377	4,611,993	2,133,649	(129)	(3,859,587)	2,888,303	148,406	3,036,709
Net (loss) income	—	—	—	(29,390)	—	—	(29,390)	1,444	(27,946)
Other comprehensive loss	—	—	—	—	(46)	—	(46)	—	(46)
Distributions	—	—	—	—	—	(35,661)	(35,661)	—	(35,661)
Share grants	187,500	2	530	—	—	—	532	—	532
Share repurchases	(27,984)	—	(259)	—	—	—	(259)	—	(259)
Distributions to noncontrolling interest	—	—	—	—	—	—	—	(5,107)	(5,107)
Balance at September 30, 2019:	237,900,277	$ 2,379	$4,612,264	$ 2,104,259	$ (175)	$ (3,895,248)	$ 2,823,479	$ 144,743	$2,968,222

See accompanying notes.

SENIOR HOUSING PROPERTIES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (CONTINUED)
(amounts in thousands, except share data)
(unaudited)

	Number of Shares	Common Shares	Additional Paid-in Capital	Cumulative Net Income	Cumulative Other Comprehensive Income (Loss)	Cumulative Distributions	Total Equity Attributable to Common Shareholders	Total Equity Attributable to Noncontrolling Interest	Total Equity
Balance at December 31, 2017:	237,630,409	$ 2,376	$4,609,316	$ 1,766,495	$ 87,231	$ (3,360,468)	$ 3,104,950	$ 172,238	$3,277,188
Cumulative adjustment upon adoption of ASU No. 2016-01	—	—	—	87,429	(87,429)	—	—	—	—
Balance at January 1, 2018:	237,630,409	2,376	4,609,316	1,853,924	(198)	(3,360,468)	3,104,950	172,238	3,277,188
Net income	—	—	—	236,022	—	—	236,022	1,383	237,405
Other comprehensive loss	—	—	—	—	(93)	—	(93)	—	(93)
Distributions	—	—	—	—	—	(92,674)	(92,674)	—	(92,674)
Share grants	3,000	—	47	—	—	—	47	—	47
Share repurchases	(4,628)	—	(89)	—	—	—	(89)	—	(89)
Distributions to noncontrolling interest	—	—	—	—	—	—	—	(5,667)	(5,667)
Balance at March 31, 2018:	237,628,781	2,376	4,609,274	2,089,946	(291)	(3,453,142)	3,248,163	167,954	3,416,117
Net income	—	—	—	123,587	—	—	123,587	1,401	124,988
Other comprehensive income	—	—	—	—	10	—	10	—	10
Distributions	—	—	—	—	—	(92,676)	(92,676)	—	(92,676)
Share grants	15,000	—	248	—	—	—	248	—	248
Distributions to noncontrolling interest	—	—	—	—	—	—	—	(5,114)	(5,114)
Balance at June 30, 2018:	237,643,781	2,376	4,609,522	2,213,533	(281)	(3,545,818)	3,279,332	164,241	3,443,573
Net income	—	—	—	45,805	—	—	45,805	1,397	47,202
Other comprehensive income	—	—	—	—	173	—	173	—	173
Distributions	—	—	—	—	—	(92,681)	(92,681)	—	(92,681)
Share grants	105,800	1	1,678	—	—	—	1,679	—	1,679
Share repurchases	(18,681)	—	(315)	—	—	—	(315)	—	(315)
Distributions to noncontrolling interest	—	—	—	—	—	—	—	(5,151)	(5,151)
Balance at September 30, 2018:	237,730,900	$ 2,377	$4,610,885	$ 2,259,338	$ (108)	$ (3,638,499)	$ 3,233,993	$ 160,487	$3,394,480

See accompanying notes.

SENIOR HOUSING PROPERTIES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)
(unaudited)

	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
Amortization of debt issuance costs and debt discounts and premiums	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
Impairment of assets	41,518	5,073
Gain on sale of properties	(21,893)	(261,916)
Gains and losses on equity securities, net	41,476	(85,643)
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)
(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	$ 63,449	$ 155,992

See accompanying notes.

SENIOR HOUSING PROPERTIES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(amounts in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2019	**2018**
Supplemental cash flows 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 in 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 [(1)]	13,987	108,335
Total cash and cash equivalents and restricted cash shown in the statements of cash flows	$ 63,449	$ 155,992

(1) Restricted cash consists of amounts escrowed for real estate taxes, insurance and capital expenditures at certain of our mortgaged properties, security deposits for residents of our managed senior living communities and cash held for the operations of our joint venture MOB. Restricted cash as of September 30, 2018 also includes proceeds from our sale of a senior living community in May 2018 that were being held in trust for our benefit to fund future acquisitions by us.

See accompanying notes.

Note 1. Basis of Presentation

The accompanying condensed consolidated financial statements of Senior Housing Properties Trust and its subsidiaries, or we, us, or our, are unaudited. Certain information and disclosures required by U.S. generally accepted accounting principles, or GAAP, for complete financial statements have been condensed or omitted. We believe the disclosures made are adequate to make the information presented not misleading. However, the accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes contained in our Annual Report on Form 10-K for the year ended December 31, 2018, or our Annual Report.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results for the interim period have been included. All intercompany transactions and balances with or among our consolidated subsidiaries have been eliminated. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year.

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect reported amounts. Actual results could differ from those estimates. Significant estimates in our condensed consolidated financial statements include purchase price allocations, useful lives of fixed assets and impairments of real estate and intangible assets. We have made reclassifications to the financial statements of prior periods to conform to the current period presentation. These reclassifications had no effect on net income (loss) or equity.

We have a joint venture arrangement with a sovereign investor for one of our properties (two buildings) leased to medical providers, clinics, medical related business and biotech laboratory tenants, or MOBs, located in Boston, Massachusetts. The investor owns a 45% equity interest in the joint venture, and we own the remaining 55% equity interest in the joint venture. We have determined that this joint venture is a variable interest entity, or VIE, as defined under the Consolidation Topic of the Financial Accounting Standards Board, or FASB, Accounting Standards Codification. We concluded that we must consolidate this VIE because we have the power to direct the activities that most significantly impact the VIE’s economic performance and we have the obligation to absorb losses of, and the right to receive benefits from, the VIE that could be significant to the VIE, and therefore are the primary beneficiary of the VIE. The assets of this VIE were $1,026,788 and $1,061,593 as of September 30, 2019 and December 31, 2018, respectively, and consist primarily of the net real estate owned by the joint venture. The liabilities of this VIE were $706,021 and $714,226 as of September 30, 2019 and December 31, 2018, respectively, and consist primarily of the debt securing the property. The sovereign investor's interest in this consolidated entity is reflected as noncontrolling interest in our condensed consolidated financial statements. See Note 7 for further information about this joint venture.

Note 2. Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update, or ASU, No. 2016-02, *Leases*. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842, Leases* and ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. In December 2018, the FASB issued ASU No. 2018-20 *Leases (Topic 842), Narrow-Scope Improvements for Lessors*. Collectively, these standards set out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). ASU No. 2016-02 requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase of the leased asset by the lessee. This classification will determine whether the lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease. ASU No. 2016-02 requires lessors to account for leases using an approach that is substantially equivalent to previous guidance for sales type leases, direct financing leases and operating leases. These standards were effective as of January 1, 2019. Upon adoption, we applied the package of practical expedients that has allowed us to not reassess (i) whether any expired or existing contracts are or contain leases, (ii) lease classification for any expired or existing leases and (iii) initial direct costs for any expired or existing leases. Furthermore, we applied the optional transition method in ASU No. 2018-11, which has allowed us to initially apply the new leases standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of retained earnings in the adoption period, although we did not have an adjustment. Additionally, our leases met the criteria in ASU No. 2018-11 to not separate non-lease components from the related lease component; therefore, the accounting for these leases remained largely unchanged from the previous standard. The adoption of ASU No. 2016-02 and the related improvements did not have a material impact in our condensed consolidated financial statements. Upon adoption, (i) allowances for bad debts are recognized as a direct reduction of rental income, and (ii) legal costs associated with the execution of our leases, which were previously capitalized and amortized over the life of their respective leases, are expensed as incurred. Subsequent to January 1, 2019, provisions for credit losses are now included in rental income in our condensed consolidated financial statements. Provisions for credit losses prior to January 1, 2019 were previously included in property operating expenses in our condensed consolidated financial statements and prior periods were not reclassified to conform to the current presentation. We completed our assessment of predominance as it relates to our contracts with residents for housing services at properties leased to our taxable REIT subsidiaries, or TRSs, and have recognized revenue from these properties under ASC 606, *Revenue from Contracts with Customers,* which did not have any impact to the timing or amount of our revenue recognized.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*: *Measurement of Credit Losses on Financial Instruments*, which requires that entities use a new forward-looking "expected loss" model that generally will result in the earlier recognition of allowance for credit losses. The measurement of expected credit losses is based upon historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU No. 2016-13 will be effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. We are currently assessing the potential impact the adoption of ASU No. 2016-13 will have in our condensed consolidated financial statements although lease related receivables are governed by the lease standards referred to above and are not subject to ASU No. 2016-13. We currently expect to adopt this standard using the modified retrospective approach.

Note 3. Real Estate Properties

As of September 30, 2019, we owned 436 properties, including eight properties classified as held for sale, located in 41 states and Washington, D.C., including one MOB (two buildings) owned in a joint venture arrangement in which we own a 55% equity interest.

Impairment:

We regularly evaluate our assets for indications of impairment. Impairment indicators may include declining tenant or resident occupancy, weak or declining profitability from the property, decreasing tenant cash flows or liquidity, our decision to dispose of an asset before the end of its estimated useful life, and legislative, market or industry changes that could permanently reduce the value of an asset. If indicators of impairment are present, we evaluate the carrying value of the affected assets by comparing it to the expected future undiscounted net cash flows to be generated from those assets. If the sum of these expected future net cash flows is less than the carrying value, we reduce the net carrying value of the asset to its estimated fair value.

During the three and nine months ended September 30, 2019, we recorded impairment charges of $7,062 and $15,385, respectively, to adjust the carrying values of 16 senior living communities to their estimated fair value. These 16 senior living communities included 15 skilled nursing facilities, or SNFs, which were sold in September 2019. During the three and nine months ended September 30, 2019, we also recorded impairment charges of $26,037 and $26,133, respectively, for seven MOBs. Four of these MOBs were sold in June 2019 and three of these MOBs are classified as held for sale in our condensed consolidated balance sheet as of September 30, 2019. These impairment charges, in aggregate, are included in impairment of assets in our condensed consolidated statements of comprehensive income (loss).

(dollar amounts in thousands, except per share data or as otherwise stated)

Dispositions:

During the nine months ended September 30, 2019, we sold 33 properties for an aggregate sales price of $53,033, excluding closing costs, as presented in the table below. The sales of these properties do not represent significant dispositions individually or in the aggregate, nor do they represent a strategic shift. As a result, the results of the operation of these properties are included in continuing operations through the date of sale of such property in our condensed consolidated statements of comprehensive income (loss).

Date of Sale	Location	Type of Property	Number of Properties	Square Feet or Number of Units			Sales Price (1)		Gain (loss) on Sale
February 2019	Florida	MOB	1	60,396	sq. ft.	$	2,900	$	(69)
March 2019	Massachusetts	MOB	1	4,400	sq. ft.		75		(58)
May 2019 (2)	California	SNF	3	278	units		21,500		15,207
May 2019	Colorado	MOB	1	15,647	sq. ft.		2,590		1,035
June 2019	Massachusetts	MOB	7	164,121	sq. ft.		8,042		1,590
July 2019	Massachusetts	MOB	3	103,484	sq. ft.		4,955		2,332
August 2019	Massachusetts	MOB	1	49,357	sq. ft.		2,221		812
September 2019 (2)	Various	SNF	15	964	units		8,000		—
September 2019	Massachusetts	MOB	1	41,065	sq. ft.		2,750		1,044
			33			$	53,033	$	21,893

(1) Sales price excludes closing costs.

(2) Pursuant to the terms of our April 2019 transaction agreement, or the Transaction Agreement, with Five Star Senior Living Inc., or Five Star, the aggregate amount of monthly minimum rent payable to us by Five Star under our master leases with Five Star decreased from the sale of these SNFs, as they were previously leased by us to Five Star. See Note 10 for further information on the Transaction Agreement.

As of September 30, 2019, we had four properties in our MOB segment and four senior living communities with an aggregate undepreciated carrying value of $136,231 classified as held for sale in our condensed consolidated balance sheet as of September 30, 2019. Subsequent to September 30, 2019, we sold four of these properties for an aggregate sales price of $58,000, excluding closing costs.

Date of Sale	Location	Type of Property	Number of Properties	Square Feet or Number of Units			Sales Price (1)
October 2019	South Dakota	Independent Living/SNF	3	245	units	$	10,500
October 2019	New Jersey	MOB	1	205,439	sq. ft.		47,500
			4			$	58,000

(1) Sales price excludes closing costs.

During the nine months ended September 30, 2019, we recorded impairment charges of $2,661 to adjust the carrying value of two MOBs to their estimated sales price less estimated costs to sell. These two MOBs are classified as held for sale in our condensed consolidated balance sheet as of September 30, 2019. During the nine months ended September 30, 2019, we also recorded impairment charges of $6,344 to adjust the carrying value of one senior living community to its estimated fair value. These impairment charges, in aggregate, are included in impairment of assets in our condensed consolidated statements of comprehensive income (loss).

As of November 6, 2019, we have 40 properties under agreements to sell for an aggregate sales price of approximately $452,804, excluding closing costs. These sales are subject to conditions; as a result, these sales may not occur, they may be delayed or their terms may change.

Note 4. Leases

We are a lessor of MOBs, senior living communities and wellness centers. Our leases provide our tenants with the contractual right to use and economically benefit from all of the premises demised under the leases; therefore, we have determined to evaluate our leases as lease arrangements.

(dollar amounts in thousands, except per share data or as otherwise stated)

Certain of our leases provide for base rent payments and in addition may include variable payments. Rental income from operating leases, including any payments derived by index or market based indices, is recognized on a straight line basis over the lease term when we have determined that the collectability of substantially all of the lease payments is probable. Some of our leases have options to extend or terminate the lease exercisable at the option of our tenants, which are considered when determining the lease term. We do not include in our measurement of our lease receivables certain variable payments, including changes in the index or market based indices after the inception of the lease, certain tenant reimbursements and other income until the specific events that trigger the variable payments have occurred. We recognized such payments totaling $19,317 and $57,687 for the three and nine months ended September 30, 2019, respectively.

Certain of our leases contain non-lease components, such as property level operating expenses and capital expenditures reimbursed by our tenants as well as other required lease payments. We have determined that all of our leases qualify for the practical expedient to not separate the lease and non-lease components because (i) the lease components are operating leases and (ii) the timing and pattern of recognition of the non-lease components are the same as those of the lease components. We apply Accounting Standards Codification Topic 842, *Leases,* to the combined component. Income derived by our leases is recorded in rental income in our condensed consolidated statements of comprehensive income (loss).

Certain tenants are obligated to pay directly their obligations under their leases for insurance, real estate taxes and certain other expenses. These obligations, which have been assumed by the tenants under the terms of their respective leases, are not reflected in our condensed consolidated financial statements. To the extent any tenant responsible for any such obligations under the applicable lease defaults on such lease or if it is deemed probable that the tenant will fail to pay for such obligations, we would record a liability for such obligations.

The following table presents our operating lease maturity analysis, excluding properties classified as held for sale, as of September 30, 2019:

Year	Amount
2019	$ 120,834
2020	345,614
2021	326,492
2022	304,787
2023	280,151
Thereafter	1,201,059
Total	$ 2,578,937

Right of Use Asset and Lease Liability. For leases where we are the lessee, we recognized a right of use asset and a lease liability equal to the present value of the minimum lease payments with rental payments being applied to the lease liability and the right of use asset being amortized over the term of the lease. The adoption of this standard resulted in an increase in total assets and liabilities of $4,507. The right of use asset and related lease liability are included within other assets, net and other liabilities, respectively, in our condensed consolidated balance sheets. In addition, we lease equipment at certain of our managed senior living communities. These leases are short term in nature, are cancelable with no fee or do not result in an annual expense in excess of our capitalization policy and, as a result, will not be recorded in our condensed consolidated balance sheets.

Note 5. Indebtedness

Our principal debt obligations at September 30, 2019 were: (1) outstanding borrowings under our $1,000,000 unsecured revolving credit facility; (2) $1,850,000 outstanding principal amount of senior unsecured notes; (3) $550,000 outstanding principal amount under two term loans; and (4) $690,022 aggregate principal amount of mortgages (excluding premiums, discounts and net debt issuance costs) secured by 10 properties. These 10 mortgaged properties had a carrying value (before accumulated depreciation) of $969,501 at September 30, 2019. We also had two properties subject to capital leases with lease obligations totaling $9,120 at September 30, 2019; these two properties had a carrying value (before accumulated depreciation) of $35,823 at September 30, 2019, and the capital leases expire in 2026.

We have a $1,000,000 unsecured revolving credit facility that is available for general business purposes, including acquisitions. The maturity date of our revolving credit facility is January 15, 2022, and, subject to the payment of an extension fee and meeting other conditions, we have the option to extend the maturity date of the facility for an additional year. Our revolving credit facility provides that we can borrow, repay and re-borrow funds available under our revolving credit facility until maturity, and no principal repayment is due until maturity. Our revolving credit facility requires interest to be paid on borrowings at the annual rate of LIBOR plus a premium of 120 basis points, plus a facility fee of 25 basis points per annum on the total amount of lending commitments under the facility. The interest rate premium and facility fee are each subject to adjustment based upon changes to our credit ratings. The facility also includes a feature pursuant to which in certain circumstances maximum borrowings under the facility may be increased to up to $2,000,000.

As of September 30, 2019, the annual interest rate payable on borrowings under our revolving credit facility was 3.1%. The weighted average annual interest rates for borrowings under our revolving credit facility were 3.5% and 3.2% for the three months ended September 30, 2019 and 2018, respectively, and 3.5% and 2.9% for the nine months ended September 30, 2019 and 2018, respectively. As of September 30, 2019, we had $589,000 outstanding and $411,000 available for borrowing, and as of November 6, 2019, we had $517,000 outstanding and $483,000 available for borrowing under our revolving credit facility.

We have a $350,000 term loan that matures in January 2020 and is prepayable without penalty at any time. This term loan requires interest to be paid at the annual rate of LIBOR plus a premium of 140 basis points that is subject to adjustment based upon changes to our credit ratings. At September 30, 2019, the annual interest rate payable on amounts outstanding under this term loan was 3.5%. The weighted average annual interest rate for amounts outstanding under this term loan was 3.7% and 3.5% for the three months ended September 30, 2019 and 2018, respectively, and 3.9% and 3.3% for the nine months ended September 30, 2019 and 2018, respectively. This term loan includes an accordion feature under which maximum borrowings may be increased to up to $700,000 in certain circumstances.

We have a $200,000 term loan that matures in September 2022 and is prepayable without penalty at any time. This term loan requires interest to be paid at the annual rate of LIBOR plus a premium of 135 basis points that is subject to adjustment based upon changes to our credit ratings. At September 30, 2019, the annual interest rate payable on amounts outstanding under this term loan was 3.4%. The weighted average annual interest rate for amounts outstanding under this term loan was 3.6% and 3.5% for the three months ended September 30, 2019 and 2018, respectively, and 3.8% and 3.3% for the nine months ended September 30, 2019 and 2018, respectively. This term loan includes an accordion feature under which maximum borrowings may be increased to up to $400,000 in certain circumstances.

In May 2019, we redeemed at par all of our outstanding 3.25% senior notes due 2019 for a redemption price equal to the principal amount of $400,000, plus accrued and unpaid interest of $6,500. We funded this redemption with cash on hand and borrowings under our revolving credit facility.

Also in May 2019, we prepaid, at par plus accrued interest, a mortgage note secured by four of our senior living communities with an outstanding principal balance of approximately $42,211, a maturity date in July 2019 and an annual interest rate of 3.79%. As a result of this prepayment, we recorded a loss on early extinguishment of debt of $17 for the nine months ended September 30, 2019. We prepaid this mortgage using cash on hand and borrowings under our revolving credit facility.

Our revolving credit facility and term loan agreements and our senior unsecured notes indentures and their supplements provide for acceleration of payment of all amounts due thereunder upon the occurrence and continuation of certain events of default, such as, in the case of our revolving credit facility and term loan agreements, a change of control of us, as defined, which includes The RMR Group LLC, or RMR LLC, ceasing to act as our business and property manager. Our revolving credit facility and term loan agreements and our senior unsecured notes indentures and their supplements also contain covenants, including those that restrict our ability to incur debts, and generally require us to maintain certain financial ratios, and our revolving credit facility and term loan agreements restrict our ability to make distributions under certain circumstances. We believe we were in compliance with the terms and conditions of the respective covenants under our revolving credit facility and term loan agreements and our senior unsecured notes indentures and their supplements at September 30, 2019.

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 6. Fair Value of Assets and Liabilities

The following table presents certain of our assets and liabilities that are measured at fair value at September 30, 2019, categorized by the level of inputs as defined in the fair value hierarchy under GAAP, used in the valuation of each asset or liability.

		Fair Value at Reporting Date Using		
Description	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Recurring Fair Value Measurements Assets:				
Investment in Five Star [(1)]	$ 1,993	$ 1,993	$ —	$ —
Non-Recurring Fair Value Measurements Assets:				
Real estate properties held for sale [(2)]	$ 63,458	$ —	$ 63,458	$ —
Real estate properties at fair value [(3)]	$ 1,098	$ —	$ —	$ 1,098

(1) Our 423,500 shares of Five Star common stock are included in other assets, net in our condensed consolidated balance sheets, and are reported at fair value, which is based upon quoted market prices (Level 1 inputs). Our adjusted cost basis for these shares is $6,353 as of September 30, 2019. During the three and nine months ended September 30, 2019, we recorded an unrealized gain of $40 and an unrealized loss of $40, respectively, which are included in gains and losses on equity securities, net in our condensed consolidated statements of comprehensive income (loss), to adjust the carrying value of our investment in Five Star common shares to their fair value. See Note 12 for further information about our investment in Five Star.

(2) We have assets in our condensed consolidated balance sheets that are measured at fair value on a nonrecurring basis. During the nine months ended September 30, 2019, we recorded impairment charges of $26,037 to reduce the carrying value of three MOBs that are classified as held for sale to their estimated sales price, based on a purchase and sale agreement that we have entered into with third party buyers for these MOBs, less estimated costs to sell, of $63,458. See Note 3 for further information about impairment charges and these and other properties we have classified as held for sale.

(3) We recorded impairment charges of $6,344 to reduce the carrying value of one senior living community to its estimated fair value of $1,098 based on a third party offer. The valuation techniques and significant unobservable inputs used in the valuation of this property are considered Level 3 inputs as defined in the fair value hierarchy under GAAP.

In addition to the assets and liabilities described in the tables above, our financial instruments at September 30, 2019 and December 31, 2018 included cash and cash equivalents, restricted cash, other assets, our revolving credit facility, term loans, senior unsecured notes, secured debt and capital leases and other unsecured obligations and liabilities. The fair values of these financial instruments approximated their carrying values in our condensed consolidated financial statements as of such dates, except as follows:

	As of September 30, 2019		As of December 31, 2018	
Description	**Carrying Amount [(1)]**	**Estimated Fair Value**	**Carrying Amount [(1)]**	**Estimated Fair Value**
Senior unsecured notes	$ 1,819,802	$ 1,885,545	$ 2,216,945	$ 2,138,202
Secured debts[(2)]	698,695	708,513	744,186	723,003
	$ 2,518,497	$ 2,594,058	$ 2,961,131	$ 2,861,205

(1) Includes unamortized debt issuance costs, premiums and discounts.

(2) We assumed certain of these secured debts in connection with our acquisition of certain properties. We recorded the assumed mortgage notes at estimated fair value on the date of acquisition and we are amortizing the fair value adjustments, if any, to interest expense over the respective terms of the mortgage notes to adjust interest expense to the estimated market interest rates as of the date of acquisition.

(dollar amounts in thousands, except per share data or as otherwise stated)

We estimated the fair value of our two issuances of senior unsecured notes due 2042 and 2046 based on the closing price on The Nasdaq Stock Market LLC, or Nasdaq, (a Level 1 input) as of September 30, 2019. We estimated the fair values of our four issuances of senior unsecured notes due 2020, 2021, 2024 and 2028 using an average of the bid and ask price on Nasdaq on or about September 30, 2019 (Level 2 inputs as defined in the fair value hierarchy under GAAP). We estimated the fair values of our secured debts by using discounted cash flows analyses and currently prevailing market terms as of the measurement date (Level 3 inputs as defined in the fair value hierarchy under GAAP). Because Level 3 inputs are unobservable, our estimated fair values may differ materially from the actual fair values.

Realized and unrealized gains and losses for our equity securities for the three and nine months ended September 30, 2019 and 2018 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Realized gains and losses on equity securities sold [1]	$ —	$ —	$ (41,436)	$ —
Unrealized gains and losses on equity securities held	40	35,137	(40)	85,643
Gains and losses on equity securities, net	$ 40	$ 35,137	$ (41,476)	$ 85,643

(1) See Note 12 for further information about our former investment in The RMR Group Inc., or RMR Inc.

Note 7. Noncontrolling Interest

We have a joint venture arrangement with a sovereign investor for one of our MOBs (two buildings) located in Boston, Massachusetts. The investor owns a 45% equity interest in the joint venture, and we own the remaining 55% equity interest in the joint venture. We continue to control this property and therefore continue to account for this property on a consolidated basis in our condensed consolidated financial statements under the VIE model. The portion of the joint venture's net income and comprehensive income not attributable to us, or $1,444 and $1,397 for the three months ended September 30, 2019 and 2018, respectively, and $4,279 and $4,181 for the nine months ended September 30, 2019 and 2018, respectively, is reported as noncontrolling interest in our condensed consolidated statements of comprehensive income (loss). We made aggregate cash distributions to our joint venture partner of $5,107 and $5,151 for the three months ended September 30, 2019 and 2018, respectively, and $16,294 and $15,932 for the nine months ended September 30, 2019 and 2018, respectively, which are reflected as a decrease in total equity attributable to noncontrolling interest in our condensed consolidated balance sheets. As of September 30, 2019, this joint venture held real estate assets with an aggregate net book value of $730,234, subject to mortgage notes of $620,000.

In assessing whether we have a controlling interest in this joint venture arrangement and are required to consolidate the accounts of the joint venture entity, we considered the members' rights to residual gains and obligations to absorb losses, which activities most significantly impact the economic performance of the entity and which member has the power to direct those activities.

Note 8. Shareholders' Equity

Share Awards:

On May 21, 2019, in accordance with our Trustee compensation arrangements, we granted 3,000 of our common shares, valued at $7.95 per share, the closing price of our common shares on Nasdaq on that day, to each of our five Trustees as part of their annual compensation.

On September 18, 2019, we granted an aggregate of 187,500 of our common shares, valued at $8.71 per share, the closing price of our common shares on Nasdaq on that day, to our officers and certain other employees of RMR LLC under our equity compensation plan.

(dollar amounts in thousands, except per share data or as otherwise stated)

Share Purchases:

On April 5, 2019, we purchased 3,529 of our common shares, valued at $9.47 per share, the closing price of our common shares on Nasdaq on that day, from a former employee of RMR LLC in satisfaction of tax withholding and payment obligations in connection with the vesting of awards of our common shares.

On July 3, 2019, we purchased 2,912 of our common shares, valued at $8.64 per share, the closing price of our common shares on Nasdaq on that day, from a former employee of RMR LLC in satisfaction of tax withholding and payment obligations in connection with the vesting of awards of our common shares.

On September 25, 2019, we purchased an aggregate of 25,072 of our common shares, valued at $9.33 per share, the closing price of our common shares on Nasdaq on that day, from our officers and other employees of RMR LLC in satisfaction of tax withholding and payment obligations in connection with the vesting of awards of our common shares.

Distributions:

During the nine months ended September 30, 2019, we declared and paid quarterly distributions to common shareholders as follows:

Record Date	Payment Date	Distribution Per Share	Total Distributions
January 28, 2019	February 21, 2019	$0.39	$92,714
April 29, 2019	May 16, 2019	$0.15	$35,659
July 29, 2019	August 15, 2019	$0.15	$35,661

On October 17, 2019, we declared a regular quarterly distribution payable to common shareholders of record on October 28, 2019, of $0.15 per share, or approximately $35,685. We expect to pay this distribution on or about November 14, 2019.

Note 9. Segment Reporting

We have four operating segments, of which three are separate reporting segments. We aggregate the reporting units in each of our MOBs, our triple net leased senior living communities and our managed senior living communities into three reporting segments, based on their similar operating and economic characteristics. The first reporting segment includes MOBs where the tenants pay us rent. The second reporting segment includes triple net leased senior living communities that provide short term and long term residential care and other services for residents and from which we receive rents from the operators. The third reporting segment includes managed senior living communities that provide short term and long term residential care and other services for residents where we pay fees to the operator to manage the communities for our account. Our fourth segment includes all of our other operations, including certain properties that offer wellness, fitness and spa services to members and with respect to which we receive rents from operators, which we do not consider to be sufficiently material to constitute a separate reporting segment.

(dollar amounts in thousands, except per share data or as otherwise stated)

	For the Three Months Ended September 30, 2019				
	MOBs	**Triple Net Leased Senior Living Communities**	**Managed Senior Living Communities**	**All Other Operations**	**Consolidated**
Revenues:					
Rental income	$ 100,010	$ 43,326	$ —	$ 4,675	$ 148,011
Residents fees and services	—	—	107,816	—	107,816
Total revenues	100,010	43,326	107,816	4,675	255,827
Expenses:					
Property operating expenses	34,184	—	90,899	—	125,083
Depreciation and amortization	33,801	21,976	16,644	947	73,368
General and administrative	—	—	—	9,604	9,604
Acquisition and certain other transaction related costs	—	—	—	2,492	2,492
Impairment of assets	26,037	7,062	—	—	33,099
Total expenses	94,022	29,038	107,543	13,043	243,646
Gain on sale of properties	4,183	—	—	—	4,183
Gains and losses on equity securities, net	—	—	—	40	40
Interest and other income	—	—	—	238	238
Interest expense	(6,239)	(166)	(420)	(37,992)	(44,817)
Income (loss) from continuing operations before income tax benefit and equity in earnings of an investee	3,932	14,122	(147)	(46,082)	(28,175)
Income tax benefit	—	—	—	146	146
Equity in earnings of an investee	—	—	—	83	83
Net income (loss)	3,932	14,122	(147)	(45,853)	(27,946)
Net income attributable to noncontrolling interest	(1,444)	—	—	—	(1,444)
Net income (loss) attributable to common shareholders	$ 2,488	$ 14,122	$ (147)	$ (45,853)	$ (29,390)

SENIOR HOUSING PROPERTIES TRUST
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(dollar amounts in thousands, except per share data or as otherwise stated)

	For the Nine Months Ended September 30, 2019				
	MOBs	Triple Net Leased Senior Living Communities	Managed Senior Living Communities	All Other Operations	Consolidated
Revenues:					
Rental income	$ 307,616	$ 137,683	$ —	$ 14,050	$ 459,349
Residents fees and services	—	—	324,767	—	324,767
Total revenues	307,616	137,683	324,767	14,050	784,116
Expenses:					
Property operating expenses	98,886	—	263,612	—	362,498
Depreciation and amortization	104,939	62,855	48,887	2,841	219,522
General and administrative	—	—	—	28,287	28,287
Acquisition and certain other transaction related costs	—	—	—	11,209	11,209
Impairment of assets	26,133	15,385	—	—	41,518
Total expenses	229,958	78,240	312,499	42,337	663,034
Gain on sale of properties	6,686	15,207	—	—	21,893
Dividend income	—	—	—	1,846	1,846
Gains and losses on equity securities, net	—	—	—	(41,476)	(41,476)
Interest and other income	—	—	—	590	590
Interest expense	(18,257)	(574)	(1,970)	(116,039)	(136,840)
Loss on early extinguishment of debt	—	—	(17)	—	(17)
Income (loss) from continuing operations before income tax benefit and equity in earnings of an investee	66,087	74,076	10,281	(183,366)	(32,922)
Income tax benefit	—	—	—	47	47
Equity in earnings of an investee	—	—	—	617	617
Net income (loss)	66,087	74,076	10,281	(182,702)	(32,258)
Net income attributable to noncontrolling interest	(4,279)	—	—	—	(4,279)
Net income (loss) attributable to common shareholders	$ 61,808	$ 74,076	$ 10,281	$ (182,702)	$ (36,537)

	As of September 30, 2019				
	MOBs	Triple Net Leased Senior Living Communities	Managed Senior Living Communities	All Other Operations	Consolidated
Total assets	$ 3,255,596	$ 1,924,780	$ 1,455,535	$ 281,079	$ 6,916,990

(dollar amounts in thousands, except per share data or as otherwise stated)

	For the Three Months Ended September 30, 2018				
	MOBs	Triple Net Leased Senior Living Communities	Managed Senior Living Communities	All Other Operations	Consolidated
Revenues:					
Rental income	$ 104,492	$ 64,538	$ —	$ 4,618	$ 173,648
Residents fees and services	—	—	105,321	—	105,321
Total revenues	104,492	64,538	105,321	4,618	278,969
Expenses:					
Property operating expenses	32,652	—	83,335	—	115,987
Depreciation and amortization	35,223	20,148	15,341	949	71,661
General and administrative	—	—	—	31,032	31,032
Acquisition and certain other transaction related costs	—	—	—	51	51
Impairment of assets	—	4,525	—	—	4,525
Total expenses	67,875	24,673	98,676	32,032	223,256
Dividend income	—	—	—	660	660
Gains and losses on equity securities, net	—	—	—	35,137	35,137
Interest and other income	—	—	—	248	248
Interest expense	(6,172)	(327)	(997)	(37,920)	(45,416)
Gain on early extinguishment of debt	—	76	32	—	108
Income (loss) from continuing operations before income tax expense and equity in earnings of an investee	30,445	39,614	5,680	(29,289)	46,450
Income tax expense	—	—	—	(79)	(79)
Equity in earnings of an investee	—	—	—	831	831
Net income (loss)	30,445	39,614	5,680	(28,537)	47,202
Net income attributable to noncontrolling interest	(1,397)	—	—	—	(1,397)
Net income (loss) attributable to common shareholders	$ 29,048	$ 39,614	$ 5,680	$ (28,537)	$ 45,805

(dollar amounts in thousands, except per share data or as otherwise stated)

	For the Nine Months Ended September 30, 2018				
	MOBs	Triple Net Leased Senior Living Communities	Managed Senior Living Communities	All Other Operations	Consolidated
Revenues:					
Rental income	$ 309,497	$ 198,626	$ —	$ 13,838	$ 521,961
Residents fees and services	—	—	309,981	—	309,981
Total revenues	309,497	198,626	309,981	13,838	831,942
Expenses:					
Property operating expenses	94,773	—	239,368	—	334,141
Depreciation and amortization	105,934	60,529	44,993	2,844	214,300
General and administrative	—	—	—	85,228	85,228
Acquisition and certain other transaction related costs	—	—	—	138	138
Impairment of assets	—	5,073	—	—	5,073
Total expenses	200,707	65,602	284,361	88,210	638,880
Gain on sale of properties	—	261,916	—	—	261,916
Dividend income	—	—	—	1,978	1,978
Gains and losses on equity securities, net	—	—	—	85,643	85,643
Interest and other income	—	—	—	362	362
Interest expense	(18,194)	(1,463)	(3,580)	(110,544)	(133,781)
Gain (loss) on early extinguishment of debt	—	76	(98)	—	(22)
Income (loss) from continuing operations before income tax expense and equity in earnings of an investee	90,596	393,553	21,942	(96,933)	409,158
Income tax expense	—	—	—	(444)	(444)
Equity in earnings of an investee	—	—	—	882	882
Net income (loss)	90,596	393,553	21,942	(96,495)	409,596
Net income attributable to noncontrolling interest	(4,181)	—	—	—	(4,181)
Net income (loss) attributable to common shareholders	$ 86,415	$ 393,553	$ 21,942	$ (96,495)	$ 405,415

	As of December 31, 2018				
	MOBs	Triple Net Leased Senior Living Communities	Managed Senior Living Communities	All Other Operations	Consolidated
Total assets	$ 3,344,581	$ 2,044,939	$ 1,395,657	$ 375,249	$ 7,160,426

Note 10. Leases and Management Agreements with Five Star

We are Five Star’s largest landlord and Five Star is our largest tenant. As of September 30, 2019 and 2018, we leased 166 and 184 senior living communities to Five Star, respectively. We lease senior living communities to Five Star pursuant to five master leases. Five Star also manages senior living communities for our account pursuant to management and pooling agreements under which Five Star earns management fees. As of September 30, 2019 and 2018, Five Star managed 77 and 75 senior living communities, respectively, for our account.

Five Star had previously announced that a substantial doubt existed regarding its ability to continue as a going concern because of, among other things: challenging current senior living industry conditions had and may continue to negatively impact Five Star’s operating results; Five Star had incurred recurring operating losses in each of the last three fiscal years; Five Star did not expect to be able to pay its full rent obligations in the first quarter of 2019 absent rent relief from us; and Five

Star's credit facility was fully drawn and scheduled to expire on June 28, 2019. On April 1, 2019, we entered into the Transaction Agreement, pursuant to which we agreed to modify our existing business arrangements with Five Star, subject to certain conditions and the receipt of various approvals, as further described below. In addition, in June 2019, Five Star amended and extended the term of its credit facility. In August 2019, Five Star announced that, even though the challenging conditions in the senior living industry continue to exist, it believes that there no longer exists a substantial doubt about its ability to continue as a going concern as a result of actions it has taken since March 31, 2019. We cannot be sure whether the transactions contemplated by the Transaction Agreement will be completed or whether Five Star will be able to continue as a going concern.

The April 2019 Transaction Agreement with Five Star. Among other things, the Transaction Agreement provides that, subject to the satisfaction of certain conditions, effective January 1, 2020 (or January 1, 2021 if extended under the Transaction Agreement), or the Conversion Time:

- our five existing master leases with Five Star for all of our senior living communities that are leased by Five Star, as well as our existing management agreements and pooling agreements with Five Star for our senior living communities that are operated by Five Star, will be terminated and replaced, or the Conversion, with new management agreements for all of these senior living communities, or collectively, the New Management Agreements;

- Five Star will issue to us such number of Five Star common shares as is necessary to cause us to own, when considered together with our then owned Five Star common shares, approximately 34% of the then outstanding Five Star common shares, and enable us to declare a pro rata distribution to holders of our common shares of beneficial interest of the right to receive, and Five Star will issue on a pro rata basis to such holders, a number of Five Star common shares which equals approximately 51% of the then outstanding Five Star common shares, or, together, the Five Star Share Issuances; the noted percentage ownership amounts are post-issuance, giving effect to the Five Star Share Issuances; and

- as consideration for the Five Star Share Issuances, we will provide to Five Star $75,000 of additional consideration, or, collectively with the Conversion and the Five Star Share Issuances, the Five Star Restructuring Transactions.

Pursuant to the Transaction Agreement: (1) commencing February 1, 2019, the aggregate amount of monthly minimum rent payable to us by Five Star under our master leases with Five Star was set at $11,000, as of February 1, 2019, subject to adjustment, and no additional rent is payable to us by Five Star from such date to the Conversion Time; and (2) on April 1, 2019, we purchased from Five Star $49,155 of unencumbered Qualifying PP&E (as defined in the Transaction Agreement) related to our senior living communities leased and operated by Five Star, which amount remains subject to possible additional adjustment but will not exceed $60,000. Subsequent to our entering into the Transaction Agreement on April 1, 2019, the aggregate amount of monthly minimum rent payable to us by Five Star under our master leases with Five Star was reduced pursuant to the Transaction Agreement to $10,815 as of September 30, 2019, as a result of dispositions, and remains subject to further adjustment.

At its annual meeting of stockholders held on June 11, 2019, Five Star's stockholders approved the Five Star Share Issuances. The Five Star Restructuring Transactions remain subject to conditions, including, among others: (1) the receipt of all Required Licenses (as defined in the Transaction Agreement) and any other third party consent or approval required for the consummation of the Five Star Restructuring Transactions; (2) the effectiveness of the registration statement on Form S-1 filed by Five Star on September 27, 2019 with the Securities and Exchange Commission, or SEC, to register the Five Star common shares to be issued pursuant to the Transaction Agreement; and (3) approval by Nasdaq of the listing of the Five Star common shares to be issued pursuant to the Transaction Agreement, subject to official notice of issuance.

If any required approval is not obtained by December 31, 2019, and the failure to obtain such approval is not the result of a breach or default by Five Star under the Transaction Agreement, we and Five Star have agreed to work in good faith to determine an alternative to allow the Restructuring Transactions to occur on January 1, 2020; provided we are not required to agree to any alternative that would adversely affect our qualification for taxation as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended. If we and Five Star do not agree to any such alternative, and, as of January 1, 2020, the failure to obtain a required approval is the only remaining condition under the Transaction Agreement, the Conversion Time will be automatically extended to January 1, 2021. Pursuant to the Transaction Agreement, since Five Star's stockholders approved the Five Star Share Issuance, monthly minimum rent payable by Five Star to us under our existing master leases with Five Star will remain at the reduced amount, subject to further adjustment, regardless of whether the Transaction Agreement is extended and/or is terminated.

Five Star has agreed to expand its board of directors within six months following the Conversion Time to add an independent director (as defined in Five Star's bylaws) reasonably satisfactory to us.

Pursuant to the New Management Agreements, Five Star will receive a management fee equal to 5% of the gross revenues realized at the applicable senior living communities plus reimbursement for its direct costs and expenses related to such communities, as well as an annual incentive fee equal to 15% of the amount by which the annual earnings before interest, taxes, depreciation and amortization, or EBITDA, of all communities on a combined basis exceeds the target EBITDA for all communities on a combined basis for such calendar year, provided that in no event shall the incentive fee be greater than 1.5% of the gross revenues realized at all communities on a combined basis for such calendar year.

The New Management Agreements provide for 15 year terms, subject to Five Star's right to extend for two consecutive five year terms if it achieves certain performance targets for the combined managed communities portfolio. The New Management Agreements also provide us with the right to terminate the New Management Agreement for any community that does not earn 90% of the target EBITDA for such community for two consecutive calendar years or in any two of three consecutive calendar years, with the measurement period commencing January 1, 2021 (and the first termination not possible until the beginning of calendar year 2023), provided we may not in any calendar year terminate communities representing more than 20% of the combined revenues for all communities for the calendar year prior to such termination.

In connection with the Transaction Agreement, we entered into a credit agreement with Five Star, pursuant to which we extended to Five Star a $25,000 line of credit, or the Five Star credit facility. The Five Star credit facility matures on January 1, 2020, or January 1, 2021 if the Conversion Time is extended pursuant to the Transaction Agreement. The Five Star credit facility provides for interest to be paid on borrowed amounts at a rate of 6% per year and is secured by real estate mortgages on six senior living communities owned by certain of Five Star's subsidiaries that guarantee Five Star's obligations under the Five Star credit facility, and certain personal property owned by those and certain other Five Star subsidiaries. The Five Star credit facility provides for acceleration of payment of all amounts outstanding under the Five Star credit facility upon the occurrence and continuation of certain events of default, including a default by Five Star under the Transaction Agreement and certain other agreements. The agreement governing the Five Star credit facility contains covenants, including those that restrict Five Star's ability to incur debt or to pay dividends or make other distributions to its stockholders in certain circumstances. As of November 6, 2019, Five Star has not made any borrowings under the Five Star credit facility.

We determined that the Five Star Restructuring Transactions constituted a reconsideration event requiring us to assess whether we held a controlling financial interest in Five Star. As a result of this assessment, we determined that Five Star is a VIE as of the signing of the Transaction Agreement. We determined not to consolidate Five Star in our condensed consolidated financial statements, as we do not have the power to direct the activities of Five Star that most significantly impact Five Star's economic performance and therefore are not the primary beneficiary of Five Star.

Our Senior Living Communities Leased by Five Star. We recognized rental income payable by Five Star of $32,738 and $51,757 for the three months ended September 30, 2019 and 2018, respectively, and $105,451 and $155,207 for the nine months ended September 30, 2019 and 2018, respectively. Rental income for the nine months ended September 30, 2019 includes $538 of variable payments we received from Five Star. Rental income for the three and nine months ended September 30, 2018 excludes $1,386 and $4,050, respectively, of variable payments we received from Five Star. We record variable payments we receive from Five Star as deferred rental income, and we recognize any variable payments when the contingencies for those payments have been met. As of September 30, 2019 and December 31, 2018, we had net receivables from Five Star of $17,045 and $18,697, respectively, which amounts are included in other assets, net in our condensed consolidated balance sheets. Rental income from Five Star represented 12.8% and 13.4% of our total revenues for the three and nine months ended September 30, 2019, respectively. The properties Five Star leases from us represented 27.0%, excluding properties held for sale, if any, of our real estate investments, at cost, as of September 30, 2019.

(dollar amounts in thousands, except per share data or as otherwise stated)

Pursuant to the terms of our leases with Five Star, for the nine months ended September 30, 2018, we funded $14,749 of improvements to communities leased to Five Star. As a result, the amount of annual minimum rent payable to us by Five Star increased by approximately $1,177, as of September 30, 2018. Pursuant to the Transaction Agreement, the $97,480 of improvements to communities leased to Five Star, including $49,155 of fixed assets and improvements that were purchased pursuant to the Transaction Agreement as discussed above, that we funded during the nine months ended September 30, 2019 did not result in increased rent payable by Five Star.

During the nine months ended September 30, 2019, we and Five Star have sold to third parties 18 SNFs that we owned and leased to Five Star for an aggregate sales price of approximately $29,500, excluding closing costs. As a result of these sales, the aggregate amount of monthly minimum rent payable to us by Five Star under our master leases with Five Star was reduced pursuant to the Transaction Agreement. See Note 3 for further information regarding these dispositions.

Our Senior Living Communities Managed by Five Star. Five Star manages certain senior living communities that we lease to our TRSs. As described above, pursuant to the Transaction Agreement, we have agreed to replace our long term management and pooling agreements with Five Star with new management agreements effective January 1, 2020 (or January 1, 2021 if the Conversion Time is extended under the Transaction Agreement), subject to certain conditions and the receipt of various approvals.

We incurred management fees payable to Five Star of $3,832 and $3,666 for the three months ended September 30, 2019 and 2018, respectively, and $11,492 and $10,694 for the nine months ended September 30, 2019 and 2018, respectively. These amounts are included in property operating expenses or have been capitalized, as appropriate, in our condensed consolidated financial statements.

The following table presents residents fees and services revenue disaggregated by type of contract and payer:

Revenue from contracts with customers:	**Three Months Ended September 30, 2019**	**Nine Months Ended September 30, 2019**
Basic housing and support services	$ 88,623	$ 265,117
Medicare and Medicaid programs	6,902	23,333
Private pay and other third party payer SNF services	12,291	36,317
Total residents fees and services	$ 107,816	$ 324,767

Five Star also provides certain other services directly to residents at some of the senior living communities it manages for our account, such as rehabilitation services. At senior living communities Five Star manages for us where Five Star provides rehabilitation services on an outpatient basis, the residents, third party payers or government programs pay Five Star directly for those rehabilitation services. At senior living communities Five Star manages for us where Five Star provides both inpatient and outpatient rehabilitation services, we generally pay Five Star for these services and charges for these services are included in amounts charged to residents, third party payers or government programs. We incurred fees payable to Five Star of $1,478 and $1,584 for the three months ended September 30, 2019 and 2018, respectively, and $4,666 and $4,944 for the nine months ended September 30, 2019 and 2018, respectively, for rehabilitation services Five Star provided at senior living communities it manages for us; we include these amounts in property operating expenses in our condensed consolidated statements of comprehensive income (loss).

Note 11. Business and Property Management Agreements with RMR LLC

We have no employees. The personnel and various services we require to operate our business are provided to us by RMR LLC. We have two agreements with RMR LLC to provide management services to us: (1) a business management agreement, which relates to our business generally; and (2) a property management agreement, which relates to the property level operations of our properties that are not senior living communities or wellness centers.

Pursuant to our business management agreement with RMR LLC, we recognized net business management fees of $6,616 and $28,306 for the three months ended September 30, 2019 and 2018, respectively, and $20,917 and $78,119 for the nine months ended September 30, 2019 and 2018, respectively. The net business management fees we recognized for the three and nine months ended September 30, 2019 include $725 and $2,175, respectively, of management fees related to our subsidiary level management agreement with RMR LLC with respect to our joint venture arrangement. Based on our common share total return, as defined in our business management agreement, as of September 30, 2019, no estimated 2019 incentive fees are included in the net business management fees we recognized for the three and nine months ended September 30, 2019. The actual amount of annual incentive fees for 2019, if any, will be based on our common share total return as defined in our business management agreement, for the three-year period ending December 31, 2019, and will be payable in 2020. The net business management fees for the three and nine months ended September 30, 2018 included $725 and $2,175, respectively, of management fees related to our subsidiary level management agreement with RMR LLC with respect to our joint venture arrangement and $18,751 and $50,708, respectively, of estimated 2018 incentive fees based on our common share total return, as defined in our business management agreement, as of September 30, 2018. In January 2019, we paid RMR LLC an incentive fee of $40,642 for 2018. We include business management fee amounts in general and administrative expenses in our condensed consolidated statements of comprehensive income (loss).

Pursuant to our property management agreement with RMR LLC, we recognized aggregate net property management and construction supervision fees of $3,289 and $3,025 for the three months ended September 30, 2019 and 2018, respectively, and $9,844 and $8,829 for the nine months ended September 30, 2019 and 2018, respectively. These amounts are included in property operating expenses or have been capitalized, as appropriate, in our condensed consolidated financial statements.

We are generally responsible for all our operating expenses, including certain expenses incurred or arranged by RMR LLC on our behalf. We are generally not responsible for payment of RMR LLC's employment, office or administrative expenses incurred to provide management services to us, except for the employment and related expenses of RMR LLC's employees assigned to work exclusively or partly at our MOBs, our share of the wages, benefits and other related costs of RMR LLC's centralized accounting personnel, our share of RMR LLC's costs for providing our internal audit function, or as otherwise agreed. Our property level operating expenses are generally incorporated into the rents charged to our tenants, including certain payroll and related costs incurred by RMR LLC. We reimbursed RMR LLC $3,419 and $3,440 for these expenses and costs for the three months ended September 30, 2019 and 2018, respectively, and $10,145 and $9,391 for the nine months ended September 30, 2019 and 2018, respectively. We included these amounts in other operating expenses and general and administrative expenses, as applicable, in our condensed consolidated statements of comprehensive income (loss).

Note 12. Related Person Transactions

We have relationships and historical and continuing transactions with Five Star, RMR LLC, RMR Inc., Affiliates Insurance Company, or AIC, and others related to them, including other companies to which RMR LLC provides management services and which have trustees, directors and officers who are also our Trustees or officers.

Five Star. We are currently one of Five Star's largest stockholders. As of September 30, 2019, we owned 423,500 of Five Star's common shares, after giving effect to the one-for-ten reverse stock split of Five Star common shares that Five Star effected on September 30, 2019, or approximately 8.3% of Five Star's outstanding common shares. Five Star is our largest tenant and the manager of our managed senior living communities. RMR LLC provides management services to both us and Five Star. As of September 30, 2019, ABP Acquisition LLC, a subsidiary of ABP Trust, the controlling shareholder of RMR Inc., owned 35.4% of Five Star's outstanding common shares. Adam D. Portnoy, the Chair of our Board of Trustees and one of our Managing Trustees, is the sole trustee, an officer and the controlling shareholder of ABP Trust and a managing director of Five Star. Our other Managing Trustee also serves as secretary of Five Star. Five Star's president and chief executive officer and chief financial officer and treasurer are officers and employees of RMR LLC. On April 1, 2019, we entered into the Transaction Agreement, pursuant to which we agreed to modify our existing business arrangements with Five Star, subject to certain conditions and the receipt of various approvals. See Note 10 for further information regarding our relationships, agreements and transactions with Five Star and Note 6 for further information regarding our investment in Five Star.

Our Manager, RMR LLC. We have two agreements with RMR LLC to provide management services to us. See Note 11 for further information regarding our management agreements with RMR LLC.

See Note 8 for information relating to the annual share awards we made in September 2019 to our officers and certain other employees of RMR LLC and common shares we purchased from our officers and certain other employees of RMR LLC in satisfaction of tax withholding and payment obligations in connection with the vesting of awards of our common shares to them. We include amounts recognized as expense for share awards to RMR LLC employees in general and administrative expenses in our condensed consolidated statements of comprehensive income (loss).

RMR Inc. RMR LLC is a majority owned subsidiary of RMR Inc. and RMR Inc. is the managing member of RMR LLC. Adam D. Portnoy, the Chair of our Board of Trustees and one of our Managing Trustees, is the sole trustee, an officer and the controlling shareholder of ABP Trust, which is the controlling shareholder of RMR Inc., a managing director, president and chief executive officer of RMR Inc., and an officer and employee of RMR LLC. Jennifer B. Clark, our other Managing Trustee and our Secretary, also serves as a managing director and as executive vice president, general counsel and secretary of RMR Inc., an officer of ABP Trust, an officer and employee of RMR LLC. Other officers and employees of RMR LLC also serve as our officers.

On July 1, 2019, we sold all of the 2,637,408 shares of class A common stock of RMR Inc. that we owned in an underwritten public offering at a price to the public of $40.00 per share pursuant to the underwriting agreement among us, RMR Inc., certain other REITs managed by RMR LLC that also sold their class A common stock of RMR Inc. in the offering, and the underwriters named therein. We received net proceeds of $98,557 from this sale, after deducting the underwriting discounts and commissions and other offering expenses.

AIC. We, ABP Trust, Five Star and four other companies to which RMR LLC provides management services currently own AIC in equal amounts. We and the other AIC shareholders historically participated in a combined property insurance program arranged and reinsured in part by AIC. The policies under that program expired on June 30, 2019, and we and the other AIC shareholders elected not to renew the AIC property insurance program; we have instead purchased standalone property insurance coverage with unrelated third party insurance providers.

As of September 30, 2019 and December 31, 2018, our investment in AIC had a carrying value of $9,340 and $8,632, respectively. These amounts are included in other assets, net in our condensed consolidated balance sheets. We recognized income related to our investment in AIC, which is presented as equity in earnings of an investee in our condensed consolidated statements of comprehensive income (loss). Our other comprehensive income (loss) includes our proportionate part of unrealized gains (losses) on fixed income securities that are owned by AIC related to our investment in AIC.

AIC is in the process of dissolving. In connection with its dissolution, we expect to receive a capital distribution in the fourth quarter of 2019.

For further information about these and other such relationships and certain other related person transactions, refer to our Annual Report.

Note 13. Income Taxes

We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, and as such, are generally not subject to federal and most state income taxation on our operating income provided we distribute our taxable income to our shareholders and meet certain organization and operating requirements. We do, however, lease certain managed senior living communities to our wholly owned TRSs that, unlike most of our subsidiaries, file a separate consolidated federal corporate income tax return and are subject to federal and state income taxes. Our consolidated income tax provision includes the income tax provision related to the operations of our TRSs and certain state income taxes we incur despite our taxation as a REIT. During the three months ended September 30, 2019 and 2018, we recognized income tax benefit of $146 and expense of $79, respectively, and during the nine months ended September 30, 2019 and 2018, we recognized income tax benefit of $47 and expense of $444, respectively.

Note 14. Weighted Average Common Shares

The following table provides a reconciliation of the weighted average number of common shares used in the calculation of basic and diluted earnings per share (in thousands):

(dollar amounts in thousands, except per share data or as otherwise stated)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Weighted average common shares for basic earnings per share	237,608	237,511	237,585	237,492
Effect of dilutive securities: unvested share awards	—	51	—	34
Weighted average common shares for diluted earnings per share (1)	237,608	237,562	237,585	237,526

(1) For the three and nine months ended September 30, 2019, 42 and 26, respectively, of unvested common shares were not included in the calculation of diluted earnings per share because to do so would have been antidilutive.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with our condensed consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q and with our Annual Report.

We are a REIT organized under Maryland law. As of September 30, 2019, we owned 436 properties, including eight properties classified as held for sale, located in 41 states and Washington, D.C., including one MOB (two buildings) owned in a joint venture arrangement in which we own a 55% equity interest. At September 30, 2019, the undepreciated carrying value of our properties, which represents the gross book value of our real estate assets before depreciation and purchase price allocations, less impairment write downs, was $8.6 billion, excluding properties classified as held for sale. For the three months ended September 30, 2019, approximately 97% of our net operating income, or NOI, came from properties where a majority of the revenues are derived from our tenants' and residents' private resources.

RESTRUCTURING OF BUSINESS ARRANGEMENTS WITH FIVE STAR

In April 2019, we entered into the Transaction Agreement, pursuant to which, subject to certain conditions and the receipt of various approvals, effective January 1, 2020 (or January 1, 2021 if extended under the Transaction Agreement), our existing five master leases with Five Star for our senior living communities that are leased to Five Star, as well as our existing management agreements and pooling agreements with Five Star for our senior living communities that are managed by Five Star for our account, will be terminated and replaced with new management agreements between us and Five Star for all of these senior living communities. The conversion of the master leases to management agreements will be a significant change in our arrangements with Five Star and may result in our realizing significantly different operating results from our senior living communities, including increased variability.

Also pursuant to the Transaction Agreement, in addition to other transactions, commencing February 1, 2019 through December 31, 2019, the aggregate amount of monthly minimum rent payable to us by Five Star was reduced pursuant to the Transaction Agreement to $11.0 million as of February 1, 2019, subject to adjustment and extension, which amount was subsequently reduced to approximately $10.8 million as a result of dispositions and remains subject to further adjustment, and no additional rent is payable to us by Five Star starting from such date to the Conversion Time. For further information regarding the Transaction Agreement and our other business arrangements with Five Star, see Notes 10 and 12 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

PORTFOLIO OVERVIEW

The following tables present an overview of our portfolio (dollars in thousands, except investment per square foot or unit data):

(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 Revenues	Q3 2019 NOI (3)(4)	% of Q3 2019 NOI
Property Type										
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%
Tenant / Operator / Managed Properties										
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) (7)	166	18,676		2,311,860	27.0%	$ 123,788	32,446	12.7%	32,446	24.8%
Brookdale	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)(8)	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%

Tenant / Managed Property Operating Statistics[9]

	Rent Coverage		Occupancy	
	2019	2018	2019	2018
MOBs [5]	N/A	N/A	92.3%	95.6%
Five Star [10]	1.52x	1.06x	83.2%	81.7%
Brookdale	1.95x	2.15x	83.2%	85.0%
Other private senior living companies (combined)	1.32x	1.35x	87.7%	90.6%
Subtotal triple net leased senior living communities	1.51x	1.14x	83.6%	82.8%
Managed senior living communities [8]	N/A	N/A	86.0%	85.9%
Subtotal senior living communities	1.51x	1.14x	84.4%	83.7%
Wellness centers	1.87x	1.96x	100.0%	100.0%
Total	1.54x	1.19x		

(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) NOI is defined and calculated by reportable segment. Our definition of NOI and our reconciliation of net income (loss) to NOI are included below under the heading "Non-GAAP Financial Measures."

(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) See Note 10 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for information on our restructuring arrangements with Five Star pursuant to the Transaction Agreement.

(8) 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%.

(9) Operating data for MOBs is presented as of September 30, 2019 and 2018 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; operating data for other properties, tenants and managers are presented based upon the operating results provided by our tenants and manager for the 12 months ended June 30, 2019 and 2018, or the most recent prior period for which tenant operating results are made available to us. Rent coverage is calculated using the operating cash flows from our tenants' facility operations of our properties, before subordinated charges, if any, divided by 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 data for properties sold or classified as held for sale during the periods presented.

(10) 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.

There have been no material changes to trends affecting the MOB and senior living industry from those we previously disclosed in our Annual Report.

During the three months ended September 30, 2019, we entered into MOB lease renewals for 260,190 leasable square feet and new leases for 53,529 leasable square feet. The weighted average annual rental rate for leases entered during the quarter was $25.45 per square foot, which was 5.07% higher than the previous weighted average annual rental rate for the same space. Weighted (by annualized rental income) average lease term for leases entered during the third quarter of 2019 was 6.1 years. Commitments for tenant improvements, leasing commission costs and concessions for leases we entered during the third quarter of 2019 totaled $7.6 million, or $24.29 per square foot on average (approximately $3.97 per square foot per year of the lease term).

Lease Expiration Schedules

As of September 30, 2019, lease expirations at our MOBs are as follows (dollars in thousands):

Year	Number of Tenants	Square Feet(1)	Percent of Total	Cumulative Percent of Total	Annualized Rental Income(2)	Percent of Total	Cumulative Percent of Total
2019	64	192,595	1.7%	1.7%	$ 7,588	2.0%	2.0%
2020	101	1,230,840	10.9%	12.6%	30,814	8.0%	10.0%
2021	96	889,527	7.9%	20.5%	29,120	7.5%	17.5%
2022	108	1,286,277	11.4%	31.9%	36,395	9.4%	26.9%
2023	61	1,096,583	9.8%	41.7%	21,838	5.7%	32.6%
2024	79	1,831,530	16.3%	58.0%	50,396	13.0%	45.6%
2025	47	901,544	8.0%	66.0%	21,556	5.6%	51.2%
2026	34	898,605	8.0%	74.0%	26,227	6.8%	58.0%
2027	25	419,500	3.7%	77.7%	10,539	2.7%	60.7%
2028 and thereafter	57	2,495,491	22.3%	100.0%	151,912	39.3%	100.0%
Total	672	11,242,492	100.0%		$ 386,385	100.0%	
Weighted average remaining lease term (in years)		5.5			6.4		

(1) Includes 100% of square feet from a property owned in a joint venture arrangement in which we own a 55% equity interest.

(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. Annualized rental income also includes 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.

Lease expiration data for our triple net leased senior living communities and wellness centers has not been provided because, except for (i) the expected change in the lease expiration data under our five master leases with Five Star from various dates to January 1, 2020, (ii) the April 2019 transfer of the operations of one senior living community previously leased to a private operator to Five Star under our TRS structure, and (iii) the renewal of a lease for one of our SNFs to a private operator for a 10 year term, which expires in June 2029, 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 Annual Report.

In April 2019, Five Star began managing for our account a senior living community we own located in Oregon with 318 living units, pursuant to a management agreement with Five Star on terms substantially similar to those of existing management agreements between us and Five Star, after the previous tenant defaulted on its lease with us.

RESULTS OF OPERATIONS (dollars and square feet in thousands, unless otherwise noted)

We have four operating segments, of which three are separate reporting segments. We aggregate our MOBs, triple net leased senior living communities and our managed senior living communities into three reporting segments, based on their similar operating and economic characteristics. The first reporting segment includes MOBs where the tenants pay us rent for space in medical offices, life science laboratories and other medical related facilities. The second reporting segment includes triple net leased senior living communities that provide short term and long term residential care and other services for residents and from which we receive rents from the operators. The third reporting segment includes managed senior living communities that provide short term and long term residential care and other services for residents where we pay fees to the operator to manage the communities for our account. The fourth segment includes all of our other operations, including certain properties that offer wellness, fitness and spa services to members and with respect to which we receive rents from operators, which we do not consider to be sufficiently material to constitute a separate reporting segment.

The following table summarizes the results of operations of each of our segments for the three and nine months ended September 30, 2019 and 2018:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenues:				
MOBs	$ 100,010	$ 104,492	$ 307,616	$ 309,497
Triple net leased senior living communities	43,326	64,538	137,683	198,626
Managed senior living communities	107,816	105,321	324,767	309,981
All other operations	4,675	4,618	14,050	13,838
Total revenues	$ 255,827	$ 278,969	$ 784,116	$ 831,942
Net income (loss) attributable to common shareholders:				
MOBs	$ 2,488	$ 29,048	$ 61,808	$ 86,415
Triple net leased senior living communities	14,122	39,614	74,076	393,553
Managed senior living communities	(147)	5,680	10,281	21,942
All other operations	(45,853)	(28,537)	(182,702)	(96,495)
Net (loss) income attributable to common shareholders	$ (29,390)	$ 45,805	$ (36,537)	$ 405,415

The following sections analyze and discuss the results of operations of each of our segments for the periods presented.

Three Months Ended September 30, 2019 Compared to Three Months Ended September 30, 2018 (dollars in thousands, except average monthly rate):

Unless otherwise indicated, references in this section to changes or comparisons of results, income or expenses refer to comparisons of the results for the three months ended September 30, 2019 to the three months ended September 30, 2018.

MOBs:

	Comparable Properties [1] As of September 30,		All Properties As of September 30,	
	2019	2018	2019	2018
Total buildings	133	133	140	155
Total square feet [2]	11,570	11,553	12,179	12,600
Occupancy [3]	94.6%	95.9%	92.3%	95.6%

(1) Consists of MOBs we have owned and have been 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.

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

(3) MOB 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.

	Three Months Ended September 30,									
	Comparable (1) Properties Results				Non-Comparable Properties Results		Consolidated Properties Results			
	2019	2018	$ Change	% Change	2019	2018	2019	2018	$ Change	% Change
Rental income	$ 98,176	$ 97,761	$ 415	0.4 %	$ 1,834	$ 6,731	$ 100,010	$ 104,492	$ (4,482)	(4.3)%
Property operating expenses	(33,535)	(31,617)	1,918	6.1 %	(649)	(1,035)	(34,184)	(32,652)	1,532	4.7 %
Net operating income (NOI)	64,641	66,144	(1,503)	(2.3)%	1,185	5,696	65,826	71,840	(6,014)	(8.4)%
Depreciation and amortization	(32,238)	(32,768)	(530)	(1.6)%	(1,563)	(2,455)	(33,801)	(35,223)	(1,422)	(4.0)%
Impairment of assets	—	—	—	— %	(26,037)	—	(26,037)	—	26,037	100.0 %
Gain on sale of properties	—	—	—	— %	4,183	—	4,183	—	4,183	100.0 %
Interest expense	(6,142)	(6,172)	(30)	(0.5)%	(97)	—	(6,239)	(6,172)	67	1.1 %
Net income (loss)	26,261	27,204	(943)	(3.5)%	(22,329)	3,241	3,932	30,445	(26,513)	(87.1)%
Net income attributable to noncontrolling interest	(1,444)	(1,397)	47	3.4 %	—	—	(1,444)	(1,397)	47	3.4 %
Net income (loss) attributable to common shareholders	$ 24,817	$ 25,807	$ (990)	(3.8)%	$ (22,329)	$ 3,241	$ 2,488	$ 29,048	$ (26,560)	(91.4)%

(1) Comparable properties consists of MOBs we have owned and which have been 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.

Rental income. Rental income decreased primarily due to dispositions since July 1, 2018 and decreases in occupancy for the three months ended September 30, 2019 compared to the three months ended September 30, 2018, partially offset by an increase in rental income at our comparable properties. Rental income increased at our comparable properties primarily due to increases in property operating expense reimbursement income and higher average rents achieved with respect to our new and renewal leasing activity at certain of our comparable properties, partially offset by reduced occupancy. Rental income for the three months ended September 30, 2019 and 2018 includes non-cash straight line rent adjustments totaling $1,043 and $1,912, respectively, and amortization of acquired leases and assumed lease obligations totaling $1,787 and $1,438, respectively.

Property operating expenses. Property operating expenses consist of real estate taxes, utility expenses, property management fees, repairs and maintenance expense, cleaning expense, insurance expense and other direct costs of operating these properties. The increase in property operating expenses is primarily the result of increases at our comparable properties, partially offset by our property dispositions since July 1, 2018. Property operating expenses at our comparable properties increased primarily due to higher repairs and maintenance, insurance expense, salaries and benefits and other direct costs of operating our comparable properties.

Net operating income. The decrease in NOI reflects the net changes in rental income and property operating expenses described above. The reconciliation of NOI to net income (loss) for our MOB segment is shown in the table above. Our definition of NOI and our reconciliation of net income (loss) to NOI are included below under the heading "Non-GAAP Financial Measures."

Depreciation and amortization expense. The decrease in depreciation and amortization expense is primarily due to dispositions since July 1, 2018. Depreciation and amortization expense at our comparable properties decreased primarily due to certain depreciable leasing related assets becoming fully depreciated in 2018 and 2019, partially offset by the depreciation and amortization of improvements made to certain of our comparable properties after July 1, 2018.

Impairment of assets. Impairment of assets relates to the adjustment to reduce the carrying value of three MOB properties to their estimated fair value less costs to sell during the three months ended September 30, 2019. These MOBs are classified as held for sale as of September 30, 2019.

Gain on sale of properties. Gain on sale of properties relates to the sale of five MOBs during the three months ended September 30, 2019.

Interest expense. Interest expense primarily relates to mortgage debts secured by certain of our comparable properties.

Net income attributable to noncontrolling interest. Net income attributable to noncontrolling interest represents the net income attributable to a sovereign investor that owns a 45% equity interest in one of our MOBs (two buildings) through our joint venture arrangement.

Triple net leased senior living communities:

	Comparable Properties (1)		All Properties	
	As of and For the Three Months Ended September 30,		As of and For the Three Months Ended September 30,	
	2019	2018	2019	2018
Total properties	205	205	209	229
# of units	21,847	21,847	22,242	24,298
Tenant operating data (2)				
Occupancy	83.6%	82.8%	83.6%	82.8%
Rent coverage	1.51x	1.14x	1.51x	1.14x

(1) Consists of triple net leased senior living communities we have owned and which have been leased to the same operator continuously since July 1, 2018; excludes communities classified as held for sale, if any.

(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 the most recent prior period for which tenant operating results are available to us. Rent coverage is calculated using the operating cash flows from our triple net lease tenants' 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 historical periods prior to our ownership of certain properties, as well as data for properties sold or classified as held for sale during the periods presented.

	Three Months Ended September 30,									
	Comparable (1) Properties Results				Non-Comparable Properties Results		Consolidated Properties Results			
	2019	2018	$ Change	% Change	2019	2018	2019	2018	$ Change	% Change
Rental income	$ 42,363	$ 60,829	$ (18,466)	(30.4)%	$ 963	$ 3,709	$ 43,326	$ 64,538	$ (21,212)	(32.9)%
Net operating income (NOI)	42,363	60,829	(18,466)	(30.4)%	963	3,709	43,326	64,538	(21,212)	(32.9)%
Depreciation and amortization	(21,687)	(18,363)	3,324	18.1 %	(289)	(1,785)	(21,976)	(20,148)	1,828	9.1 %
Impairment of assets	(6,344)	—	6,344	100.0 %	(718)	(4,525)	(7,062)	(4,525)	2,537	56.1 %
Interest expense	(166)	(317)	(151)	(47.6)%	—	(10)	(166)	(327)	(161)	(49.2)%
Gain on early extinguishment of debt	—	60	(60)	(100.0)%	—	16	—	76	(76)	(100.0)%
Net income (loss)	$ 14,166	$ 42,209	$ (28,043)	(66.4)%	$ (44)	$ (2,595)	$ 14,122	$ 39,614	$ (25,492)	(64.4)%

(1) Comparable properties consists of triple net leased senior living communities we have owned and which have been leased to the same operator continuously since July 1, 2018; excludes communities classified as held for sale, if any.

Except as noted below under "Rental income," we have not included a discussion and analysis of the results of our comparable properties data for the triple net leased senior living communities segment as we believe that such a comparison is generally consistent with the comparison of results for all our triple net leased senior living communities from quarter to quarter and a separate, comparable properties comparison is not meaningful.

Rental income. Rental income decreased primarily due to a decrease in rental income at our comparable properties, the sale of 18 senior living communities and the transfer of two senior living communities to our managed communities segment since July 1, 2018, partially offset by increased rents resulting from our purchase of capital improvements at certain of our senior living communities since July 1, 2018. Rental income at our comparable properties decreased primarily due to the reduction in the aggregate amount of rent payable to us by Five Star during the three months ended September 30, 2019 pursuant to the Transaction Agreement. See Note 10 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for information on our restructuring arrangements with Five Star pursuant to the Transaction Agreement. Rental income includes non-cash straight line rent adjustments totaling $255 and $548 for the three months ended September 30, 2019 and 2018, respectively.

Net operating income. We typically incur minimal property operating expenses at these communities, as the majority of those expenses are paid by our tenants. NOI decreased due to the decrease in rental income described above. The reconciliation of NOI to net income (loss) for our triple net leased senior living communities segment is shown in the table above. Our definition of NOI and our reconciliation of net income (loss) to NOI are included below under the heading "Non-GAAP Financial Measures."

Depreciation and amortization expense. Depreciation and amortization expense increased primarily due to our purchase of improvements since July 1, 2018, partially offset by our sale of 18 senior living communities and the transfer of two senior living communities to our managed communities segment since July 1, 2018.

Impairment of assets. During the three months ended September 30, 2019, we recorded asset impairment charges of $7,062 to reduce the carrying value of 16 senior living communities to their estimated fair value. During the three months ended September 30, 2018, we recorded asset impairment charges of $4,525 to write off unamortized assets related to lease defaults at two of our senior living communities located in California and Colorado that were leased to third party private operators.

Interest expense. Interest expense relates to mortgage debts secured by certain of these communities. The decrease in interest expense is due to our prepayment of $40,916 in aggregate principal amount of mortgage debts since July 1, 2018, as well as regularly scheduled amortization of mortgage debts secured by these communities.

Gain on early extinguishment of debt. We recognized a gain on early extinguishment of debt in connection with our prepayment of mortgage debts during the third quarter of 2018.

Managed senior living communities:

	Comparable Properties [1]		All Properties	
	As of and For the Three Months Ended September 30,		As of and For the Three Months Ended September 30,	
	2019	2018	2019	2018
Total properties	75	75	77	75
# of units	9,611	9,611	10,168	9,515
Occupancy	85.3%	86.7%	84.7%	86.7%
Average monthly rate [2]	$ 4,153	$ 4,163	$ 4,110	$ 4,163

(1) Consists of managed senior living communities we have owned and which have been managed by the same operator for our account continuously since July 1, 2018; excludes communities classified as held for sale, if any.

(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.

	Three Months Ended September 30,									
	Comparable [1] Properties Results				Non-Comparable Properties Results		Consolidated Properties Results			
	2019	2018	$ Change	% Change	2019	2018	2019	2018	$ Change	% Change
Residents fees and services	$ 103,706	$ 105,321	$ (1,615)	(1.5)%	$ 4,110	$ —	$ 107,816	$ 105,321	$ 2,495	2.4 %
Property operating expenses	(85,346)	(83,070)	2,276	2.7 %	(5,553)	(265)	(90,899)	(83,335)	7,564	9.1 %
Net operating income (NOI)	18,360	22,251	(3,891)	(17.5)%	(1,443)	(265)	16,917	21,986	(5,069)	(23.1)%
Depreciation and amortization	(15,736)	(15,341)	395	2.6 %	(908)	—	(16,644)	(15,341)	1,303	8.5 %
Interest expense	(420)	(997)	(577)	(57.9)%	—	—	(420)	(997)	(577)	(57.9)%
Gain on early extinguishment of debt	—	32	(32)	(100.0)%	—	—	—	32	(32)	(100.0)%
Net income (loss)	$ 2,204	$ 5,945	$ (3,741)	(62.9)%	$ (2,351)	$ (265)	$ (147)	$ 5,680	$ (5,827)	(102.6)%

(1) Comparable properties consists of managed senior living communities we have owned and which have been managed by the same operator for our account continuously since July 1, 2018; excludes communities classified as held for sale, if any.

Residents fees and services. Residents fees and services are the revenues earned at our managed senior living communities. We recognize these revenues as services are provided and related fees are accrued. Residents fees and services increased primarily due to the transfer of two senior living communities we own from triple net leased senior living communities to managed senior living communities since July 1, 2018, partially offset by decreases in occupancy and average monthly rates at both comparable and non-comparable properties for the three months ended September 30, 2019 compared to the three months ended September 30, 2018.

Property operating expenses. Property operating expenses consist of management fees, real estate taxes, utility expenses, insurance, salaries and benefit costs of property level personnel, repairs and maintenance expense, cleaning expense and other direct costs of operating these communities. Property operating expenses increased primarily due to the transfer of two senior living communities we own from triple net leased senior living communities to managed senior living communities since July 1, 2018 and increased costs associated with staffing and insurance expense at comparable properties for the three months ended September 30, 2019 compared to the three months ended September 30, 2018.

Net operating income. The decrease in NOI reflects the net changes in residents fees and services and property operating expenses described above. The reconciliation of NOI to net income (loss) for our managed senior living communities segment is shown in the table above. Our definition of NOI and our reconciliation of net income (loss) to NOI are included below under the heading “Non-GAAP Financial Measures.”

Depreciation and amortization expense. Depreciation and amortization expense includes the depreciation of owned property and equipment as well as the amortization expense related to in place resident agreements assumed upon the acquisition of a community. Depreciation and amortization expense increased primarily due to the transfer of two senior living communities we own from triple net leased senior living communities to managed senior living communities and our purchase of improvements since July 1, 2018, partially offset by certain of our acquired in place resident agreements becoming fully amortized since July 1, 2018.

Interest expense. Interest expense relates to mortgage debts secured by certain of these communities. The decrease in interest expense is due to our prepayment of $98,222 in aggregate principal amount of mortgage debts since July 1, 2018, as well as the regularly scheduled amortization of mortgage debts secured by these communities.

Gain on early extinguishment of debt. We recognized a gain on early extinguishment of debt in connection with our prepayment of mortgage notes during the third quarter of 2018.

All other operations(1):

	Three Months Ended September 30,									
	Comparable (2) Properties Results				Non-Comparable Properties Results		Consolidated Properties Results			
	2019	2018	$ Change	% Change	2019	2018	2019	2018	$ Change	% Change
Rental income	$ 4,675	$ 4,618	$ 57	1.2 %	$ —	$ —	$ 4,675	$ 4,618	$ 57	1.2 %
Expenses:										
Depreciation and amortization	(947)	(949)	(2)	(0.2)%	—	—	(947)	(949)	(2)	(0.2)%
General and administrative	(9,604)	(31,032)	(21,428)	(69.1)%	—	—	(9,604)	(31,032)	(21,428)	(69.1)%
Acquisition and certain other transaction related costs	(2,492)	(51)	2,441	4,786.3 %	—	—	(2,492)	(51)	2,441	4,786.3 %
Total expenses	(13,043)	(32,032)	(18,989)	(59.3)%	—	—	(13,043)	(32,032)	(18,989)	(59.3)%
Dividend income	—	660	(660)	(100.0)%	—	—	—	660	(660)	(100.0)%
Gains and losses on equity securities, net	40	35,137	(35,097)	(99.9)%	—	—	40	35,137	(35,097)	(99.9)%
Interest and other income	238	248	(10)	(4.0)%	—	—	238	248	(10)	(4.0)%
Interest expense	(37,992)	(37,920)	72	0.2 %	—	—	(37,992)	(37,920)	72	0.2 %
Loss before income tax benefit (expense) and equity in earnings of an investee	(46,082)	(29,289)	16,793	57.3 %	—	—	(46,082)	(29,289)	16,793	57.3 %
Income tax benefit (expense)	146	(79)	(225)	(284.8)%	—	—	146	(79)	(225)	(284.8)%
Equity in earnings of an investee	83	831	(748)	(90.0)%	—	—	83	831	(748)	(90.0)%
Net loss	$ (45,853)	$ (28,537)	$ 17,316	60.7 %	$ —	$ —	$ (45,853)	$ (28,537)	$ 17,316	60.7 %

(1) All other operations includes all of our other operations, including certain properties that offer wellness, fitness and spa services to members, which segment we do not consider to be sufficiently material to constitute a separate reporting segment, and any operating expenses that are not attributable to a specific reporting segment.

(2) Comparable properties consists of properties we have owned and which have been leased to the same operator continuously since July 1, 2018; excludes communities classified as held for sale, if any.

Rental income. Rental income increased as a result of an increase in the scheduled rent for certain of our wellness center properties. Rental income includes non-cash straight line rent of approximately ($112) and $24 for the three months ended September 30, 2019 and 2018, respectively. Rental income also includes net amortization of approximately $55 of acquired real estate leases and obligations for each of the three months ended September 30, 2019 and 2018.

Depreciation and amortization expense. Depreciation and amortization expense remained consistent as we had no acquisitions or capital expenditures in this segment since July 1, 2018. We depreciate our long lived wellness center assets on a straight line basis.

General and administrative expense. General and administrative expense consists of fees paid to RMR LLC under our business management agreement, legal and accounting fees, fees and expenses of our Trustees, equity compensation expense and other costs relating to our status as a publicly traded company. General and administrative expense decreased primarily due to a decrease in estimated business management incentive fees as a result of no incentive fees being accrued for the three months ended September 30, 2019, compared to $18,751 of business management incentive fees that we recognized for the three months ended September 30, 2018. In addition, we recognized a decrease in business management fees expense as a result of lower trading prices for our common shares during the three months ended September 30, 2019 compared to the three months ended September 30, 2018.

Acquisition and certain other transaction related costs. Acquisition and certain other transaction related costs include costs incurred in connection with the Transaction Agreement and operations transition activities that were expensed pursuant to GAAP.

Dividend income. Dividend income during the three months ended September 30, 2018 reflects cash dividends received from our former investment in RMR Inc. We sold all of the RMR Inc. class A common stock that we owned on July 1, 2019.

Gains and losses on equity securities, net. Gain on equity securities in the 2019 period represents the unrealized gain to adjust our investment in Five Star to its fair value. Gains and losses on equity securities, net, in the 2018 period represents the net unrealized gains and losses to adjust our investment in Five Star and our former investment in RMR Inc. to their fair value.

Interest and other income. The decrease in interest and other income is primarily due to a decrease in average investable cash on hand and restricted cash.

Interest expense. Interest expense increased primarily due to an increase in borrowings under our revolving credit facility and increases in LIBOR rates, resulting in an increase in interest expense with respect to our borrowings under our revolving credit facility and term loans during the three months ended September 30, 2019 compared to the three months ended September 30, 2018. These increases were partially offset by our redemption in May 2019 of our $400,000 3.25% senior unsecured notes due 2019.

Income tax benefit (expense). Income tax benefit (expense) is the result of operating income we earned in certain jurisdictions that is subject to state income taxes.

Equity in earnings of an investee. Equity in earnings of an investee represents our proportionate share of earnings from AIC.

Nine Months Ended September 30, 2019 Compared to Nine Months Ended September 30, 2018 (dollars in thousands, except average monthly rate):

Unless otherwise indicated, references in this section to changes or comparisons of results, income or expenses refer to comparisons of the results for the nine months ended September 30, 2019 to the nine months ended September 30, 2018.

MOBs:

	Comparable Properties (1) As of September 30,		All Properties As of September 30,	
	2019	2018	2019	2018
Total buildings	129	129	140	155
Total square feet (2)	11,035	11,017	12,179	12,600
Occupancy (3)	94.4%	95.8%	92.3%	95.6%

(1) Consists of MOBs we have owned and which have been 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.
(2) Prior periods exclude space remeasurements made subsequent to those periods.
(3) MOB 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.

	Nine Months Ended September 30,									
	Comparable[(1)] Properties Results				Non-Comparable Properties Results		Consolidated Properties Results			
	2019	2018	$ Change	% Change	2019	2018	2019	2018	$ Change	% Change
Rental income	$ 281,903	$ 278,457	$ 3,446	1.2 %	$ 25,713	$ 31,040	$ 307,616	$ 309,497	$ (1,881)	(0.6)%
Property operating expenses	(92,279)	(87,953)	4,326	4.9 %	(6,607)	(6,820)	(98,886)	(94,773)	4,113	4.3 %
Net operating income (NOI)	189,624	190,504	(880)	(0.5)%	19,106	24,220	208,730	214,724	(5,994)	(2.8)%
Depreciation and amortization	(92,733)	(92,313)	420	0.5 %	(12,206)	(13,621)	(104,939)	(105,934)	(995)	(0.9)%
Impairment of assets	—	—	—	— %	(26,133)	—	(26,133)	—	26,133	100.0 %
Gain on sale of properties	—	—	—	— %	6,686	—	6,686	—	6,686	100.0 %
Interest expense	(17,893)	(17,948)	(55)	(0.3)%	(364)	(246)	(18,257)	(18,194)	63	0.3 %
Net income (loss)	78,998	80,243	(1,245)	(1.6)%	(12,911)	10,353	66,087	90,596	(24,509)	(27.1)%
Net income attributable to noncontrolling interest	(4,279)	(4,181)	98	2.3 %	—	—	(4,279)	(4,181)	98	2.3 %
Net income (loss) attributable to common shareholders	$ 74,719	$ 76,062	$ (1,343)	(1.8)%	$ (12,911)	$ 10,353	$ 61,808	$ 86,415	$ (24,607)	(28.5)%

(1) Comparable properties consists of MOBs we have owned and which have been 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.

Rental income. Rental income decreased primarily due to dispositions since January 1, 2018 and decreases in occupancy for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018, partially offset by acquisitions since January 1, 2018 and an increase in rental income at our comparable properties. Rental income increased at our comparable properties primarily due to increases in expense reimbursement income and higher average rents achieved with respect to our new and renewal leasing activity at certain of our comparable properties, partially offset by reduced occupancy. Rental income for the nine months ended September 30, 2019 and 2018 includes non-cash straight line rent adjustments totaling $3,151 and $6,486, respectively, and amortization of acquired leases and assumed lease obligations totaling $4,756 and $4,124, respectively.

Property operating expenses. The increase in property operating expenses is primarily the result of increases in property operating expenses at our comparable properties and net effect of our property acquisitions and dispositions since January 1, 2018. Property operating expenses at our comparable properties increased primarily due to increases in real estate taxes, insurance expense, salaries and benefit costs and other direct costs of operating our comparable properties.

Net operating income. NOI reflects the net changes in rental income and property operating expenses described above. The reconciliation of NOI to net income (loss) for our MOB segment is shown in the table above. Our definition of NOI and our reconciliation of net income (loss) to NOI are included below under the heading "Non-GAAP Financial Measures."

Depreciation and amortization expense. The decrease in depreciation and amortization expense is primarily due to dispositions since January 1, 2018, partially offset by an increase in depreciation and amortization expense at our comparable properties. Depreciation and amortization expense at our comparable properties increased primarily due to the depreciation and amortization of improvements made to certain of our comparable properties after January 1, 2018, partially offset by certain depreciable leasing related assets becoming fully depreciated in 2018 and 2019.

Impairment of assets. During the nine months ended September 30, 2019, we recorded asset impairment charges of $26,037 to reduce the carrying value of three MOBs to their estimated fair value less costs to sell and $96 of impairment charges related to the sale of four MOBs.

Gain on sale of properties. Gain on sale of properties relates to the sale of 13 MOBs during the nine months ended September 30, 2019.

Interest expense. Interest expense increased primarily due to interest expense related to a $11,050 mortgage assumed with one of our properties acquired in March 2018, partially offset by a decrease of the regularly scheduled amortization of mortgage debts secured by our comparable properties.

Net income attributable to noncontrolling interest. Net income attributable to noncontrolling interest represents the net income attributable to a sovereign investor that owns a 45% equity investment in one of our MOBs (two buildings) through our joint venture arrangement.

<u>Triple net leased senior living communities</u>:

	Comparable Properties [1]		All Properties	
	As of and For the Nine Months Ended September 30,		As of and For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Total properties	205	205	209	229
# of units	21,847	21,847	22,242	24,298
Tenant operating data [2]				
Occupancy	83.6%	82.8%	83.6%	82.8%
Rent coverage	1.51x	1.14x	1.51x	1.14x

(1) Consists of triple net leased senior living communities we have owned and which have been leased to the same operator continuously since January 1, 2018; excludes communities classified as held for sale, if any.

(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 the most recent prior period for which tenant operating results are available to us. Rent coverage is calculated using the operating cash flows from our triple net lease tenants' 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 historical periods prior to our ownership of certain properties, as well as data for properties sold or classified as held for sale during the periods presented.

	Nine Months Ended September 30,									
	Comparable [1] Properties Results				Non-Comparable Properties Results		Consolidated Properties Results			
	2019	2018	$ Change	% Change	2019	2018	2019	2018	$ Change	% Change
Rental income	$ 133,806	$ 182,218	$ (48,412)	(26.6)%	$ 3,877	$ 16,408	$ 137,683	$ 198,626	$ (60,943)	(30.7)%
Net operating income (NOI)	133,806	182,218	(48,412)	(26.6)%	3,877	16,408	137,683	198,626	(60,943)	(30.7)%
Depreciation and amortization	(61,206)	(54,751)	6,455	11.8 %	(1,649)	(5,778)	(62,855)	(60,529)	2,326	3.8 %
Impairment of assets	(6,344)	—	6,344	100.0 %	(9,041)	(5,073)	(15,385)	(5,073)	10,312	203.3 %
Gain on sale of properties	—	—	—	— %	15,207	261,916	15,207	261,916	(246,709)	(94.2)%
Interest expense	(511)	(1,049)	(538)	(51.3)%	(63)	(414)	(574)	(1,463)	(889)	(60.8)%
Gain on early extinguishment of debt	—	60	(60)	(100.0)%	—	16	—	76	(76)	(100.0)%
Net income	$ 65,745	$ 126,478	$ (60,733)	(48.0)%	$ 8,331	$ 267,075	$ 74,076	$ 393,553	$ (319,477)	(81.2)%

(1) Comparable properties consists of triple net leased senior living communities we have owned and which have been leased to the same operator continuously since January 1, 2018; excludes communities classified as held for sale, if any.

Except as noted below under "Rental income," we have not included a discussion and analysis of the results of our comparable properties data for the triple net leased senior living communities segment as we believe that such a comparison is generally consistent with the comparison of results for all our triple net leased senior living communities from quarter to quarter and a separate, comparable properties comparison is not meaningful.

Rental income. Rental income decreased primarily due to a decrease in rental income at our comparable properties, the sale of 23 senior living communities and the transfer of three senior living communities to our managed communities segment since January 1, 2018, partially offset by increased rents resulting from our purchase of capital improvements at certain of our senior living communities since January 1, 2018. Rental income decreased at our comparable properties primarily due to the reduction in the aggregate amount of rent payable to us by Five Star during the nine months ended September 30, 2019 pursuant to the Transaction Agreement. See Note 10 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for information on our restructuring arrangements with Five Star pursuant to the Transaction Agreement. Rental income includes non-cash straight line rent adjustments totaling $736 and $1,722 for the nine months ended September 30, 2019 and 2018, respectively.

Net operating income. We typically incur minimal property operating expenses at these communities, as the majority of those expenses are paid by our tenants. NOI decreased due to the decrease in rental income as described above. The reconciliation of NOI to net income (loss) for our triple net leased senior living communities segment is shown in the table above. Our definition of NOI and our reconciliation of net income (loss) to NOI are included below under the heading "Non-GAAP Financial Measures."

Depreciation and amortization expense. Depreciation and amortization expense increased primarily as a result of our purchase of improvements since January 1, 2018, partially offset by our sale of 23 senior living communities and the transfer of three senior living communities to our managed communities segment since January 1, 2018.

Impairment of assets. During the nine months ended September 30, 2019, we recorded asset impairment charges of $15,385 to reduce the carrying value of 16 senior living communities to their estimated fair value. During the nine months ended September 30, 2018, we recorded asset impairment charges of $5,073 to write off unamortized assets related to lease defaults at two of our senior living communities located in California and Colorado that were leased to third party private operators.

Gain on sale of properties. Gain on sale of properties is the result of our sale of three SNFs during the nine months ended September 30, 2019 and five senior living communities during the nine months ended September 30, 2018.

Interest expense. The decrease in interest expense is due to our prepayment of $40,916 in aggregate principal amount of mortgage debts since January 1, 2018, as well as regularly scheduled amortization of mortgage debts secured by these communities.

Gain on early extinguishment of debt. We recognized a gain on early extinguishment of debt in connection with our prepayment of mortgage notes during the nine months ended September 30, 2018.

Managed senior living communities:

	Comparable Properties [(1)]		All Properties	
	As of and For the Nine Months Ended September 30,		As of and For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Total properties	70	70	77	75
# of units	9,059	9,059	10,168	9,515
Occupancy	85.7%	86.1%	85.4%	86.2%
Average monthly rate [(2)]	$ 4,256	$ 4,251	$ 4,184	$ 4,237

(1) Consists of managed senior living communities we have owned and which have been managed by the same operator for our account continuously since January 1, 2018; excludes communities classified as held for sale, if any.

(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.

	Nine Months Ended September 30,									
	Comparable [(1)] Properties Results				Non-Comparable Properties Results		Consolidated Properties Results			
	2019	2018	$ Change	% Change	2019	2018	2019	2018	$ Change	% Change
Residents fees and services	$ 300,638	$ 301,265	$ (627)	(0.2)%	$ 24,129	$ 8,716	$ 324,767	$ 309,981	$ 14,786	4.8 %
Property operating expenses	(238,485)	(232,802)	5,683	2.4 %	(25,127)	(6,566)	(263,612)	(239,368)	24,244	10.1 %
Net operating income (NOI)	62,153	68,463	(6,310)	(9.2)%	(998)	2,150	61,155	70,613	(9,458)	(13.4)%
Depreciation and amortization	(40,665)	(41,023)	(358)	(0.9)%	(8,222)	(3,970)	(48,887)	(44,993)	3,894	8.7 %
Interest expense	(695)	(2,763)	(2,068)	(74.8)%	(1,275)	(817)	(1,970)	(3,580)	(1,610)	(45.0)%
Loss on early extinguishment of debt	(17)	(98)	(81)	(82.7)%	—	—	(17)	(98)	(81)	(82.7)%
Net income (loss)	$ 20,776	$ 24,579	$ (3,803)	(15.5)%	$ (10,495)	$ (2,637)	$ 10,281	$ 21,942	$ (11,661)	(53.1)%

(1) Comparable properties consists of managed senior living communities we have owned and which have been managed by the same operator for our account continuously since January 1, 2018; excludes communities classified as held for sale, if any.

Residents fees and services. Residents fees and services increased primarily due to our acquisitions and the transfer of certain senior living communities we own from triple net leased senior living communities to managed senior living communities since January 1, 2018, partially offset by decreases in occupancy and average monthly rates for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018.

Property operating expenses. Property operating expenses increased primarily due to our acquisitions and the transfer of certain senior living communities we own from triple net leased senior living communities to managed senior living communities since January 1, 2018 and increased costs associated with staffing, room turnover and maintenance costs and insurance expense at both comparable and non-comparable properties for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018.

Net operating income. The decrease in NOI reflects the net changes in residents fees and services and property operating expenses described above. The reconciliation of NOI to net income (loss) for our managed senior living communities segment is shown in the table above. Our definition of NOI and our reconciliation of net income (loss) to NOI are included below under the heading "Non-GAAP Financial Measures."

Depreciation and amortization expense. Depreciation and amortization expense increased primarily due to our acquisitions and the transfer of certain senior living communities we own from triple net leased senior living communities to managed senior living communities and purchase of improvements since January 1, 2018, partially offset by decreases due to certain of our acquired resident agreements becoming fully amortized since January 1, 2018.

Interest expense. The decrease in interest expense is due to our prepayment of $102,552 in aggregate principal amount of mortgage debts since January 1, 2018, as well as the regularly scheduled amortization of mortgage debts secured by these communities, partially offset by our assumption of $33,336 of mortgage notes in connection with our acquisitions of three senior living communities since January 1, 2018.

Loss on early extinguishment of debt. We recognized a loss on early extinguishment of debt in connection with our prepayment of mortgage debts during the nine months ended September 30, 2019 and 2018.

All other operations(1):

	Nine Months Ended September 30,									
	Comparable (2) Properties Results				Non-Comparable Properties Results		Consolidated Properties Results			
	2019	2018	$ Change	% Change	2019	2018	2019	2018	$ Change	% Change
Rental income	$ 14,050	$ 13,838	$ 212	1.5 %	$ —	$ —	$ 14,050	$ 13,838	$ 212	1.5 %
Expenses:										
Depreciation and amortization	(2,841)	(2,844)	(3)	(0.1)%	—	—	(2,841)	(2,844)	(3)	(0.1)%
General and administrative	(28,287)	(85,228)	(56,941)	(66.8)%	—	—	(28,287)	(85,228)	(56,941)	(66.8)%
Acquisition and certain other transaction related costs	(11,209)	(138)	11,071	8,022.5 %	—	—	(11,209)	(138)	11,071	8,022.5 %
Total expenses	(42,337)	(88,210)	(45,873)	(52.0)%	—	—	(42,337)	(88,210)	(45,873)	(52.0)%
Dividend income	1,846	1,978	(132)	(6.7)%	—	—	1,846	1,978	(132)	(6.7)%
Gains and losses on equity securities, net	(41,476)	85,643	(127,119)	(148.4)%	—	—	(41,476)	85,643	(127,119)	(148.4)%
Interest and other income	590	362	228	63.0 %	—	—	590	362	228	63.0 %
Interest expense	(116,039)	(110,544)	5,495	5.0 %	—	—	(116,039)	(110,544)	5,495	5.0 %
Loss before income tax benefit (expense) and equity in earnings of an investee	(183,366)	(96,933)	86,433	89.2 %	—	—	(183,366)	(96,933)	86,433	89.2 %
Income tax benefit (expense)	47	(444)	(491)	(110.6)%	—	—	47	(444)	(491)	(110.6)%
Equity in earnings of an investee	617	882	(265)	(30.0)%	—	—	617	882	(265)	(30.0)%
Net loss	$ (182,702)	$ (96,495)	$ 86,207	89.3 %	$ —	$ —	$ (182,702)	$ (96,495)	$ 86,207	89.3 %

(1) All other operations includes all of our other operations, including certain properties that offer wellness, fitness and spa services to members, which segment we do not consider to be sufficiently material to constitute a separate reporting segment, and any operating expenses that are not attributable to a specific reporting segment.

(2) Comparable properties consists of properties we have owned and which have been leased to the same operator continuously since January 1, 2018; excludes communities classified as held for sale, if any.

Rental income. Rental income increased as a result of an increase in the scheduled rent for certain of our wellness center properties. Rental income includes non-cash straight line rent of approximately ($337) and $299 for the nine months ended September 30, 2019 and 2018, respectively. Rental income also includes net amortization of approximately $166 of acquired real estate leases and obligations for each of the nine months ended September 30, 2019 and 2018, respectively.

Depreciation and amortization expense. Depreciation and amortization expense remained consistent as we had no acquisitions or capital expenditures in this segment since January 1, 2018. We depreciate our long lived wellness center assets on a straight line basis.

General and administrative expense. General and administrative expense decreased primarily due to a decrease in estimated business management incentive fees as a result of no incentive fees being accrued for the nine months ended September 30, 2019, compared to $50,708 of business management incentive fees that we recognized for the nine months ended September 30, 2018. In addition, we recognized a decrease in business management fees expense as a result of lower trading prices for our common shares during the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018.

Acquisition and certain other transaction related costs. Acquisition and certain other transaction related costs include costs incurred in connection with the Transaction Agreement and operations transition activities that were expensed pursuant to GAAP.

Dividend income. The decrease in dividend income is the result of our sale of all of the RMR Inc. class A common stock that we owned on July 1, 2019, partially offset by an increase in dividends per share paid by RMR Inc. during the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018.

Gains and losses on equity securities, net. Gains and losses on equity securities, net, represents the net unrealized gains and losses to adjust our investment in Five Star to its fair value and the net realized and unrealized gains and losses to adjust our former investment in RMR Inc. to its fair value.

Interest and other income. The increase in interest and other income is primarily due to increased average investable cash on hand and restricted cash.

Interest expense. Interest expense increased primarily due to an increase in borrowings under our revolving credit facility, increases in LIBOR rates, resulting in an increase in interest expense with respect to our borrowings under our revolving credit facility and term loans and our February 2018 issuance of $500,000 of 4.75% senior unsecured notes due 2028. These increases were partially offset by our redemption in May 2019 of our $400,000 3.25% senior unsecured notes due 2019.

Income tax benefit (expense). Income tax benefit (expense) is the result of operating income we earned in certain jurisdictions that is subject to state income taxes.

Equity in earnings of an investee. Equity in earnings of an investee represents our proportionate share of earnings from AIC.

Non-GAAP Financial Measures (dollars in thousands, except per share amounts)

We present certain "non-GAAP financial measures" within the meaning of applicable SEC rules, including 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, and NOI for the three and nine months ended September 30, 2019 and 2018. 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 comprehensive 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, 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.

Funds From Operations and Normalized Funds From Operations Attributable to Common Shareholders

We calculate FFO attributable to common shareholders and Normalized FFO attributable to common shareholders as shown below. FFO attributable to common shareholders is calculated on the basis defined by the National Association of Real Estate Investment Trusts, 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 below 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.

Our calculations of FFO attributable to common shareholders and Normalized FFO attributable to common shareholders for the three and nine months ended September 30, 2019 and 2018 and reconciliations of net income (loss) attributable to common shareholders, the most directly comparable financial measure under GAAP reported in our condensed consolidated financial statements, to FFO attributable to common shareholders and Normalized FFO attributable to common shareholders appear in the following table. This table also provides a comparison of distributions to shareholders, FFO attributable to common shareholders and Normalized FFO attributable to common shareholders and net income (loss) attributable to common shareholders per share for these periods.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net (loss) income attributable to common shareholders	$ (29,390)	$ 45,805	$ (36,537)	$ 405,415
Depreciation and amortization	73,368	71,661	219,522	214,300
FFO attributable to noncontrolling interest	(5,277)	(5,300)	(15,871)	(15,900)
Gain on sale of properties	(4,183)	—	(21,893)	(261,916)
Impairment of assets	33,099	4,525	41,518	5,073
Gains and losses on equity securities, net	(40)	(35,137)	41,476	(85,643)
FFO attributable to common shareholders	67,577	81,554	228,215	261,329
Estimated business management incentive fees (1)	—	18,751	—	50,708
Acquisition and certain other transaction related costs	2,492	51	11,209	138
(Gain) loss on early extinguishment of debt	—	(108)	17	22
Normalized FFO attributable to common shareholders	$ 70,069	$ 100,248	$ 239,441	$ 312,197
Weighted average common shares outstanding (basic)	237,608	237,511	237,585	237,492
Weighted average common shares outstanding (diluted)	237,608	237,562	237,585	237,526
Per common share data (basic and diluted):				
Net (loss) income attributable to common shareholders	$ (0.12)	$ 0.19	$ (0.15)	$ 1.71
FFO attributable to common shareholders	$ 0.28	$ 0.34	$ 0.96	$ 1.10
Normalized FFO attributable to common shareholders	$ 0.29	$ 0.42	$ 1.01	$ 1.31
Distributions declared	$ 0.15	$ 0.39	$ 0.69	$ 1.17

(1) Incentive fees under our business management agreement 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 comprehensive 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 the business management incentive fee expense for the calendar year, if any, is determined.

Property Net Operating Income (NOI)

We calculate NOI as shown below. The calculation of NOI excludes certain components of net income (loss) in order to provide results that are more closely related to our property level results of operations. 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 use NOI to evaluate individual and company wide property level performance. Other real estate companies and REITs may calculate NOI differently than we do.

The calculation of NOI by reportable segment is included above in this Item 2. The following table includes the reconciliation of net income (loss) to NOI for the three and nine months ended September 30, 2019 and 2018, respectively.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Reconciliation of Net Income (Loss) to NOI:				
Net (loss) income	$ (27,946)	$ 47,202	$ (32,258)	$ 409,596
Equity in earnings of an investee	(83)	(831)	(617)	(882)
Income tax (benefit) expense	(146)	79	(47)	444
(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
(Gain) loss on early extinguishment of debt	—	(108)	17	22
Interest expense	44,817	45,416	136,840	133,781
Interest and other income	(238)	(248)	(590)	(362)
Gains and losses on equity securities, net	(40)	(35,137)	41,476	(85,643)
Dividend income	—	(660)	(1,846)	(1,978)
Gain on sale of properties	(4,183)	—	(21,893)	(261,916)
Impairment of assets	33,099	4,525	41,518	5,073
Acquisition and certain other transaction related costs	2,492	51	11,209	138
General and administrative	9,604	31,032	28,287	85,228
Depreciation and amortization	73,368	71,661	219,522	214,300
NOI	$ 130,744	$ 162,982	$ 421,618	$ 497,801
MOB NOI	$ 65,826	$ 71,840	$ 208,730	$ 214,724
Triple net leased communities NOI	43,326	64,538	137,683	198,626
Managed communities NOI	16,917	21,986	61,155	70,613
All other operations NOI	4,675	4,618	14,050	13,838
Total NOI	$ 130,744	$ 162,982	$ 421,618	$ 497,801

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of funds to meet operating and capital expenses, pay debt service obligations and make distributions to our shareholders are the operating cash flows we generate as rental income from our leased properties, residents fees and services revenues from our managed communities and borrowings under our revolving credit facility. To reduce leverage, we have sold assets and have identified additional properties to sell aggregating approximately $900 million, focusing primarily on selling underperforming senior living communities and non-core assets, including standalone SNFs and wellness centers. We believe that these sources will be sufficient to meet our operating and capital expenses, pay debt service obligations and make distributions to our shareholders for the next 12 months and for the foreseeable future thereafter. Our future cash flows from operating activities will depend primarily upon:

- our ability to maintain or increase the occupancy of, and the rental rates at, our properties;
- our ability to control operating expenses and capital expenses at our properties;
- our manager's ability to operate our managed senior living communities so as to maintain or increase our returns; and
- our ability to purchase additional properties which produce cash flows in excess of our cost of acquisition capital and the related property operating expenses.

Following entry into the Transaction Agreement, due to the lower cash flow we will receive from our senior living communities operated by Five Star, on April 18, 2019, we lowered our regular quarterly distribution rate to $0.15 per common share ($0.60 per common share annually), which is based on a target distribution payout ratio of approximately 80% of projected cash available for distribution in the future.

Effective January 2020 (or January 2021 if extended under the Transaction Agreement), subject to the satisfaction of certain conditions pursuant to the Transaction Agreement, Five Star will issue to us such number of Five Star common shares as is necessary to cause us to own, when considered together with our then owned Five Star common shares, approximately 34% of the outstanding Five Star common shares post-issuance, and we will declare a pro rata distribution to holders of our common shares of beneficial interest of the right to receive, and Five Star will issue on a pro rata basis to such holders, a number of Five Star common shares which equals approximately 51% of the outstanding Five Star common shares post-issuance. As consideration for such issuance of Five Star common shares, we will provide to Five Star $75.0 million of additional consideration.

For further information regarding the Transaction Agreement, see Note 10 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Our Operating Liquidity and Resources

We generally receive minimum rents from our tenants monthly or quarterly, we receive percentage rents from our senior living community tenants monthly, quarterly or annually and we receive residents' fees and services' revenues, net of expenses, from our managed senior living communities monthly. Our changes in cash flows for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 were as follows: (1) cash provided by operating activities decreased to $195.7 million in 2019 from $286.0 million in 2018; (2) cash used in investing activities was $26.2 million in 2019, compared to cash provided by investing activities of $136.9 million in 2018; and (3) cash used in financing activities decreased to $176.1 million in 2019 from $314.3 million in 2018.

The decrease in cash provided by operating activities for the nine months ended September 30, 2019 compared to the prior year was primarily due to the reduction in the aggregate amount of rent payable to us by Five Star during the nine months ended September 30, 2019 pursuant to the Transaction Agreement, as described in Note 10 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, partially offset by a decrease in business management fee expenses in the 2019 period compared to the 2018 period. The change in cash (used in) provided by investing activities for the nine months ended September 30, 2019 compared to the prior year period was primarily due to lower proceeds from the sale of real estate properties in the 2019 period compared to the 2018 period and purchases of fixed assets and improvements during the 2019 period, partially offset by the proceeds from our sale of all of the RMR Inc. class A common stock that we owned in July 2019. The decrease in cash used in financing activities for the nine months ended September 30, 2019 compared to the prior year was primarily due to higher repayments of debt in the 2018 period related to our sale of real estate properties discussed above and a reduction in distributions paid to our shareholders in the 2019 period.

Our Investment and Financing Liquidity and Resources

As of September 30, 2019, we had $49.5 million of cash and cash equivalents and $411.0 million available to borrow under our revolving credit facility. We typically use cash balances, borrowings under our revolving credit facility, net proceeds from offerings of debt or equity securities, net proceeds from the disposition of assets and the cash flows from our operations to fund our operations, debt repayments, distributions, property acquisitions, capital expenditures and other general business purposes.

In order to fund acquisitions and to meet cash needs that may result from timing differences between our receipt of rents and our desire or need to make distributions or pay operating or capital expenses, we maintain a $1.0 billion unsecured revolving credit facility. The maturity date of our revolving credit facility is January 15, 2022, and, subject to the payment of an extension fee and meeting other conditions, we have the option to extend the maturity date of the facility for an additional year. Our revolving credit facility provides that we can borrow, repay and re-borrow funds available under our revolving credit facility until maturity, and no principal repayment is due until maturity. The facility also includes a feature pursuant to which in certain circumstances maximum borrowings under the facility may be increased to up to $2.0 billion. Our revolving credit facility requires interest to be paid on borrowings at the annual rate of LIBOR plus a premium (currently 120 basis points per annum) that is subject to adjustment based upon changes to our credit ratings, plus a facility fee of 25 basis points per annum on the total amount of lending commitments. As of September 30, 2019, the annual interest rate required on borrowings under our revolving credit facility was 3.1%. As of September 30, 2019 and November 6, 2019, we had $589.0 million and $517.0 million outstanding under our revolving credit facility, respectively.

When significant amounts are outstanding under our revolving credit facility, or as the maturities of our indebtedness approach, we intend to explore refinancing alternatives. Such alternatives may include incurring additional debt, selling certain properties and issuing new equity securities. In addition, we may also seek to participate in joint ventures or other arrangements that may provide us additional sources of financing. We currently have an effective shelf registration statement that allows us to issue public securities on an expedited basis, but it does not assure that there will be buyers for such securities. We may also assume debt in connection with our acquisitions of properties or place new debt on properties we own.

We have a $350.0 million unsecured term loan that matures on January 15, 2020. This term loan includes a feature under which maximum borrowings may be increased to up to $700.0 million in certain circumstances. This term loan requires interest to be paid at the rate of LIBOR plus a premium (currently 140 basis points per annum) that is subject to adjustment based upon changes to our credit ratings. As of September 30, 2019, the annual interest rate payable on amounts outstanding under this term loan was 3.5%.

We also have a $200.0 million unsecured term loan that matures on September 28, 2022. This term loan includes a feature under which maximum borrowings may be increased to up to $400.0 million in certain circumstances. This term loan requires interest to be paid at the rate of LIBOR plus a premium (currently 135 basis points per annum) that is subject to adjustment based upon changes to our credit ratings. As of September 30, 2019, the annual interest rate payable on amounts outstanding under this term loan was 3.4%.

In April 2019, our issuer credit rating was downgraded from BBB- to BB+ by Standard and Poor's Global, or S&P, following our announcement of the restructuring of our business arrangements with Five Star. The ratings on our senior notes were reaffirmed at BBB- by S&P and, as a result, the interest rate premium on our revolving credit facility and term loans was not changed.

In May 2019, our senior unsecured debt rating was downgraded from Baa3 to Ba1 by Moody's Investors Service following our announcement of the restructuring of our business arrangements with Five Star. The interest rate premium on our revolving credit facility and term loans was not changed.

In May 2019, we redeemed at par all of our outstanding 3.25% senior notes due 2019 for a redemption price equal to principal amount of $400.0 million. We funded this redemption with cash on hand and borrowings under our revolving credit facility.

In May 2019, we prepaid, at par plus accrued interest, a mortgage note secured by four of our senior living communities with an outstanding principal balance of approximately $42.2 million, a maturity date in July 2019 and an annual interest rate of 3.79%. We prepaid this mortgage using cash on hand and borrowings under our revolving credit facility.

In July 2019, we completed our sale of 2,637,408 shares of class A common stock of RMR Inc. in an underwritten public offering at a price to the public of $40.00 per common share. We received $98.6 million in net proceeds after deducting underwriting discounts and commissions and other offering expenses, which we used to repay amounts outstanding under our revolving credit facility.

During the nine months ended September 30, 2019, we sold 15 properties from our MOB segment located in Colorado, Florida and Massachusetts, for an aggregate sales price of approximately $23.5 million, excluding closing costs.

During the nine months ended September 30, 2019, we sold 18 SNFs located in California, Iowa, Kansas and Nebraska, for an aggregate sales price of approximately $29.5 million, excluding closing costs. Pursuant to the Transaction Agreement, annual rental income payable to us by Five Star under our master leases with Five Star was reduced by $2.2 million as a result of our sale of these 18 SNFs that were previously leased to Five Star.

In October 2019, we sold one property from our MOB segment located in New Jersey for a sales price of approximately $47.5 million, excluding closing costs, and three senior living communities located in South Dakota for an aggregate sales price of approximately $10.5 million, excluding closing costs.

We currently have 40 properties, of which 10 are senior living communities leased to Five Star and two are senior living communities managed by Five Star, under agreements to sell for an aggregate sales price of approximately $452.8 million, excluding closing costs. Annual rental income payable to us will be reduced pursuant to the Transaction Agreement from the sale of the senior living communities that are leased to Five Star. These sales are subject to conditions; as a result, these sales may not occur, they may be delayed or their terms may change.

During the three and nine months ended September 30, 2019 and 2018, respectively, amounts capitalized for leasing costs and building improvements at our MOBs and capital expenditures at our managed senior living communities were as follows (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
MOB tenant improvements (1)	$ 2,584	$ 5,073	$ 9,592	$ 7,762
MOB leasing costs (2)	2,038	3,686	7,314	5,333
MOB building improvements (3)	5,673	3,831	9,597	9,514
Managed senior living communities capital improvements	4,997	3,721	11,796	9,483
Recurring capital expenditures	$ 15,292	$ 16,311	$ 38,299	$ 32,092
Development, redevelopment and other activities - MOBs (4)	8,220	1,072	23,564	3,018
Development, redevelopment and other activities - Managed senior living communities (4)	7,509	9,051	26,386	19,984
Total development, redevelopment and other activities	$ 15,729	$ 10,123	$ 49,950	$ 23,002

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

During the three and nine months ended September 30, 2019, we invested $0.7 million and $1.5 million, respectively, 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 $0.05 million and $0.08 million, respectively, pursuant to the terms of the applicable leases. We used cash on hand and borrowings under our revolving credit facility to fund these purchases. These capital improvement amounts are not included in the table above.

During the three and nine months ended September 30, 2019, we purchased $11.2 million and $97.5 million, respectively, of fixed assets and improvements related to our senior living communities leased to Five Star, including $49.2 million of fixed assets and improvements that were purchased pursuant to the Transaction Agreement in April 2019. Pursuant to the Transaction Agreement, these purchases of fixed assets and improvements did not result in increased rent payable to us by Five Star under our master leases with Five Star. We used cash on hand and borrowings under our revolving credit facility to fund these purchases.

During the three months ended September 30, 2019, commitments made for expenditures in connection with leasing space in our MOBs, such as tenant improvements and leasing costs, were as follows (dollars and square feet in thousands, except per square foot amounts):

	New Leases	Renewals	Total
Square feet leased during the quarter	54	260	314
Total leasing costs and concession commitments (1)	$ 3,205	$ 4,416	$ 7,621
Total leasing costs and concession commitments per square foot (1)	$ 59.87	$ 16.97	$ 24.29
Weighted average lease term (years) (2)	7.8	5.7	6.1
Total leasing costs and concession commitments per square foot per year (1)	$ 7.69	$ 2.98	$ 3.97

(1) Includes commitments made for leasing expenditures and concessions, such as tenant improvements, leasing commissions, tenant reimbursements and free rent.

(2) 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.

We funded or expect to fund the foregoing capital commitments at our MOBs using cash on hand and borrowings under our revolving credit facility.

As of September 30, 2019, we have estimated unspent leasing related obligations at our triple net leased senior living communities and our MOBs of approximately $20.3 million. We currently expect to fund an additional approximately $18.9 million of fixed assets and improvements related to our senior living communities leased to Five Star during the last three months of 2019. We expect to use cash on hand and borrowings under our revolving credit facility to fund these purchases.

In July 2019, a tenant in our MOB segment vacated three buildings with an aggregate of 164,091 square feet in California. We have evaluated our options and have begun a full redevelopment of these buildings. The redevelopment of these buildings may take significant capital expenditures and time.

In connection with the Transaction Agreement, we provided to Five Star the short term $25.0 million Five Star credit facility as further described in Note 10 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. The Five Star credit facility matures on January 1, 2020, or January 1, 2021 if the Conversion Time is extended pursuant to the Transaction Agreement. The Five Star credit facility provides for interest to be paid on borrowed amounts at a rate of 6% per year and is secured by real estate mortgages on six senior living communities owned by certain of Five Star's subsidiaries that guarantee Five Star's obligations under the Five Star credit facility, and certain personal property owned by those and certain other Five Star subsidiaries. As of September 30, 2019 and November 6, 2019, no amounts were outstanding under the Five Star credit facility.

During the nine months ended September 30, 2019, we paid quarterly cash distributions to our shareholders totaling approximately $164.0 million using existing cash balances and borrowings under our revolving credit facility. For more information regarding the distributions we paid during 2019, see Note 8 to the Notes to Condensed Consolidated Financial Statements include in Part I, Item 1 of this Quarterly Report on Form 10-Q.

On October 17, 2019, we declared a regular quarterly distribution payable to common shareholders of record on October 28, 2019, of $0.15 per share, or approximately $35.7 million. We expect to pay this distribution on or about November 14, 2019 using cash on hand and borrowings under our revolving credit facility.

We believe we will have access to various types of financings, including debt or equity offerings, to fund our future acquisitions and to pay our debts and other obligations as they become due. Our ability to complete, and the costs associated with, future debt transactions depends primarily upon credit market conditions and our then creditworthiness. We have no control over market conditions. Our credit ratings depend upon evaluations by credit rating agencies of our business practices and plans, including our ability to maintain our earnings, to stagger our debt maturities and to balance our use of debt and equity capital so that our financial performance and leverage ratios afford us flexibility to withstand any reasonably anticipated adverse changes. Similarly, our ability to raise equity capital in the future will depend primarily upon equity capital market conditions and our ability to conduct our business to maintain and grow our operating cash flows. We intend to conduct our business activities in a manner which will afford us reasonable access to capital for investment and financing activities, but we cannot be sure that we will be able to successfully carry out that intention.

Except as described above, our strategy related to property acquisitions and dispositions is materially unchanged from that disclosed in our Annual Report. We continue to explore and evaluate for possible acquisition of additional properties primarily for income and secondarily for appreciation potential; however, we cannot be sure that we will reach any agreement to acquire such properties, or that if we do reach any such agreement, that we will complete any acquisitions. Generally, we identify properties for sale based on changes in market conditions in the area where the property is located, our expectations regarding the property's future financial performance, our expectation regarding lease renewals, our plans with regard to particular properties or alternative opportunities we may wish to pursue. Our plans for particular properties and other strategic considerations may cause us to change our acquisition and disposition strategies, and we may do so at any time and without shareholder approval.

Off Balance Sheet Arrangements

As of September 30, 2019, we had no off balance sheet arrangements that have had or that we expect would be reasonably likely to have a material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Debt Covenants

Our principal debt obligations at September 30, 2019 were: (1) outstanding borrowings under our $1.0 billion unsecured revolving credit facility; (2) $1.85 billion outstanding principal amount of senior unsecured notes; (3) $550.0 million outstanding principal amount under two term loans; and (4) $690.0 million aggregate principal amount of mortgages (excluding premiums, discounts and net debt issuance costs) secured by 10 properties. See Note 5 to the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information regarding our indebtedness.

Our senior unsecured notes are governed by our senior unsecured notes indentures and their supplements. Our revolving credit facility and term loan agreements and our senior unsecured notes indentures and their supplements provide for acceleration of payment of all amounts outstanding upon the occurrence and continuation of certain events of default, such as, in the case of our revolving credit facility and term loan agreements, a change of control of us, as defined, which includes RMR LLC ceasing to act as our business and property manager. Our senior unsecured notes indentures and their supplements and our revolving credit facility and term loan agreements also contain covenants that restrict our ability to incur debts, including debts secured by mortgages on our properties, in excess of calculated amounts and require us to maintain various financial ratios, and our revolving credit facility and term loan agreements contain covenants that restrict our ability to make distributions to our shareholders in certain circumstances. As of September 30, 2019, we believe we were in compliance with all of the covenants under our senior unsecured notes indentures and their supplements, our revolving credit facility and term loan agreements and our other debt obligations.

Neither our senior unsecured notes indentures and their supplements, nor our revolving credit facility and term loan agreements, contain provisions for acceleration which could be triggered by our debt ratings. However, under our revolving credit facility and term loan agreements, our senior unsecured debt ratings are used to determine the fees and interest rates we pay. Accordingly, if our debt ratings are downgraded, our interest expense and related costs under our revolving credit facility and term loan agreements may increase. See "—Our Investment and Financing Liquidity and Resources" above for information regarding recent downgrades of our issuer credit rating and senior unsecured debt rating that did not result in a change in the interest rate premiums under our revolving credit facility or term loans.

Our senior unsecured notes indentures and their supplements contain cross default provisions to any other debts of more than $20.0 million ($50.0 million or more in the case of our senior unsecured notes indentures and supplements entered in February 2016 and February 2018). Similarly, our revolving credit facility and term loan agreements have cross default provisions to other indebtedness that is recourse of $25.0 million or more and indebtedness that is non-recourse of $75.0 million or more.

The loan agreements governing the aggregate $620.0 million secured debt financing on the property owned by our joint venture contain customary covenants and provide for acceleration of payment of all amounts due thereunder upon the occurrence and continuation of certain events of default.

Related Person Transactions

We have relationships and historical and continuing transactions with RMR LLC, RMR Inc., Five Star and others related to them. For example: we have no employees and the personnel and various services we require to operate our business are provided to us by RMR LLC pursuant to our business and property management agreements with RMR LLC; RMR Inc. is the managing member of RMR LLC; Adam D. Portnoy, the Chair of our Board of Trustees and one of our Managing Trustees, is the sole trustee, an officer and the controlling shareholder of ABP Trust, which is the controlling shareholder of RMR Inc., and he is also a managing director and the president and chief executive officer of RMR Inc. and an officer and employee of RMR LLC; Jennifer Clark, our other Managing Trustee and our Secretary, is a managing director and the executive vice president, general counsel and secretary of RMR Inc., an officer of ABP Trust, an officer and employee of RMR LLC and the secretary of Five Star; each of our officers is also an officer and employee of RMR LLC; and, until July 1, 2019, we owned shares of class A common stock of RMR Inc. We have relationships and historical and continuing transactions with other companies to which RMR LLC or its subsidiaries provide management services and some of which may have trustees, directors or officers who are also trustees, directors or officers of us, RMR LLC or RMR Inc., including Five Star, which is our former subsidiary and largest tenant and the manager of our managed senior living communities and of which we and a wholly owned subsidiary of ABP Trust are significant stockholders, owning, as of September 30, 2019, 8.3% and 35.4%, respectively, of its outstanding common shares, and with which we have entered the Transaction Agreement, which provides for a restructuring of our contractual arrangements with Five Star.

For further information about these and other such relationships and related person transactions, see Notes 10, 11 and 12 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, our Annual Report, our definitive Proxy Statement for our 2019 Annual Meeting of Shareholders and our other filings with the SEC. In addition, see the section captioned “Risk Factors” of our Annual Report for a description of risks that may arise as a result of these and other related person transactions and relationships. Our filings with the SEC and copies of certain of our agreements with these related persons, including our business and property management agreements with RMR LLC and our various agreements with Five Star, are available as exhibits to our filings with the SEC and accessible at the SEC’s website, www.sec.gov. We may engage in additional transactions with related persons, including businesses to which RMR LLC or its subsidiaries provide management services.

Impact of Government Reimbursement

For the nine months ended September 30, 2019, approximately 97% of our NOI was generated from properties where a majority of the revenues are derived from our tenants’ and residents’ private resources, and the remaining 3% of our NOI was generated from properties where a majority of the revenues are derived from Medicare and Medicaid payments. Nonetheless, we own, and our tenants and manager operate, facilities in many states that participate in federal and state healthcare payment programs, including the federal Medicare and state Medicaid programs and other federal and state healthcare payment programs. Also, some of our MOB tenants participate in federal Medicare and state Medicaid programs and other government healthcare payment programs.

For more information regarding the government healthcare funding and regulation of our business, please see the section captioned “Business—Government Regulation and Reimbursement” in our Annual Report and the section captioned “Management's Discussion and Analysis of Financial Condition and Results of Operations—Impact of Government Reimbursement” in our Annual Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to risks associated with market changes in interest rates. We manage our exposure to this market risk by monitoring available financing alternatives. Our strategy to manage exposure to changes in interest rates has not materially changed since December 31, 2018. Other than as described below, we do not currently foresee any significant changes in our exposure to fluctuations in interest rates or in how we manage this exposure in the near future.

Fixed Rate Debt

At September 30, 2019, our outstanding fixed rate debt included the following (dollars in thousands):

Debt	Principal Balance (1)	Annual Interest Rate (1)	Annual Interest Expense	Maturity	Interest Payments Due
Senior unsecured notes	$ 200,000	6.75%	$ 13,500	2020	Semi-Annually
Senior unsecured notes	300,000	6.75%	20,250	2021	Semi-Annually
Senior unsecured notes	250,000	4.75%	11,875	2024	Semi-Annually
Senior unsecured notes	500,000	4.75%	23,750	2028	Semi-Annually
Senior unsecured notes	350,000	5.63%	19,705	2042	Quarterly
Senior unsecured notes	250,000	6.25%	15,625	2046	Quarterly
Mortgage note	1,584	7.49%	119	2022	Monthly
Mortgage note	12,675	6.28%	796	2022	Monthly
Mortgage note	11,015	4.85%	534	2022	Monthly
Mortgage note	16,211	5.75%	932	2022	Monthly
Mortgage note	16,155	6.64%	1,073	2023	Monthly
Mortgage notes (2)	620,000	3.53%	21,886	2026	Monthly
Mortgage note	1,640	6.25%	103	2026	Monthly
Mortgage note	10,742	4.44%	477	2043	Monthly
	$ 2,540,022		$ 130,625		

(1) The principal balances and interest rates are the amounts stated in the applicable contracts. In accordance with GAAP, our carrying values and recorded interest expense may differ from these amounts because of market conditions at the time we assumed these debts. This table does not include obligations under capital leases.

(2) 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 interest in the joint venture that we do not own.

No principal repayments are due under our unsecured notes until maturity. Our mortgage notes generally require principal and interest payments through maturity pursuant to amortization schedules. Because these debts require interest to be paid at a fixed rate, changes in market interest rates during the term of these debts will not affect our interest obligations. If these debts were refinanced at interest rates which are one percentage point higher or lower than shown above, our annual interest cost would increase or decrease by approximately $25.4 million.

Changes in market interest rates also would affect the fair value of our fixed rate debt obligations; increases in market interest rates decrease the fair value of our fixed rate debt, while decreases in market interest rates increase the fair value of our fixed rate debt. Based on the balances outstanding at September 30, 2019, and discounted cash flows analyses through the respective maturity dates, and assuming no other changes in factors that may affect the fair value of our fixed rate debt obligations, a hypothetical immediate one percentage point increase in interest rates would change the fair value of those obligations by approximately $40.9 million.

Our senior unsecured notes and certain of our mortgages contain provisions that allow us to make repayments earlier than the stated maturity date. In some cases, we are not allowed to make early repayment prior to a cutoff date and we are generally allowed to make prepayments only at a premium equal to a make whole amount, as defined, which is generally designed to preserve a stated yield to the noteholder. In the past, we have repurchased and retired some of our outstanding debts and we may do so again in the future. These prepayment rights and our ability to repurchase and retire outstanding debt may afford us opportunities to mitigate the risk of refinancing our debts at maturity at higher rates by refinancing prior to maturity.

Floating Rate Debt

At September 30, 2019, our floating rate debt obligations consisted of our $1.0 billion revolving credit facility, under which we had $589.0 million outstanding, our $350.0 million term loan and our $200.0 million term loan. Our revolving credit facility matures in January 2022, and, subject to our payment of an extension fee and our meeting other conditions, we have the option to extend the stated maturity date by one year to January 2023. No principal repayments are required under our revolving credit facility prior to maturity, and we can borrow, repay and re-borrow funds available, subject to conditions, at any time without penalty. Our $350.0 million term loan matures in January 2020, and our $200.0 million term loan matures in September 2022. Our $350.0 million term loan and our $200.0 million term loan are prepayable without penalty at any time.

Borrowings under our revolving credit facility and term loans are in U.S. dollars and interest is required to be paid at the rate of LIBOR plus premiums that are subject to adjustment based upon changes to our credit ratings. Accordingly, we are exposed to interest rate risk for changes in U.S. dollar based short term rates, specifically LIBOR, and to changes in our credit ratings. In addition, upon renewal or refinancing of our revolving credit facility or our term loans, we are vulnerable to increases in interest rate premiums due to market conditions or our perceived credit characteristics. Generally, a change in interest rates would not affect the value of our floating rate debt but would affect our operating results.

The following table presents the impact a one percentage point increase in interest rates would have on our annual floating rate interest expense as of September 30, 2019 (dollars in thousands except per share amounts):

	Impact of Changes in Interest Rates			
	Interest Rate (1)	Outstanding Floating Rate Debt	Total Interest Expense Per Year	Annual Earnings Per Share Impact (2)
At September 30, 2019	3.30%	$ 1,139,000	$ 37,587	$ 0.16
One percentage point increase	4.30%	$ 1,139,000	$ 48,977	$ 0.21

(1) Weighted based on the respective interest rates and outstanding borrowings under our credit facility and term loans as of September 30, 2019.

(2) Based on weighted average number of shares outstanding (basic and diluted) for the nine months ended September 30, 2019.

The following table presents the impact a one percentage point increase in interest rates would have on our annual floating rate interest expense as of September 30, 2019 if we were fully drawn on our revolving credit facility and our term loans remained outstanding (dollars in thousands except per share amounts):

	Impact of Changes in Interest Rates			
	Interest Rate (1)	Outstanding Floating Rate Debt	Total Interest Expense Per Year	Annual Earnings Per Share Impact (2)
At September 30, 2019	3.26%	$ 1,550,000	$ 50,530	$ 0.21
One percentage point increase	4.26%	$ 1,550,000	$ 66,030	$ 0.28

(1) Weighted based on the respective interest rates and outstanding borrowings under our credit facility (assuming fully drawn) and term loans as of September 30, 2019.

(2) Based on weighted average number of shares outstanding (basic and diluted) for the nine months ended September 30, 2019.

The foregoing tables show the impact of an immediate increase in floating interest rates. If interest rates were to increase gradually over time, the impact would be spread over time. Our exposure to fluctuations in floating interest rates will increase or decrease in the future with increases or decreases in the amount of our borrowings outstanding under our revolving credit facility or other floating rate debt.

LIBOR Phase Out

LIBOR is currently expected to be phased out in 2021. We are required to pay interest on borrowings under our revolving credit facility and term loans at floating rates based on LIBOR. Future debt that we may incur may also require that we pay interest based upon LIBOR. We currently expect that the determination of interest under our credit facility and term loan agreements would be revised as provided under the agreement or amended as necessary to provide for an interest rate that approximates the existing interest rate as calculated in accordance with LIBOR. Despite our current expectations, we cannot be sure that, if LIBOR is phased out or transitioned, the changes to the determination of interest under our agreements would approximate the current calculation in accordance with LIBOR. We do not know what standard, if any, will replace LIBOR if it is phased out or transitioned.

Although we have no present plans to do so, we may in the future enter into hedge arrangements or derivative contracts from time to time to mitigate our exposure to changes in interest rates.

Item 4. Controls and Procedures.

As of the end of the period covered by this Quarterly Report on Form 10-Q, our management carried out an evaluation, under the supervision and with the participation of our Managing Trustees, our President and Chief Operating Officer and our Chief Financial Officer and Treasurer, of the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, our Managing Trustees, our President and Chief Operating Officer and our Chief Financial Officer and Treasurer concluded that our disclosure controls and procedures are effective.

There have been no changes in our internal control over financial reporting during the quarter ended September 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Warning Concerning Forward-Looking Statements

This Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q relate to various aspects of our business, including:

- Our ability to pay distributions to our shareholders and to sustain the amount of such distributions,
- Our ability to retain our existing tenants, attract new tenants and maintain or increase current rental rates,
- Five Star, our former subsidiary and largest tenant and the manager of our managed senior living communities, having adequate financial resources and liquidity and Five Star's ability to meet its obligations to us and to manage our senior living communities satisfactorily,
- Whether the aging U.S. population and increasing life spans of seniors will increase the demand for senior living communities, wellness centers and other medical and healthcare related properties and healthcare services,
- The credit qualities of our tenants,
- Our ability to compete for tenancies and acquisitions effectively,
- Our ability to maintain and increase occupancy, revenues and NOI at our senior living communities,
- Our acquisitions and sales of properties,
- Our ability to raise debt or equity capital,
- Our ability to complete our target dispositions in accordance with our stated plan,
- The future availability of borrowings under our revolving credit facility,
- Our policies and plans regarding investments, financings and dispositions,
- 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 relationships with RMR Inc.,
- Our qualification for taxation as a REIT, and
- Other matters.

Our 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. Risks, uncertainties and other factors that could have a material adverse effect on our forward-looking statements and upon our business, results of operations, financial condition, FFO attributable to common shareholders, Normalized FFO attributable to common shareholders, NOI, cash flows, liquidity and prospects include, but are not limited to:

- The impact of conditions in the economy and the capital markets on us and our tenants and managers,
- 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, particularly in those markets in which our properties are located,
- Actual and potential conflicts of interest with our related parties, including our Managing Trustees, Five Star, RMR LLC, RMR Inc. and others affiliated with them, and
- Acts of terrorism, outbreaks of so called pandemics or other manmade or natural disasters beyond our control.

For example:

- Five Star, our largest tenant and the manager of our managed senior living communities, has been experiencing significant operating and financial challenges. Five Star's operating and financial difficulties result from a number of factors, some of which are beyond Five Star's control, including, but not limited to:
  - Five Star's high operating leverage,
  - Increases in Five Star's labor costs or in costs Five Star pays for goods and services,
  - Competition within the senior living industry,
  - Seniors delaying or forgoing moving into senior living communities or purchasing healthcare services,
  - The impact of changes in the economy and the capital markets on Five Star and its residents and other customers,
  - Changes in Medicare or Medicaid policies and regulations or the possible future repeal, replacement or modification of these or other existing or proposed legislation or regulations,
  - Increases in compliance costs,
  - Continued efforts by third party payers to reduce healthcare costs, and
  - Increases in tort and insurance liability costs.
- If Five Star's operations are unprofitable, it could become insolvent and default on its rent obligations to us,
- If Five Star fails to provide quality services at our senior living communities, the NOI generated by these communities may be adversely affected,
- We expect to close certain of the transactions contemplated by the Transaction Agreement, as described herein, on January 1, 2020. These transactions are subject to conditions, including, among others, the receipt of certain regulatory approvals. We cannot be sure that any or all of such 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,
- The Five Star Share Issuances are subject to the SEC declaring effective the registration statement on Form S-1 that Five Star previously filed with the SEC to register the Five Star common shares to be issued pursuant to the Transaction Agreement. When and whether the SEC declares the registration statement on Form S-1 effective is beyond Five Star's control. We cannot be sure that the SEC will declare the registration statement on Form S-1 effective prior to December 31, 2019 or at all,
- If the transactions contemplated by the Transaction Agreement are completed, we expect to own our Five Star common shares for the foreseeable future. However, we may sell some or all of our Five Star common shares. Our ownership of Five Star may also be diluted in the future,

- If the transactions contemplated by the Transaction Agreement are completed, the conversion of the master leases to management agreements will be a significant change in our arrangements with Five Star and may result in our realizing significantly different operating results from our senior living communities, including increased variability,

- We plan to continue to pay distributions at an annual rate of $0.60 per common share going forward, based on a target distribution payout ratio of approximately 80% of projected cash available for distribution in the future. Our distribution will be set and reset from time to time by our Board of Trustees. The Board of Trustees will consider many factors when setting the distribution, including our historical and projected net income, Normalized FFO, the then current and expected needs and availability of cash to pay our obligations, distributions which we may be required to pay to maintain our qualification for taxation as a REIT and other factors deemed relevant by our Board of Trustees in its discretion. Further, our projected cash available for distribution in the future may change and may vary from our expectations. Accordingly, future distributions may be increased or decreased and we cannot be sure as to the rate at which future distributions will be paid,

- 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,

- To reduce our leverage, we have sold assets and have identified additional properties to sell aggregating approximately $900.0 million. We may not complete the sales of any additional properties we plan to sell, and we may determine to sell fewer, additional or other properties than those we have identified for sale. Also, we may sell properties at prices that are less than we expect and less than their carrying values and we may incur losses on these sales or with respect to these properties,

- Contingencies in our acquisition and sale agreements may not be satisfied and our pending acquisitions and sales and any related management or lease arrangements we expect to enter may not occur, may be delayed or the terms of such transactions or arrangements may change,

- We may not be able to sell properties that we may determine to offer for sale on terms acceptable to us or otherwise, and we may incur losses on any such sales or in connection with decisions to pursue selling our properties,

- The capital investments we are making at our senior living communities in response to competitive pressures resulting from ongoing new supply of senior living communities may not achieve expected results and our senior living communities may not be competitive, despite these capital investments,

- We may spend more for capital expenditures than we currently expect,

- Any joint venture arrangements that we may enter may not be successful,

- Our tenants may experience losses and default on 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 grow our business and maintain or 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 their property operating expenses, that exceed our capital costs. We may be unable to identify properties that we want to acquire and we may fail to reach agreement with the sellers and complete the purchase of any properties we do want to acquire. In addition, any properties we may acquire may not provide us with rents or revenues less property operating costs that exceed our capital costs or achieve our expected returns. If our cash flows are reduced and our leverage increases, we may need to sell, rather than buy, properties,

- Rents that we can charge at our properties may decline upon renewals or expirations because of changing market conditions or otherwise,

- We expect to enter into additional management arrangements with Five Star for additional senior living communities that we own or may acquire in the future. However, we cannot be sure that we will enter into any additional 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 credit facility conditions that we may be unable to satisfy,
- Actual costs under our revolving credit facility or other floating rate debt will be higher than LIBOR plus a premium because of fees and expenses associated with such debt,
- The maximum borrowing availability under our revolving credit facility and term loans may be increased to up to $3.1 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 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. 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,
- We intend to conduct our business activities in a manner that will afford us reasonable access to capital for investment and financing activities. However, we may not succeed in this regard and we may not have reasonable access to capital,
- For the three months ended September 30, 2019, 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 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 manager's services, such as economic downturns, weak housing market conditions, higher levels of unemployment among our residents' family members, lower levels of consumer confidence, stock market volatility and/or changes in demographics generally could affect the profitability of our senior living communities,
- It is difficult to accurately estimate tenant space preparation costs. Our unspent leasing related obligations may cost more or less and may take longer to complete than we currently expect, and we may incur increasing amounts for these and similar purposes in the future,
- 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,
- We believe that our relationships with our related parties, including Five Star, RMR LLC, RMR Inc., ABP Trust 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,
- The business and property management agreements between us and RMR LLC have continuing 20 year terms. However, those agreements permit early termination in certain circumstances. Accordingly, we cannot be sure that these agreements will remain in effect for continuing 20 year terms, and
- We expect to receive a capital distribution in the fourth quarter of 2019 in connection with the dissolution of AIC. We cannot be sure that such distribution will occur when expected or at all or what the amount of any such distribution will be.

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, worsening or lack of improvement of Five Star's financial condition or changes in our other tenants' financial conditions, deficiencies in operations by a tenant or manager of one or more 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 elsewhere in this Quarterly Report on Form 10-Q or in our other filings with the SEC, including under the caption "Risk Factors", or incorporated herein or therein, identifies other important factors that could cause differences from our forward-looking statements. Our other 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.

Statement Concerning Limited Liability

The Amended and Restated Declaration of Trust establishing Senior Housing Properties Trust, dated September 20, 1999, as amended and supplemented, as filed with the State Department of Assessments and Taxation of Maryland, provides that no trustee, officer, shareholder, employee or agent of Senior Housing Properties Trust shall be held to any personal liability, jointly or severally, for any obligation of, or claim against, Senior Housing Properties Trust. All persons dealing with Senior Housing Properties Trust in any way shall look only to the assets of Senior Housing Properties Trust for the payment of any sum or the performance of any obligation.

PART II. Other Information

Item 1A. Risk Factors.

There have been no material changes to risk factors from those we previously disclosed in our Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer purchases of equity securities. The following table provides information about our purchases of our equity securities during the quarter ended September 30, 2019:

Calendar Month	Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
July 2019	2,912	$ 8.64	—	$ —
September 2019	25,072	9.33	—	—
Total	27,984	$ 9.26	—	$ —

(1) These common share withholdings and purchases were made to satisfy tax withholding and payment obligations of a former officer of RMR LLC, our officers and certain other current and former employees of RMR LLC in connection with awards of our common shares and the vesting of those and prior awards of common shares to them. We withheld and purchased these shares at their fair market value based upon the trading prices of our common shares at the close of trading on Nasdaq on the purchase dates.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Composite Copy of Articles of Amendment and Restatement, dated September 20, 1999, as amended to date. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.)
3.2	Articles Supplementary, dated May 11, 2000. (Incorporated by reference to the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2000.)
3.3	Articles Supplementary, dated April 17, 2014. (Incorporated by reference to the Company’s Current Report on Form 8-K dated April 17, 2014.)
3.4	Articles Supplementary, dated June 30, 2017. (Incorporated by reference to the Company’s Current Report on Form 8-K dated June 30, 2017.)
3.5	Amended and Restated Bylaws of the Company, adopted April 1, 2019. (Incorporated by reference to the Company’s Current Report on Form 8-K dated April 1, 2019.)
4.1	Form of Common Share Certificate. (Incorporated by reference to the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014.)
4.2	Indenture, dated as of December 20, 2001, between the Company and State Street Bank and Trust Company. (Incorporated by reference to the Company’s Registration Statement on Form S-3, File No. 333-76588.)
4.3	Supplemental Indenture No. 4, dated as of April 9, 2010, between the Company and U.S. Bank National Association, related to 6.75% Senior Notes due 2020, including form thereof. (Incorporated by reference to the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2010.)
4.4	Supplemental Indenture No. 6, dated as of December 8, 2011, between the Company and U.S. Bank National Association, related to 6.75% Senior Notes due 2021, including form thereof. (Incorporated by reference to the Company’s Annual Report on Form 10-K for the year ended December 31, 2011.)
4.5	Supplemental Indenture No. 7, dated as of July 20, 2012, between the Company and U.S. Bank National Association, related to 5.625% Senior Notes due 2042, including form thereof (Incorporated by reference to the Company’s Registration Statement on Form 8-A dated July 20, 2012.)
4.6	Supplemental Indenture No. 9, dated as of April 28, 2014, between the Company and U.S. Bank National Association, related to 4.75% Senior Notes due 2024, including form thereof. (Incorporated by reference to the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014.)

4.7	Indenture, dated as of February 18, 2016, between the Company and U.S. Bank National Association. (Incorporated by reference to the Company's Current Report on Form 8-K dated February 18, 2016.)
4.8	First Supplemental Indenture, dated as of February 18, 2016, between the Company and U.S. Bank National Association, related to 6.25% Senior Notes due 2046, including form thereof. (Incorporated by reference to the Company's Current Report on Form 8-K dated February 18, 2016.)
4.9	Second Supplemental Indenture, dated as of February 12, 2018, between the Company and U.S. Bank National Association, related to 4.75% Senior Notes due 2028, including form thereof. (Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2017.)
4.10	Registration Rights and Lock-Up Agreement, dated as of June 5, 2015, among the Company, ABP Trust (f/k/a Reit Management & Research Trust), Barry M. Portnoy and Adam D. Portnoy. (Incorporated by reference to the Company's Current Report on Form 8-K dated June 5, 2015.)
10.1	Eighteenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of May 22, 2019, effective as of April 1, 2019, among certain subsidiaries of the Company, as Landlord, and certain subsidiaries of Five Star Senior Living Inc., as Tenant. (Filed herewith.)
10.2	Partial Termination of and Nineteenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of September 17, 2019, among certain subsidiaries of the Company, as Landlord, and certain subsidiaries of Five Star Senior Living Inc., as Tenant. (Filed herewith.)
10.3	Thirteenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of May 22, 2019, effective as of April 1, 2019, among certain subsidiaries of the Company, as Landlord, and certain subsidiaries of Five Star Senior Living Inc., as Tenant. (Filed herewith.)
10.4	Partial Termination of and Fourteenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of September 17, 2019, among certain subsidiaries of the Company, as Landlord, and certain subsidiaries of Five Star Senior Living Inc., as Tenant. (Filed herewith.)
10.5	Partial Termination of and Seventh Amendment to Amended and Restated Master Lease Agreement (Lease No. 4), dated as of September 17, 2019, among certain subsidiaries of the Company, as Landlord, and certain subsidiaries of Five Star Senior Living Inc., as Tenant. (Filed herewith.)
31.1	Rule 13a-14(a) Certification. (Filed herewith.)
31.2	Rule 13a-14(a) Certification. (Filed herewith.)
31.3	Rule 13a-14(a) Certification. (Filed herewith.)
31.4	Rule 13a-14(a) Certification. (Filed herewith.)
32.1	Section 1350 Certification. (Furnished herewith.)
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document. (Filed herewith.)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document. (Filed herewith.)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. (Filed herewith.)
101.LAB	XBRL Taxonomy Label Linkbase Document. (Filed herewith.)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document. (Filed herewith.)
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SENIOR HOUSING PROPERTIES TRUST

By: /s/ Jennifer F. (Francis) Mintzer
Jennifer F. (Francis) Mintzer
President and Chief Operating Officer

Dated: November 7, 2019

By: /s/ Richard W. Siedel, Jr.
Richard W. Siedel, Jr.
Chief Financial Officer and Treasurer
(principal financial and accounting officer)

Dated: November 7, 2019

Exhibit 10.1

EIGHTEENTH AMENDMENT TO
AMENDED AND RESTATED MASTER LEASE AGREEMENT
(LEASE NO. 1)

THIS EIGHTEENTH AMENDMENT TO AMENDED AND RESTATED MASTER LEASE AGREEMENT (LEASE NO. 1) (this "Amendment") is made and entered into as of May 22, 2019, by and among each of the parties identified on the signature pages hereof as a landlord (collectively, "Landlord") and each of the parties identified on the signature pages hereof as a tenant (jointly and severally, "Tenant").

W I T N E S S E T H:

WHEREAS, pursuant to the terms of that certain Amended and Restated Master Lease Agreement (Lease No. 1), dated as of August 4, 2009, as amended by that certain Partial Termination of and First Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of October 1, 2009, that certain Second Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of November 17, 2009, that certain Third Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of December 10, 2009, that certain Partial Termination of and Fourth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of August 1, 2010, that certain Fifth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of May 1, 2011, that certain Partial Termination of and Sixth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of June 1, 2011, that certain Seventh Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of June 20, 2011, that certain Eighth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of August 31, 2012, that certain Partial Termination of and Ninth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of August 1, 2013, that certain Partial Termination of and Tenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of January 22, 2014, that certain Partial Termination of and Eleventh Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of October 1, 2014, that certain Partial Termination of and Twelfth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of October 31, 2014, that certain Partial Termination of and Thirteenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of February 17, 2015, that certain Partial Termination of and Fourteenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of August 1, 2015, that certain Partial Termination of and Fifteenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of December 29, 2015, that certain Partial Termination of and Sixteenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of June 1, 2018, and that certain Partial Termination of and Seventeenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of May 1, 2019 (as so amended, "Amended Lease No. 1"), Landlord leases to Tenant, and Tenant leases from Landlord, the Leased Property (this and other capitalized terms used but not otherwise defined herein having the meanings given such terms in Amended Lease No. 1), all as more particularly described in Amended Lease No. 1; and

WHEREAS, Amended Lease No. 1 was further modified by that certain Transaction Agreement, dated as of April 1, 2019, between Five Star Senior Living Inc., on behalf of itself and certain of its subsidiaries, and Senior Housing Properties Trust, on behalf of itself and certain of its subsidiaries (the "Transaction Agreement"); and

WHEREAS, pursuant to the Transaction Agreement, as of April 1, 2019, SNH/LTA Properties GA LLC acquired from Five Star Quality Care-OBX Owner, LLC, an affiliate of Tenant, certain vacant land (the "Adjacent Property") adjacent to the Property known as Crimson Pointe and located at 7130 Crimson Ridge Drive, Rockford, Illinois (the "Crimson Pointe Property") and the Adjacent Property became a part of the Crimson Pointe Property; and

WHEREAS, Landlord and Tenant wish to amend Amended Lease No. 1 to reflect the acquisition of the Adjacent Property;

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree that, effective as of April 1, 2019, Amended Lease No. 1 is hereby amended as follows:

1. Exhibit A. Exhibit A to Amended Lease No. 1 is amended by deleting Exhibit A-61 therefrom in its entirety and replacing it with Exhibit A-61 attached hereto.

2. Ratification. As amended hereby, Amended Lease No. 1 is hereby ratified and confirmed.

[Remainder of page intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, the parties have executed this Amendment as a sealed instrument as of the date above first written.

LANDLORD:

SNH SOMERFORD PROPERTIES TRUST
SPTMNR PROPERTIES TRUST
SNH/LTA PROPERTIES TRUST
SPTIHS PROPERTIES TRUST
SNH CHS PROPERTIES TRUST
SNH/LTA PROPERTIES GA LLC
SNH/LTA SE WILSON LLC
MSD POOL 1 LLC
MSD POOL 2 LLC
SNH RMI FOX RIDGE MANOR PROPERTIES LLC
SNH RMI JEFFERSON MANOR PROPERTIES LLC
SNH RMI MCKAY MANOR PROPERTIES LLC
SNH RMI NORTHWOOD MANOR PROPERTIES LLC
SNH RMI OAK WOODS MANOR PROPERTIES LLC
SNH RMI PARK SQUARE MANOR PROPERTIES LLC
SNH RMI SMITH FARMS MANOR PROPERTIES LLC and
SNH RMI SYCAMORE MANOR PROPERTIES LLC

By: /s/ Jennifer F. Francis
Jennifer F. Francis
President and Chief Operating Officer of each of the foregoing entities

TENANT:

FIVE STAR QUALITY CARE TRUST
MORNINGSIDE OF KNOXVILLE, LLC
MORNINGSIDE OF FRANKLIN, LLC
FVE SE WILSON LLC
FIVE STAR QUALITY CARE-RMI, LLC

By: /s/ Katherine E. Potter
Katherine E. Potter
President and Chief Executive Officer of each of the foregoing entities

MORNINGSIDE OF MACON, LLC
MORNINGSIDE OF SENECA, L.P.
MORNINGSIDE OF HOPKINSVILLE, LIMITED PARTNERSHIP

By: LIFETRUST AMERICA, INC.,
a Tennessee corporation, its General Partner/Member (as applicable)

By: /s/ Katherine E. Potter
Katherine E. Potter
President and Chief Executive Officer

MORNINGSIDE OF BEAUFORT, LLC
MORNINGSIDE OF CAMDEN, LLC
MORNINGSIDE OF HARTSVILLE, LLC
MORNINGSIDE OF LEXINGTON, LLC
MORNINGSIDE OF ORANGEBURG, LLC

By: MORNINGSIDE OF SOUTH CAROLINA,
L.P., a Delaware limited partnership, its Sole Member

By: LIFETRUST AMERICA, INC.,
a Tennessee corporation, its General Partner

By: /s/ Katherine E. Potter
Katherine E. Potter
President and Chief Executive Officer

MORNINGSIDE OF CULLMAN, LLC
MORNINGSIDE OF MADISON, LLC
MORNINGSIDE OF SHEFFIELD, LLC

By: MORNINGSIDE OF ALABAMA, L.P., a Delaware limited partnership, its Sole Member

By: LIFETRUST AMERICA, INC., a Tennessee corporation, its General Partner

By: /s/ Katherine E. Potter
Katherine E. Potter
President and Chief Executive Officer

MORNINGSIDE OF BOWLING GREEN, LLC
MORNINGSIDE OF PADUCAH, LLC

By: MORNINGSIDE OF KENTUCKY, LIMITED PARTNERSHIP, a Delaware limited partnership, its Sole Member

By: LIFETRUST AMERICA, INC., a Tennessee corporation, its General Partner

By: /s/ Katherine E. Potter
Katherine E. Potter
President and Chief Executive Officer

MORNINGSIDE OF CONYERS, LLC
MORNINGSIDE OF GAINESVILLE, LLC

By: MORNINGSIDE OF GEORGIA, L.P., a Delaware limited partnership, its Sole Member

By: LIFETRUST AMERICA, INC., a Tennessee corporation, its General Partner

By: /s/ Katherine E. Potter
Katherine E. Potter
President and Chief Executive Officer

MORNINGSIDE OF CLEVELAND, LLC
MORNINGSIDE OF COOKEVILLE, LLC
MORNINGSIDE OF JACKSON, LLC

By: MORNINGSIDE OF TENNESSEE, LLC, a Delaware limited liability company, its Sole Member

By: /s/ Katherine E. Potter
Katherine E. Potter
President and Chief Executive Officer

EXHIBIT A-61

Crimson Pointe
7130 Crimson Ridge Drive
Fox Chase Lane
Rockford, Illinois

LEGAL DESCRIPTION

Lot 8 as designated upon Plat No. 3 of Crimson Ridge Estates, being a Subdivision of part of the Northwest Quarter (1/4) of Section 23, Township 44 North, Range 2 East of the Third Principal Meridian, the Plat of which is recorded in Book 40 of Plats on page 64B in the Recorder's Office of Winnebago County, Illinois; situated in the County of Winnebago and State of Illinois.

The East Thirty (30) acres of the West Half (1/2) of the Northwest Quarter (1/4) of Section 23 in Township 44 North, Range 2 East of the Third Principal Meridian, EXCEPTING THEREFROM Part of the West Half (1/2) of the Northwest Quarter (1/4) of Section 23, Township 44 North, Range 2 East of the Third Principal Meridian, bounded and described as follows, to-wit: Beginning at a point on the East line of the West Half (1/2) of said Quarter (1/4) Section, 1286.68 feet North of the South line of said Quarter (1/4) Section; thence North 00 degrees 00 minutes East, along the East line of the West Half (1/2) of said Quarter (1/4) Section, a distance of 888.18 feet; thence South 88 degrees 40 minutes 33 seconds West, a distance of 497.58 feet; thence South 00 degrees 00 minutes East, parallel with the East line of the West Half (1/2) of said Quarter (1/4) Section, a distance of 1328.32 feet; thence North 88 degrees 45 minutes 52 seconds East, a distance of 60.01 feet; thence North 00 degrees 00 minutes East, parallel with the East line of the West Half (1/2) of said Quarter (1/4) Section, a distance of 450.34 feet; thence North 90 degrees 00 minutes East, a distance of 437.43 feet to the point of beginning, FURTHER EXCEPTING THEREFROM THE FOLLOWING DESCRIBED REAL ESTATE: Part of the Northwest Quarter (1/4) of Section 23, Township 44 North, Range 2 East of the Third Principal Meridian, bounded and described as follows, to-wit: Beginning at a point on the East line of the West Half (1/2) of said Quarter (1/4) Section, said point being Southerly of and 40.0 feet perpendicularly distant South from the North line of said Section 23; thence South 00 degrees 00 minutes East, along the East line of the West Half (1/2) of said Quarter (1/4) Section, a distance of 443.99 feet to the Northeast corner of Lot Fifty-two (52) as designated upon Plat No. 4 of Crimson Ridge Estates, being a Subdivision of part of said Quarter (1/4) Section, the Plat of which Subdivision is recorded in Book 40 of Plats on Page 144A in the Recorder's Office of Winnebago County, Illinois; thence South 88 degrees 40 minutes 33 seconds West, parallel with the North line of said Quarter (1/4) Section, a distance of 497.56 feet; thence North 00 degrees 00 minutes West, parallel with the East line of the West Half (1/2) of said Quarter (1/4) Section, a distance of 443.99 feet to a line parallel with and 40.0 feet perpendicularly distant South of the North line of said Quarter (1/4) Section, said point being the South line of a public highway designated Guilford Road (County Highway No. 86); thence North 88 degrees 40 minutes 33 seconds East, along the South line of said highway, a distance of 497.56 feet to the point of beginning, ALSO EXCEPTING THEREFROM the following described real estate: Part of the East 30 acres of the West Half (1/2) of the Northwest Quarter (1/4) of Section 23, Township 44 North, Range 2 East of the Third Principal Meridian, bounded and described as follows, to-wit: Beginning at the Southeast corner of Lot 6 as designated upon the plat of Plat No. 3 of Crimson Ridge Estates, the Plat of which subdivision is recorded in Book 40 of Plats on page 64B in the Recorder's Office of Winnebago County, Illinois, said corner also being the Southwest corner of said East 30 acres; thence North 00 degrees 05 minutes 02 seconds West along the East line of said Lot 6, a distance of 60.01 feet; thence North 88 degrees 40 minutes 50 seconds East parallel to the South line of said East 30 acres, a distance of 60.02 feet; thence South 00 degrees 05 minutes 02 seconds East parallel to the East line of said Lot 6 a distance of 60.01 feet to a point on the South line of said East 30 acres; thence South 88 degrees 40 minutes 50 seconds West along the South line of said East 30 acres, a distance of 60.02 feet to the point of beginning; situated in the County of Winnebago and State of Illinois.

ALSO KNOWN AS AND DESCRIBED AS FOLLOWS:

Part of the Northwest Quarter (1/4) of Section 23, Township 44 North, Range 2 East of the Third Principal Meridian, bounded and described as follows, to-wit:

Beginning at the Northeast corner of Lot Seven (7) as designated upon Plat No. 3 of Crimson Ridge Estates, the Plat of which is recorded in Book 40 of Plats on Page 64B in the Recorder's office of Winnebago County, Illinois; thence North 87 degrees 55' 25" East along the South right-of-way line of Crimson Ridge Drive, a distance of 60.01 feet to the East right-of-way line of Fox Chase Lane; thence North 00 degrees 49' 23" West along the East right-of-way line of said Fox Chase Lane a distance of 450.37 feet to the South line of Lot Thirty-two (32) as designated upon said Plat No. 3 of Crimson Ridge Estates; thence North 89 degrees 10' 33" East along the South line of said Lot Thirty-two (32) a distance of 437.43 feet to the West line of the Plat of Briargate, the Plat of which is recorded in Book 38 of Plats on Page 170B in said Recorder's Office; thence South 00 degrees 49' 23" East along the West line of said Plat of Briargate and along the West line of Plat No. 3 of Forum East, the Plat of which is recorded in Book 37 of Plats on Page 139B in said Recorder's Office, a distance of 1286.74 feet to the North line of the Plat of Colosseum Subdivision, the Plat of which is recorded in Book 39 of Plats on Page 136B in said Recorder's Office; thence South 87 degrees 55' 25" West along the North line of said Plat of Colosseum Subdivision and along a Northerly line of the Final Plat of Buckley Commercial Center Plat No. 3, the Plat of which is recorded in Book 48 of Plats on Page 123A in said Recorder's Office, a distance of 437.53 feet; thence North 00 degrees 49' 23" West along a Northerly line of said Final Plat of Buckley Commercial Center Plat No. 3, a distance of 60.01 feet; thence South 87 degrees 55' 25" West along a Northerly line of said Final Plat of Buckley Commercial Center Plat No. 3, a distance of 60.01 feet to the East line of Lot Six (6) as designated upon said Plat No. 3 of Crimson Ridge Estates; thence North 00 degrees 49' 23" West along the East lines of said Lots Six (6) and Seven (7) of Plat No. 3 of Crimson Ridge Estates, a distance of 785.92 feet to the point of beginning; situated in the County of Winnebago and State of Illinois.

Exhibit 10.2

PARTIAL TERMINATION OF AND NINETEENTH AMENDMENT TO AMENDED AND RESTATED MASTER LEASE AGREEMENT (LEASE NO. 1)

THIS PARTIAL TERMINATION OF AND NINETEENTH AMENDMENT TO AMENDED AND RESTATED MASTER LEASE AGREEMENT (LEASE NO. 1) (this "Amendment") is made and entered into as of September 17, 2019, by and among each of the parties identified on the signature pages hereof as a landlord (collectively, "Landlord") and each of the parties identified on the signature pages hereof as a tenant (jointly and severally, "Tenant").

W I T N E S S E T H:

WHEREAS, pursuant to the terms of that certain Amended and Restated Master Lease Agreement (Lease No. 1), dated as of August 4, 2009, as amended by that certain Partial Termination of and First Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of October 1, 2009, that certain Second Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of November 17, 2009, that certain Third Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of December 10, 2009, that certain Partial Termination of and Fourth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of August 1, 2010, that certain Fifth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of May 1, 2011, that certain Partial Termination of and Sixth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of June 1, 2011, that certain Seventh Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of June 20, 2011, that certain Eighth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of August 31, 2012, that certain Partial Termination of and Ninth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of August 1, 2013, that certain Partial Termination of and Tenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of January 22, 2014, that certain Partial Termination of and Eleventh Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of October 1, 2014, that certain Partial Termination of and Twelfth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of October 31, 2014, that certain Partial Termination of and Thirteenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of February 17, 2015, that certain Partial Termination of and Fourteenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of August 1, 2015, that certain Partial Termination of and Fifteenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of December 29, 2015, that certain Partial Termination of and Sixteenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of June 1, 2018, that certain Partial Termination of and Seventeenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of May 1, 2019, and that certain Eighteenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 1), dated as of May, 2019 (as so amended, "Amended Lease No. 1"), Landlord leases to Tenant, and Tenant leases from Landlord, the Leased Property (this and other capitalized terms used but not otherwise defined herein having the meanings given such terms in Amended Lease No. 1), all as more particularly described in Amended Lease No. 1; and

WHEREAS, Amended Lease No. 1 was further modified by that certain Transaction Agreement, dated as of April 1, 2019, between Five Star Senior Living Inc., on behalf of itself and certain of its subsidiaries, and Senior Housing Properties Trust, on behalf of itself and certain of its subsidiaries (the "Transaction Agreement"); and

WHEREAS, simultaneously herewith, SPTIHS Properties Trust is selling the real property and related improvements known as (i) Prairie Ridge Care & Rehabilitation located at 608 Prairie Street, Mediapolis, Iowa, as more particularly described on Exhibit A-22 to Amended Lease No. 1, (ii) Union Park Health Services located at 2401 E. 8th Street, Des Moines, Iowa, as more particularly described on Exhibit A-20 to Amended Lease No. 1, (iii) Ashland Care Center located at 1700 Furnace Street, Ashland, Nebraska, as more particularly described on Exhibit A-32 to Amended Lease No. 1, (iv) Blue Hill Care Center located at 414 North Wilson Street, P.O. Box 156, Blue Hill, Nebraska, as more particularly described on Exhibit A-33 to Amended Lease No. 1, (v) Central City Care Center located at 2720 South 17th Avenue, Central City, Nebraska, as more particularly described on Exhibit A-34 to Amended Lease No. 1, (vi) Gretna Community Living Center located at 700 South Highway 6, Gretna, Nebraska, as more particularly described on Exhibit A-36 to Amended Lease No. 1, (vii) Sutherland Care Center located at 333 Maple Street, P.O. Box 307, Sutherland, Nebraska, as more particularly described on Exhibit A-37 to Amended Lease No. 1 and (viii) Waverly Care Center located at 11041 North 137th Street, Waverly, Nebraska, as more particularly described on Exhibit A-38 to Amended Lease No. 1 (collectively, the "Midwest Properties"); and

WHEREAS, in connection with the foregoing, SPTIHS Properties Trust and the other entities comprising Landlord and Five Star Quality Care Trust and the other entities comprising Tenant wish to amend Amended Lease No. 1 to terminate Amended Lease No. 1 with respect to the Midwest Properties;

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree that, effective as of the date hereof, Amended Lease No. 1 is hereby amended as follows:

1. Partial Termination of Amended Lease No. 1. Amended Lease No. 1 is terminated with respect to the Midwest Properties and neither Landlord nor Tenant shall have any further rights or liabilities thereunder with respect to the Midwest Properties from and after the date hereof, except for those rights and liabilities which by their terms survive the termination of Amended Lease No. 1.

2. Minimum Rent. The defined term "Minimum Rent" set forth in Section 1.68 of Amended Lease No. 1 is hereby reduced as of the date hereof by the sum of Fifty Thousand Forty-Six and 84/100 Dollars ($50,046.84) per month in accordance with Section 2.1(1)(b) to the Transaction Agreement.

3. Schedule 1. Schedule 1 to Amended Lease No. 1 is deleted in its entirety and replaced with Schedule 1 attached hereto.

4. Exhibit A. Exhibit A to Amended Lease No. 1 is amended by deleting the text of Exhibits A-20, A-22, A-32, A-33, A-34, A-36, A-37 and A-38 attached thereto in their entirety and replacing each with “Intentionally Deleted”.

5. Ratification. As amended hereby, Amended Lease No. 1 is hereby ratified and confirmed.

[Remainder of page intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, the parties have executed this Amendment as a sealed instrument as of the date above first written.

LANDLORD:

SNH SOMERFORD PROPERTIES TRUST
SPTMNR PROPERTIES TRUST
SNH/LTA PROPERTIES TRUST
SPTIHS PROPERTIES TRUST
SNH CHS PROPERTIES TRUST
SNH/LTA PROPERTIES GA LLC
SNH/LTA SE WILSON LLC
MSD POOL 1 LLC
MSD POOL 2 LLC
SNH RMI FOX RIDGE MANOR PROPERTIES LLC
SNH RMI JEFFERSON MANOR PROPERTIES LLC
SNH RMI MCKAY MANOR PROPERTIES LLC
SNH RMI NORTHWOOD MANOR PROPERTIES LLC
SNH RMI OAK WOODS MANOR PROPERTIES LLC
SNH RMI PARK SQUARE MANOR PROPERTIES LLC
SNH RMI SMITH FARMS MANOR PROPERTIES LLC and
SNH RMI SYCAMORE MANOR PROPERTIES LLC

By: /s/ Jennifer F. Francis
Jennifer F. Francis
President of each of the foregoing entities

TENANT:

FIVE STAR QUALITY CARE TRUST
MORNINGSIDE OF KNOXVILLE, LLC
MORNINGSIDE OF FRANKLIN, LLC
FVE SE WILSON LLC
FIVE STAR QUALITY CARE-RMI, LLC

By: /s/ Katherine E. Potter
Katherine E. Potter
President of each of the foregoing entities

MORNINGSIDE OF MACON, LLC
MORNINGSIDE OF SENECA, L.P.
MORNINGSIDE OF HOPKINSVILLE, LIMITED PARTNERSHIP

By: LIFETRUST AMERICA, INC.,
a Tennessee corporation, its General
Partner/Member (as applicable)

By: /s/ Katherine E. Potter
Katherine E. Potter
President

MORNINGSIDE OF BEAUFORT, LLC
MORNINGSIDE OF CAMDEN, LLC
MORNINGSIDE OF HARTSVILLE, LLC
MORNINGSIDE OF LEXINGTON, LLC
MORNINGSIDE OF ORANGEBURG, LLC

By: MORNINGSIDE OF SOUTH CAROLINA,
L.P., a Delaware limited partnership, its Sole Member

By: LIFETRUST AMERICA, INC.,
a Tennessee corporation, its
General Partner

By: /s/ Katherine E. Potter
Katherine E. Potter
President

MORNINGSIDE OF CULLMAN, LLC
MORNINGSIDE OF MADISON, LLC
MORNINGSIDE OF SHEFFIELD, LLC

By: MORNINGSIDE OF ALABAMA, L.P., a Delaware limited partnership, its Sole Member

By: LIFETRUST AMERICA, INC., a Tennessee corporation, its General Partner

By: /s/ Katherine E. Potter
Katherine E. Potter
President

MORNINGSIDE OF BOWLING GREEN, LLC
MORNINGSIDE OF PADUCAH, LLC

By: MORNINGSIDE OF KENTUCKY, LIMITED PARTNERSHIP, a Delaware limited partnership, its Sole Member

By: LIFETRUST AMERICA, INC., a Tennessee corporation, its General Partner

By: /s/ Katherine E. Potter
Katherine E. Potter
President

MORNINGSIDE OF CONYERS, LLC
MORNINGSIDE OF GAINESVILLE, LLC

By: MORNINGSIDE OF GEORGIA, L.P., a Delaware limited partnership, its Sole Member

By: LIFETRUST AMERICA, INC., a Tennessee corporation, its General Partner

By: /s/ Katherine E. Potter
Katherine E. Potter
President

MORNINGSIDE OF CLEVELAND, LLC
MORNINGSIDE OF COOKEVILLE, LLC
MORNINGSIDE OF JACKSON, LLC

By: MORNINGSIDE OF TENNESSEE, LLC, a Delaware limited liability company, its Sole Member

By: /s/ Katherine E. Potter
Katherine E. Potter
President

SCHEDULE 1

PROPERTY-SPECIFIC INFORMATION

Exhibit	Property Address	Base Gross Revenues (Calendar Year)	Base Gross Revenues (Dollar Amount)	Commencement Date	Interest Rate
A-1	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-2	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-3	Somerford Place - Encinitas 1350 South El Camino Real Encinitas, CA 92024	2009	$3,092,467	03/31/2008	8%
A-4	Somerford Place - Fresno 6075 North Marks Avenue Fresno, CA 93711	2009	$3,424,896	03/31/2008	8%
A-5	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-6	Somerford Place - Redlands 1319 Brookside Avenue Redlands, CA 92373	2009	$3,065,084	03/31/2008	8%
A-7	Somerford Place - Roseville 110 Sterling Court Roseville, CA 95661	2009	$2,802,082	03/31/2008	8%
A-8	Leisure Pointe 1371 Parkside Drive San Bernardino, CA 92404	2007	$1,936,220	09/01/2006	8.25%
A-9	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-10	Mantey Heights Rehabilitation & Care Center 2825 Patterson Road Grand Junction, CO 81506	2005	$5,564,949	12/31/2001	10%
A-11	Cherrelyn Healthcare Center 5555 South Elati Street Littleton, CO 80120	2005	$12,574,200	12/31/2001	10%
A-12	Somerford House and Somerford Place - Newark I & II 501 South Harmony Road and 4175 Ogletown Road Newark, DE 19713	2009	$6,341,636	03/31/2008	8%
A-13	Tuscany Villa Of Naples (aka Buena Vida) 8901 Tamiami Trail East Naples, FL 34113	2008	$2,157,675	09/01/2006	8.25%
A-14	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-15	Morningside of Columbus 7100 South Stadium Drive Columbus, GA 31909	2006	$1,381,462	11/19/2004	9%
A-16	Morningside of Dalton 2470 Dug Gap Road Dalton, GA 30720	2006	$1,196,357	11/19/2004	9%
A-17	Morningside of Evans 353 North Belair Road Evans, GA 30809	2006	$1,433,421	11/19/2004	9%
A-18	Vacant Land Adjacent to Morningside of Macon 6191 Peake Road	2006	N/A	11/19/2004	9%

	Macon, GA 31220				

A-19	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-20	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-21	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-22	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-23	Ashwood Place 102 Leonardwood Frankfort, KY 40601	2007	$1,769,726	09/01/2006	8.25%
A-24	Somerford Place - Annapolis 2717 Riva Road Annapolis, MD 21401	2009	$3,917,902	03/31/2008	8%
A-25	Somerford Place - Columbia 8220 Snowden River Parkway Columbia, MD 21045	2009	$3,221,426	03/31/2008	8%
A-26	Somerford Place - Frederick 2100 Whittier Drive Frederick, MD 21702	2009	$5,088,592	03/31/2008	8%
A-27	Somerford Place - Hagerstown 10114 & 10116 Sharpsburg Pike Hagerstown, MD 21740	2009	$4,066,761	03/31/2008	8%
A-28	The Wellstead of Rogers 20500 and 20600 South Diamond Lake Road Rogers, MN 55374	2009	$12,646,616	03/01/2008	8%
A-29	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-30	Hermitage Gardens of Oxford 1488 Belk Boulevard Oxford, MS 38655	2007	$1,816,315	10/01/2006	8.25%
A-31	Hermitage Gardens of Southaven 108 Clarington Drive Southaven, MS 38671	2007	$1,527,068	10/01/2006	8.25%
A-32	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-33	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-34	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-35	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-36	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-37	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-38	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-39	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-40	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-41	Mount Vernon of South Park 1400 Riggs Road South Park, PA 15129	2006	$2,718,057	10/31/2005	9%
A-42	Morningside of Gallatin 1085 Hartsville Pike Gallatin, TN 37066	2006	$1,343,801	11/19/2004	9%
A-43	Walking Horse Meadows 207 Uffelman Drive Clarksville, TN 37043	2007	$1,471,410	01/01/2007	8.25%
A-44	Morningside of Belmont 1710 Magnolia Boulevard Nashville, TN 37212	2006	$3,131,648	06/03/2005	9%
A-45	Dominion Village at Chesapeake 2856 Forehand Drive	2005	$1,416,951	05/30/2003	10%

	Chesapeake, VA 23323				

A-46	Dominion Village at Williamsburg 4132 Longhill Road Williamsburg, VA 23188	2005	$1,692,753	05/30/2003	10%
A-47	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-48	Brookfield Rehabilitation and Specialty Care (aka Woodland Healthcare Center) 18741 West Bluemound Road Brookfield, WI 53045	2005	$13,028,846	12/31/2001	10%
A-49	Meadowmere - Southport Assisted Living 8350 and 8351 Sheridan Road Kenosha, WI 53143	2009	$2,170,645	01/04/2008	8%
A-50	Meadowmere - Madison Assisted Living 5601 Burke Road Madison, WI 53718	2009	$2,136,654	01/04/2008	8%
A-51	Intentionally Deleted.	N/A	N/A	N/A	N/A
A-52	Mitchell Manor Senior Living 5301 West Lincoln Avenue West Allis, WI 53219	2009	$12,348,104	01/04/2008	8%
A-53	Laramie Care Center 503 South 18th Street Laramie, WY 82070	2005	$4,473,949	12/31/2001	10%
A-54	Haven in Highland Creek 5920 McChesney Drive Charlotte, NC 28269 Laurels in Highland Creek 6101 Clark Creek Parkway Charlotte, NC 28269	2010	$6,454,157	11/17/2009	8.75%
A-55	Haven in the Village at Carolina Place 13150 Dorman Road Pineville, NC 28134 Laurels in the Village at Carolina Place 13180 Dorman Road Pineville, NC 28134	2010	$7,052,425	11/17/2009	8.75%
A-56	Haven in the Summit 3 Summit Terrace Columbia, SC 29229	2010	$2,308,737	11/17/2009	8.75%
A-57	Haven in the Village at Chanticleer 355 Berkmans Lane Greenville, SC 29605	2010	$2,197,919	11/17/2009	8.75%
A-58	Intentionally Deleted	N/A	N/A	N/A	N/A
A-59	Haven in Stone Oak 511 Knights Cross Drive San Antonio, TX 78258 Laurels in Stone Oak 575 Knights Cross Drive San Antonio, TX 78258	2010	$6,584,027	11/17/2009	8.75%
A-60	Eastside Gardens	2010	$1,766,628	12/10/2009	8.75%

	2078 Scenic Highway North Snellville, GA 30078				

A-61	Crimson Pointe 7130 Crimson Ridge Drive Rockford, IL 61107	2012	$2,568,827	05/01/2011	8%
A-62	Talbot Park 6311 Granby Street Norfolk, VA 23305	2012	$3,866,871	06/20/2011	7.5%
A-63	The Landing at Parkwood Village 1720 Parkwood Boulevard Wilson, NC 27893	2012	$4,318,990	06/20/2011	7.5%
A-64	Aspenwood 14400 Homecrest Road Silver Spring, MD 20906	2005	$4,470,354	10/25/2002	10%
A-65	HeartFields at Easton 700 Port Street Easton, MD 21601	2005	$2,545,887	10/25/2002	10%
A-66	Morningside of Macon 6191 Peake Road Macon, GA 31220	2006	$1,298,541	11/19/2004	9%
A-67	Morningside of Beaufort 109 Old Salem Road Beaufort, SC 29902	2006	$1,337,453	11/19/2004	9%
A-68	Morningside of Camden 719 Kershaw Highway Camden, SC 29020	2006	$1,595,035	11/19/2004	9%
A-69	Morningside of Hartsville 1901 West Carolina Avenue Hartsville, SC 29550	2006	$1,507,131	11/19/2004	9%
A-70	Morningside of Lexington 218 Old Chapin Road Lexington, SC 29072	2006	$1,638,422	11/19/2004	9%
A-71	Morningside of Orangeburg 2306 Riverbank Drive Orangeburg, SC 29118	2006	$1,129,764	11/19/2004	9%
A-72	Morningside of Seneca 15855 Wells Highway Seneca, SC 29678	2006	$1,684,477	11/19/2004	9%
A-73	Morningside of Cullman 2021 Dahlke Dr. NE Cullman, AL 32058	2006	$1,413,633	11/19/2004	9%
A-74	Morningside of Madison 49 Hughes Road Madison, AL 35758	2006	$1,531,206	11/19/2004	9%
A-75	Morningside of Sheffield 413 D. D. Cox Boulevard Sheffield, AL 35660	2006	$1,495,038	11/19/2004	9%
A-76	Morningside of Bowling Green 981 Campbell Lane Bowling Green, KY 42104	2006	$1,458,781	11/19/2004	9%
A-77	Morningside of Paducah 1700 Elmdale Road Paducah, KY 42003	2006	$2,012,245	11/19/2004	9%

A-78	Morningside of Conyers 1352 Wellbrook Circle Conyers, GA 30012	2006	$1,646,910	11/19/2004	9%
A-79	Morningside of Gainesville 2435 Limestone Parkway Gainesville, GA 30501	2006	$1,453,250	11/19/2004	9%
A-80	Morningside of Cleveland 2900 Westside Drive, N.W. Cleveland, TN 37312	2006	$1,212,846	11/19/2004	9%
A-81	Morningside of Cookeville 1010 East Spring Street Cookeville, TN 38501	2006	$1,513,932	11/19/2004	9%
A-82	Morningside of Jackson 1200 North Parkway Jackson, TN 38305	2006	$1,787,155	11/19/2004	9%
A-83	Williamsburg Villas A Morningside Community 3020 Heatherton Way Knoxville, TN 37920	2006	$2,728,841	11/19/2004	9%
A-84	Morningside of Franklin 105 Sunrise Circle Franklin, TN 37067	2006	$1,582,509	11/19/2004	9%
A-85	Morningside of Hopkinsville 4190 Lafayette Road Hopkinsville, KY 42240	2006	$1,444,246	11/19/2004	9%
A-86	Parkwood Village 1730 Parkwood Boulevard Wilson, NC 27893	2012	$4,318,990	06/23/2011	7.5%
A-87	Fox Ridge Manor 150 Fox Ridge Drive Vincennes, Indiana 47591	2009	N/A	09/01/2008	8%
A-88	Jefferson Manor 601 St. Joseph Drive Kokomo, Indiana 46901	2009	N/A	09/01/2008	8%
A-89	McKay Manor 1473 East McKay Road Shelbyville, Indiana 46176	2009	N/A	09/01/2008	8%
A-90	Northwood Manor 1590 West Timberview Drive Marion, Indiana 46952	2009	N/A	09/01/2008	8%
A-91	Oak Woods Manor 1211 Longwood Drive LaPorte, Indiana 46350	2009	N/A	09/01/2008	8%
A-92	Park Square Manor 6990 East County Road 100 North Avon, Indiana 46123	2009	N/A	09/01/2008	8%
A-93	Smith Farm Manor 406 Smith Drive Auburn, Indiana 46706	2009	N/A	09/01/2008	8%
A-94	Sycamore Manor 222 South 25th Street Terre Haute, Indiana 47803	2009	N/A	09/01/2008	8%

Exhibit 10.3

THIRTEENTH AMENDMENT TO
AMENDED AND RESTATED MASTER LEASE AGREEMENT
(LEASE NO. 2)

THIS THIRTEENTH AMENDMENT TO AMENDED AND RESTATED MASTER LEASE AGREEMENT (LEASE NO. 2) (this "Amendment") is made and entered into as of May 22, 2019, by and among each of the parties identified on the signature pages hereof as a landlord (collectively, "Landlord") and each of the parties identified on the signature pages hereof as a tenant (jointly and severally, "Tenant").

W I T N E S S E T H:

WHEREAS, pursuant to the terms of that certain Amended and Restated Master Lease Agreement (Lease No. 2), dated as of August 4, 2009, as amended by that certain Partial Termination of and First Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of November 1, 2009, that certain Partial Termination of and Second Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of August 1, 2010, that certain Third Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of June 20, 2011, that certain Fourth Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of July 22, 2011, that certain Fifth Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of August 31, 2012, that certain Partial Termination of and Sixth Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of September 19, 2013, that certain Partial Termination of and Seventh Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of June 1, 2014, that certain Partial Termination of and Eighth Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of July 20, 2015, that certain Partial Termination of and Ninth Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of September 30, 2016, that certain Tenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of August 1, 2017, that certain Eleventh Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of July 31, 2018 and that certain Partial Termination of and Twelfth Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of May 1, 2019 (as so amended, "Master Lease No. 2"), Landlord leases to Tenant, and Tenant leases from Landlord, the Leased Property (this and other capitalized terms used but not otherwise defined herein having the meanings given such terms in Master Lease No. 2), all as more particularly described in Master Lease No. 2;

WHEREAS, Master Lease No. 2 was further modified by that certain Transaction Agreement, dated as of April 1, 2019, between Five Star Senior Living Inc., on behalf of itself and certain of its subsidiaries, and Senior Housing Properties Trust, on behalf of itself and certain of its subsidiaries (the "Transaction Agreement"); and

WHEREAS, pursuant to the Transaction Agreement, as of April 1, 2019, certain entities comprising Landlord acquired from certain affiliates of Tenant land and improvements (each, an

"Adjacent Property" and collectively, the "Adjacent Properties") adjacent to certain of the Properties and each such Adjacent Property became a part of the applicable adjacent Property; and

WHEREAS, Landlord and Tenant wish to amend Master Lease No. 2 to reflect the acquisition of the Adjacent Properties;

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree, effective as of April 1, 2019, as follows:

1. Exhibit A. Exhibit A to Master Lease No. 2 is amended by deleting Exhibit A-2, Exhibit A-21 and Exhibit A-50 therefrom in their entirety and replacing them with Exhibit A-2, Exhibit A-21, Exhibit A-50 and Exhibit A-52 attached hereto.

2. Ratification. As amended hereby, Master Lease No. 2 is ratified and confirmed.

[Remainder of page intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed as a sealed instrument as of the date first above written.

LANDLORD:

CCC FINANCING I TRUST,
CCC INVESTMENTS I, L.L.C.,
CCC OF KENTUCKY TRUST,
CCC PUEBLO NORTE TRUST,
CCDE SENIOR LIVING LLC,
CCOP SENIOR LIVING LLC,
O.F.C. CORPORATION,
SNH CHS PROPERTIES TRUST,
SNH/LTA PROPERTIES GA LLC,
SNH/LTA PROPERTIES TRUST,
SNH SOMERFORD PROPERTIES TRUST,
SPTIHS PROPERTIES TRUST, and
SPTMNR PROPERTIES TRUST

By: /s/ Jennifer F. Francis
Jennifer F. Francis
President of each of the foregoing entities

CCC FINANCING LIMITED, L.P.

By: CCC Retirement Trust,
its General Partner

By: /s/ Jennifer F. Francis
Jennifer F. Francis
President

CCC RETIREMENT COMMUNITIES II, L.P.

By: Crestline Ventures LLC,
its General Partner

By: /s/ Jennifer F. Francis
Jennifer F. Francis
President

LEISURE PARK VENTURE LIMITED PARTNERSHIP

By: CCC Leisure Park Corporation
its General Partner

By: /s/ Jennifer F. Francis
Jennifer F. Francis
President

TENANT:

FIVE STAR QUALITY CARE TRUST

By: /s/ Katherine E. Potter
Katherine E. Potter
President

FS TENANT HOLDING COMPANY TRUST

By: /s/ Katherine E. Potter
Katherine E. Potter
President

EXHIBIT A-2

Lakeview Estates
2630 & 2634 Valleydale Road
Birmingham, Alabama

LEGAL DESCRIPTION

A part of the Southwest quarter of the Northwest quarter of Section 15, Township 19 South, Range 2 West, and the Southeast quarter of the Northeast quarter of Section 16, Township 19 South, Range 2 West, Shelby County, Alabama and being more particularly described as follows:

Begin at the Northeast corner of the Southeast quarter of the Northeast quarter of Section 16, Township 19 South, Range 2 West, Shelby County, Alabama; thence turn an angle of 45° 33' 20" right from the section line Southerly and thence run Southwesterly 444.44 feet; thence turn 96° 38' 08" left and run Southeasterly for 328.74 feet; thence turn 65° 51' 05" right and run Southwesterly for 219.96 feet; thence turn 42° 35' 40" left and run Southeasterly for 155.17 feet to a point on the North right of way line of Valleydale Road; thence turn 90° 22' 40" left and run Northeasterly along said North right of way line for 68.56 feet; thence turn 61° 57' 43" left and run Northerly for 136.07 feet; thence turn 22° 20' 09" right and run Northeasterly for 116.03 feet; thence turn 39° 37' 34" right and run Northeasterly for 348.13 feet; thence turn 73° 40' 47" right and run Southeasterly for 136.64 feet; thence turn 16° 00' 42" right and run Southeasterly for 64.16 feet to a point on the North right of way line of Valleydale Road; thence turn 89° 57' 21" left and run Northeasterly along said North right of way line for 88.00 feet; thence turn an angle of 105° 03' 20" left and run Northwesterly for 775.43 feet to the point of beginning.

Parcel #1 (Arrington Engineering survey dated April 2, 2007, as last revised April ___, 2007):

A PART OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 15, TOWNSHIP 19 SOUTH, RANGE 2 WEST, AND THE SOUTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 16, TOWNSHIP 19 SOUTH, RANGE 2 WEST, SHELBY COUNTY, ALABAMA AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHEAST CORNER OF THE SOUTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 16, TOWNSHIP 19 SOUTH, RANGE 2 WEST, SHELBY COUNTY, ALABAMA; THENCE TURN AN ANGLE OF 45°33'30' (survey 45°33'20") RIGHT FROM THE SECTION LINE SOUTHERLY AND THENCE RUN SOUTHWESTERLY 444.44 FEET; THENCE TURN 96°38'08" LEFT AND RUN SOUTHEASTERLY FOR 328.74 FEET; THENCE TURN 65°51'05" RIGHT AND RUN SOUTHWESTERLY FOR 219.96 FEET; THENCE TURN 42°35'40" LEFT AND RUN SOUTHEASTERLY FOR 155.17 FEET TO A POINT ON THE NORTH RIGHT OF WAY LINE OF VALLEYDALE ROAD; THENCE TURN 90°22'40" LEFT AND RUN NORTHEASTERLY ALONG SAID NORTH RIGHT OF WAY LINE FOR 68.56 FEET TO THE POINT OF BEGINNING; THENCE TURN 61°57'43" LEFT AND RUN NORTHERLY FOR 136.07 FEET; THENCE TURN 22°20'09" RIGHT AND RUN NORTHEASTERLY FOR 116.03 FEET; THENCE TURN 39°37'34" RIGHT AND RUN NORTHEASTERLY FOR 348.13 FEET; THENCE TURN 73°40'47" RIGHT AND RUN SOUTHEASTERLY FOR 136.64 FEET; THENCE TURN 16°00'42" RIGHT AND RUN SOUTHEASTERLY FOR 64.16 FEET TO A POINT ON THE NORTH RIGHT OF WAY LINE OF VALLEYDALE ROAD; THENCE TURN 90°02'39" RIGHT AND RUN SOUTHWESTERLY ALONG SAID ROAD RIGHT OF WAY FOR 145.56 FEET; THENCE TURN 60°30'38" RIGHT AND RUN NORTHWESTERLY FOR 144.93 FEET; THENCE TURN 31°46'37" LEFT AND RUN NORTHWESTERLY FOR 96.34 FEET; THENCE TURN 38°13'20" LEFT AND RUN SOUTHWESTERLY FOR 106.17 FEET; THENCE TURN 52°12'32" LEFT AND RUN SOUTHERLY FOR 172.08 FEET TO A POINT ON THE NORTH RIGHT OF WAY LINE OF VALLEYDALE ROAD; THENCE TURN 61°57'43" RIGHT AND RUN SOUTHWESTERLY ALONG SAID ROAD RIGHT OF WAY FOR 52.51 FEET TO THE POINT OF BEGINNING.

PARCEL #3 DESCRIPTION: (PARCEL I PER TITLE COMMITMENT OF FIVE STAR QUALITY CARE-AL LLC. FILE NO.:OLO111 -88956)

A PART OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4. SECTION 15, TOWNSHIP 19 SOUTH, RANGE 2 WEST, SHELBY COUNTY, ALABAMA MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 19 SOUTH, RANGE 2 WEST, SHELBY COUNTY ALABAMA; THENCE TURN AN ANGLE OF 45 DEGREES 33 MINUTES 2O SECONDS TO THE RIGHT FROM THE SECTION LINE SOUTHERLY AND RUN SOUTHWESTERLY 371.78 FEET TO A POINT; THENCE TURN AN ANGLE OF 103 DEGREES 49 MINUTES TO THE LEFT AND RUN 594.56 FEET TO THE POINT OF BEGINNING OF THE PROPERTY BEING DESCRIBED; THENCE CONTINUE ALONG LAST DESCRIBED COURSE A DISTANCE OF 145.02 FEET TO A POINT ON THE NORTH RIGHT OF WAY LINE OF VALLEYDALE ROAD; THENCE TURN AN ANGLE OF 120 DEGREES 02 MINUTES 40 SECONDS TO THE RIGHT AND RUN

OF 12[illegible] DEGREES 02 MINUTES 40 SECONDS TO THE RIGHT AND RUN SOUTHWESTERLY ALONG SAID RIGHT OF WAY LINE 342.53 FEET TO A POINT; THENCE TURN AN ANGLE OF 117 DEGREES 41 MINUTES 3O SECONDS TO THE RIGHT AND RUN 172.88 FEET TO A POINT; THENCE TURN AN ANGLE OF 52 DEGREES 17 MINUTES 20 SECONDS TO THE RIGHT AND RUN 106.22 FEET TO A POINT; THENCE TURN AND ANGLE OF 38 DEGREES 11 MINUTES 20 SECONDS TO THE RIGHT AND RUN 96.40 FEET TO POINT OF BEGINNING. SITUATED IN SHELBY COUNTY, ALABAMA.

EXHIBIT A-21

Meadowood Retirement Community
2455 E. Tamarack Trail
2500 N. Dunn Street
2510 N. Dunn Street
2620 N. Dunn Street
787 E. Tamarack Trail
791 E. Tamarack Trail
Bloomington, Indiana

LEGAL DESCRIPTION

PARCEL 1

A part of the East half of the Northeast quarter of Section 28, Township 9 North, Range 1 West, Monroe County, Indiana, described as follows: Beginning at the Northeast corner of said Northeast Quarter, thence North 88 degrees 10 minutes 40 seconds West (assumed bearings) over and along the North line of said East half of the Northeast Quarter for a distance of 1309.51 feet to the Northwest corner of said half Quarter; thence South 00 degrees 16 minutes 33 seconds West over and along the West line of said half quarter for a distance of 573.67 feet; thence North 56 degrees 23 minutes 42 seconds East 108.41 feet; thence East for a distance of 92.06 feet; thence South 85 degrees 58 minutes 12 seconds East for a distance of 280.60 feet; thence South 23 degrees 57 minutes 55 seconds East for a distance of 334.82 feet; thence South 17 degrees 09 minutes 27 seconds East for a distance of 318.97 feet; thence South 00 degrees 16 minutes 33 seconds West for a distance of 346.44 feet; thence East for a distance of 44.00 feet; thence South 00 degrees 00 minutes 00 seconds West 120.00 feet; thence East for a distance of 75.00 feet; thence North 30 degrees 15 minutes 23 seconds East 138.92 feet; thence East for a distance of 431.93 feet to the East line of said Northeast Quarter; thence North over and along the East line of said Northeast Quarter for a distance of 1448.89 feet to the place of beginning, Containing 30.72 acres, more or less.

PARCEL 2

Beginning at a point 472.02 feet South and 1129.26 feet West of the Northeast corner of the East half of the Northeast Quarter of said Section 28, Township 9 North, Range 1 West, thence South 85 degrees 58 minutes 12 seconds East for a distance of 208.71 feet; thence South 84 degrees 42 minutes 33 seconds West for a distance of 187.88 feet; thence North 33 degrees 25 minutes 14 seconds West for a distance of 38.33 feet to the point of beginning. Containing 0.07 acres, more or less.

PARCEL 3

A non-exclusive easement for ingress and egress 50.00 feet wide lying 25.00 feet of even width on both sides of the following described line: Beginning at a point 1448.92 feet South and 600.90 feet West of the Northeast corner of the East half of the Northeast Quarter of said Section 28, Township 9 North, Range 1 West said point being located on the 44.00 foot course of the above described 30.72 acre tract, thence South for a distance of 45.60 feet; thence over and along a curve concave to the right having a radius of 115.63 feet and a deflection angle of 107 degrees 36 minutes 51 seconds for a distance of 217.18 feet, thence North 72 degrees 23 minutes 09 seconds West for a distance of 82.75 feet, thence South 08 degrees 16 minutes 56 seconds West for a distance of 154.95 feet; thence South 0 degrees 49 minutes 57 seconds West for a distance of 851.04 feet to the North right of way of Indiana State Highway 46 Bypass.

PARCEL 4

Non-exclusive easement for ingress and egress over portions of Tamarack Trail and Milo Sampson Lane under an Access Easement Agreement between O.F.C. Corporation, an Indiana corporation and O.F.C. Properties, LLC an Indiana limited liability company entered into as of October 31, 2008.

More particularly described as follows:

A part of the East one-half of the Northeast quarter of Section 28, Township 9 North, Range 1 West, Monroe County, Indiana, and a part of Meadowood Assisted Living Subdivision recorded May 1. 2007 in Plat Cabinet D, Envelope 65 in the Office of the Recorder of Monroe County, Indiana, more specifically described as follows:

Commencing at the northwest corner of the said East one-half of the Northeast quarter; Thence on the west line of said East one-half and on the east line of said Meadowood Assisted Living Subdivision South 00 degrees 16 minutes 33 seconds West 535.56 feet to the true Point of Beginning of Tamarack Trail;

Thence North 51 degrees 31 minutes 09 seconds East 84.99 feet; Thence North 35 degrees 05 minutes 51 seconds East 61.50 feet to the beginning of a curve concave to the southeast and having a radius of 199.00 feet; Thence on said curve Northeasterly 140.72 feet through a central angle of 40 degrees 30 minutes 58 seconds; Thence North 75 degrees 36 minutes 49 seconds East 154.75 feet; Thence North 76 degrees 28 minutes 32 seconds East 148.34 feet to the beginning of a curve concave to the southwest and having a radius of 132.00 feet; Thence on said curve Northeasterly and Southeasterly 180.68 feet through a central angle of 78 degrees 25 minutes 36 seconds; Thence South 25 degrees 05 minutes 53 seconds East 35.59 feet to the beginning of a curve concave to the northeast and having a radius of 118.00 feet; Thence on said curve Southeasterly 71.68 feet through a central angle of 34 degrees 48 minutes 14 seconds to the beginning of a reverse curve concave to the southwest and having a radius of 252.00 feet; Thence on said curve Southeasterly 108.69 feet through a central angle of 24 degrees 42 minutes 47 seconds; Thence South 35 degrees 11 minutes 20 seconds East 108.10 feet to the beginning of a curve concave to the southwest and having a radius of 1112.00 feet; Thence on said curve Southeasterly 293.97 feet through a central angle of 15 degrees 08 minutes 48 seconds; Thence South 20 degrees 02 minutes 31 seconds East 77.38 feet to the beginning of a curve concave to the southwest and having a radius of 112.00 feet; Thence on said curve Southerly 27.35 feet through a central angle of 13 degrees 59 minutes 22 seconds; Thence South 06 degrees 03 minutes 09 seconds East 122.31 feet to the beginning of a curve concave to the northwest and having a radius of 127.00 feet; Thence on said curve South and Southwesterly 123.28 feet through a central angle of 55 degrees 36 minutes 56 seconds; Thence South 49 degrees 33 minutes 47 seconds West 1.38 feet to the beginning of a curve concave to the northwest and having a radius of 196.00 feet; Thence on said curve Southwesterly and West 132.86 feet through a central angle of 38 degrees 50 minutes 23 seconds; Thence South 88 degrees 24 minutes 10 seconds West 131.66 feet to the beginning of a curve concave to the southeast and having a radius of 24.00 feet; Thence on said curve West, Southwesterly, and South 36.93 feet through a central angle of 88 degrees 09 minutes 36 seconds; Thence South 00 degrees 14 minutes 34 seconds West 226.03 feet to the north line of a non-exclusive easement for ingress and egress recorded January 4, 1990 in Deed Record 368, page 456, Monroe County Recorder; Thence on said north line of said non-exclusive easement for ingress and egress North 90 degrees 00 minutes 00 seconds West 24.00 feet; Thence leaving said north line of said easement North 00 degrees 14 minutes 34 seconds East 226.14 feet to the beginning of a curve concave to the southeast and having a radius of 48.00 feet; Thence on said curve North, Northeasterly, and East 73.86 feet through a central angle of 88 degrees 09 minutes 36 seconds; Thence North 88 degrees 24 minutes 10 seconds East 131.66 feet to the beginning of a curve concave to the northwest and having a radius of 172.00 feet; Thence on said curve East and Northeasterly 116.60 feet through a central angle of 38 degrees 50 minutes 23 seconds; Thence North 49 degrees 33 minutes 47 seconds East 1.38 feet to the beginning of a curve concave to the northwest and having a radius of 103.00 feet; Thence on said curve Northeasterly and North 99.98 feet through a central angle of 55 degrees 36 minutes 56 seconds; Thence North 06 degrees 03 minutes 09 seconds West 122.31 feet to the beginning of a curve concave to the southwest and having a radius of 88.00 feet; Thence on said curve North 21.47 feet through a central angle of 13 degrees 59 minutes 22 seconds; Thence North 20 degrees 02 minutes 31 seconds West 77.38 feet to the beginning of a curve concave to the southwest and having a radius of 1088.00 feet; Thence on said curve Northwesterly 287.62 feet through a central angle of 15 degrees 08 minutes 48 seconds;

Thence North 35 degrees 11 minutes 20 seconds West 108.10 feet to the beginning of a curve concave to the southwest and having a radius of 228.00 feet; Thence on said curve Northwesterly 98.34 feet through a central angle of 24 degrees 42 minutes 47 seconds to the beginning of a reverse curve concave to the Northeast and having a radius of 142.00 feet; Thence on said curve Northwesterly 86.26 feet through a central angle of 34 degrees 48 minutes 14 seconds; Thence North 25 degrees 05 minutes 53 seconds West 35.59 feet to the beginning of a curve concave to the southwest and having a radius of 108.00 feet; Thence on said curve Northwesterly and Southwesterly 147.83 feet through a central angle of 78 degrees 25 minutes 36 seconds; Thence South 76 degrees 28 minutes 32 seconds West 148.16 feet; Thence South 75 degrees 36 minutes 49 seconds West 154.57 feet to the beginning of a curve concave to the southeast and having a radius of 175.00 feet; Thence on said curve Southwesterly 109.52 feet through a central angle of 35 degrees 51 minutes 23 seconds; Thence on a non-tangent line South 33 degrees 25 minutes 14 seconds East 94.42 feet to the north property line of the Trustees of Indiana University (Deed Record 448, page 565, Monroe County Recorder); Thence on said north property line North 90 degrees 00 minutes 00 seconds West 92.06 feet; Thence South 56 degrees 23 minutes 42 seconds West 108.42 feet to said west line of said East one-half of the Northeast quarter and the east line of Lot 3 in said Meadowood Assisted Living Subdivision; Thence leaving said previously called north property line of the Trustees of Indiana University and on the east line of said Lot 3 South 00 degrees 16 minutes 33 seconds West 20.32 feet to the southeast corner of said Lot 3; Thence on the south line of said Lot 3 North 87 degrees 53 minutes 28 seconds West 136.86 feet; Thence leaving said south line of said Lot 3 North 57 degrees 03 minutes 09 seconds West 154.30 feet to the beginning of a curve concave to the south and having a radius of 435.00 feet; Thence on said curve Westerly 385.54 feet through a central angle of 50 degrees 46 minutes 52 seconds; Thence South 72 degrees 09 minutes 59 seconds West 55.95 feet to the beginning of a curve concave to the southeast and having a radius of 485.00 feet; Thence on said curve Southwesterly 32.19 feet through a central angle of 03 degrees 48 minutes 09 seconds; Thence on a non-tangent line South 23 degrees 25 minutes 33 seconds East 11.76 feet; Thence South 67 degrees 35 minutes 14 seconds West 175.51 feet to said south line of said Lot 3; Thence on said south line North 87 degrees 53 minutes 28 seconds West 408.71 feet to the southwest corner of said Lot 3; Thence on the west line of said Lot 3 and the east right-of-way line of North Dunn Street North 00 degrees 16 minutes 33 seconds East 49.99 feet; Thence leaving said west line of said Lot 3 and said east right-of-way line of said North Dunn Street South 87 degrees 52 minutes 48 seconds East 379.25 feet to the beginning of a curve concave to the northwest and having a radius of 200.00 feet; Thence on said curve Northeasterly 89.28 feet through a central angle of 25 degrees 34 minutes 32 seconds; Thence North 66 degrees 32 minutes 41 seconds East 80.23 feet to the beginning of a curve concave to the southeast and having a radius of 515.00 feet; Thence on said curve Northeasterly 50.53 feet through a central angle of 05 degrees 37 minutes 18 seconds; Thence North 72 degrees 09 minutes 59 seconds East 55.95 feet to the beginning of a curve concave to the south and having a radius of 465.00 feet; Thence on said curve Easterly 412.13 feet through a central angle of 50 degrees 46 minutes 52 seconds; Thence South 57 degrees 03 minutes 09 seconds East 81.92 feet to the beginning of a curve concave to the north and having a radius of 185.00 feet; Thence on said curve Easterly 190.07 feet through a central angle of 58 degrees 51 minutes 55 seconds to the Point of Beginning.

The land with the improvements located thereon situated in Bloomington, Monroe County, Indiana described as follows:

PARCEL 1A

Lot Number One (1), Meadowood Assisted Living Subdivision according to the plat thereof recorded May 1, 2007 in Plat Cabinet D, Envelope 65 in the Office of the Recorder of Monroe County, Indiana.

PARCEL 2A

Lot Number Three (3), Meadowood Assisted Living Subdivision according to the plat thereof recorded May 1, 2007 in Plat Cabinet D, Envelope 65 in the Office of the Recorder of Monroe County, Indiana.

PARCEL 3A

Lot Number Four (4) in North Dunn Addition as shown by the plat thereof recorded in Plat Cabinet B, Envelope 51, in the Office of the Recorder of Monroe County, Indiana.

EXCEPTING THEREFROM: A part of Lot #4 in North Dunn Addition found in the Office of the Monroe County Recorder, Plat Cabinet "B", Envelope "51" and being part of the West half of the Northeast quarter of Section 28, Township 9 North, Range 1 West in Monroe County, Indiana, and being more particularly described as follows: Commencing at the Northwest corner of said Lot #4 of North Dunn Addition; thence South 89 degrees 31 minutes 35 seconds East along the North line of said Lot 4, 8.38 feet to the point of beginning; thence continuing along said line South 89 degrees 31 minutes 35 seconds East 27.76 feet; thence South 23 degrees 44 minutes 35 seconds West 12.67 feet; thence South 00 degrees 22 minutes 21 seconds East 106.65 feet; thence South 05 degrees 27 minutes 18 seconds West 79.97 feet; thence North 89 degrees 31 minutes 39 seconds West along the South line of said Lot 13.43 feet; thence North 00 degrees 40 minutes 11 seconds West 197.98 feet to the point of beginning, containing 4075 square feet, more or less.

PARCEL 4A

Part of Lot Number Three (3) in North Dunn Addition, as shown by the plat thereof recorded in Plat Cabinet B, Envelope 51, the same being a subdivision of the West half of the Northeast quarter of Section Twenty-eight (28), Township Nine (9) North, Range One (1) West, bounded and described as follows, to-wit: Beginning at the Northwest corner of the said Lot No. Three (3), said point being in the center line of North Dunn Street, thence East for a distance of Three Hundred Ninety-four and Sixty-five Hundredths (394.65) feet, thence South One (1) degree, Fifty-six (56) minutes West for a distance of One Hundred Forty-eight (148.00) feet, thence West for a distance of Three Hundred Eighty-nine and Sixty-five Hundredths (389.65) feet and to the center line of North Dunn Street, thence North over and along the center line of North Dunn Street, for a distance of One Hundred Forty-eight (148.00) feet, and to the place of beginning. Containing One and Thirty-three Hundredths (1.33) acres, more or less.

PARCEL 5A

A non-exclusive easement benefiting Parcel 2A and other property, recorded January 4, 1990 in Deed Record 368, Page 456, for ingress and egress 50.00 feet wide lying 25.00 feet of even width on both sides of the following described line: Beginning at a point 1448.92 feet South and 600.90 feet West of the Northeast corner of the East half of the Northeast Quarter of said Section 28, Township 9 North, Range 1 West said point being located on the 44.00 foot course of the above described 30.72 acre tract, thence South for a distance of 45.60 feet; thence over and along a curve concave to the right having a radius of 115.63 feet and a deflection angle of 107 degrees 36 minutes 51 seconds for a distance of 217.18 feet, thence North 72 degrees 23 minutes 09 seconds West for a distance of 82.75 feet, thence South 08 degrees 16 minutes 56 seconds West for a distance of 154.95 feet; thence South 0 degrees 49 minutes 57 seconds West for a distance of 851.04 feet to the North right of way of Indiana State Highway 46 Bypass.

PARCEL 6A

Non-exclusive easement for ingress and egress over portions of Tamarack Trail and Milo Sampson Lane under an Access Easement Agreement between O.F.C. Corporation, and Indiana corporation and O.F.C. Properties, LLC and Indiana limited liability company entered into as of October 31, 2008, and recorded November 3, 2008 as Instrument Number 2008018085.

A part of the East one-half of the Northeast quarter of Section 28, Township 9 North, Range 1 West, Monroe County, Indiana, and a part of Meadowood Assisted Living Subdivision recorded May 1. 2007 in Plat Cabinet D, Envelope 65 in the Office of the Recorder of Monroe County, Indiana, more specifically described as follows:

Commencing at the northwest corner of the said East one-half of the Northeast quarter; Thence on the west line of said East one-half and on the east line of said Meadowood Assisted Living Subdivision South 00 degrees 16 minutes 33 seconds West 535.56 feet to the true Point of Beginning of Tamarack Trail;

Thence North 51 degrees 31 minutes 09 seconds East 84.99 feet; Thence North 35 degrees 05 minutes 51 seconds East 61.50 feet to the beginning of a curve concave to the southeast and having a radius of 199.00 feet; Thence on said curve Northeasterly 140.72 feet through a central angle of 40 degrees 30 minutes 58 seconds; Thence North 75 degrees 36 minutes 49 seconds East 154.75 feet; Thence North 76 degrees 28 minutes 32 seconds East 148.34 feet to the beginning of a curve concave to the southwest and having a radius of 132.00 feet; Thence on said curve Northeasterly and Southeasterly 180.68 feet through a central angle of 78 degrees 25 minutes 36 seconds; Thence South 25 degrees 05 minutes 53 seconds East 35.59 feet to the beginning of a curve concave to the northeast and having a radius of 118.00 feet; Thence on said curve Southeasterly 71.68 feet through a central angle of 34 degrees 48 minutes 14 seconds to the beginning of a reverse curve concave to the southwest and having a radius of 252.00 feet; Thence on said curve Southeasterly 108.69 feet through a central angle of 24 degrees 42 minutes 47 seconds; Thence South 35 degrees 11 minutes 20 seconds East 108.10 feet to the beginning of a curve concave to the southwest and having a radius of 1112.00 feet; Thence on said curve Southeasterly 293.97 feet through a central angle of 15 degrees 08 minutes 48 seconds; Thence South 20 degrees 02 minutes 31 seconds East 77.38 feet to the beginning of a curve concave to the southwest and having a radius of 112.00 feet; Thence on said curve Southerly 27.35 feet through a central angle of 13 degrees 59 minutes 22 seconds; Thence South 06 degrees 03 minutes 09 seconds East 122.31 feet to the beginning of a curve concave to the northwest and having a radius of 127.00 feet; Thence on said curve South and Southwesterly 123.28 feet through a central angle of 55 degrees 36 minutes 56 seconds; Thence South 49 degrees 33 minutes 47 seconds West 1.38 feet to the beginning of a curve concave to the northwest and having a radius of 196.00 feet; Thence on said curve Southwesterly and West 132.86 feet through a central angle of 38 degrees 50 minutes 23 seconds; Thence South 88 degrees 24 minutes 10 seconds West 131.66 feet to the beginning of a curve concave to the southeast and having a radius of 24.00 feet; Thence on said curve West, Southwesterly, and South 36.93 feet through a central angle of 88 degrees 09 minutes 36 seconds; Thence South 00 degrees 14 minutes 34 seconds West 226.03 feet to the north line of a non-exclusive easement for ingress and egress recorded January 4, 1990 in Deed Record 368, page 456, Monroe County Recorder; Thence on said north line of said non-exclusive easement for ingress and egress North 90 degrees 00 minutes 00 seconds West 24.00 feet; Thence leaving said north line of said easement North 00 degrees 14 minutes 34 seconds East 226.14 feet to the beginning of a curve concave to the southeast and having a radius of 48.00 feet; Thence on said curve North, Northeasterly, and East 73.86 feet through a central angle of 88 degrees 09 minutes 36 seconds; Thence North 88 degrees 24 minutes 10 seconds East 131.66 feet to the beginning of a curve concave to the northwest and having a radius of 172.00 feet; Thence on said curve East and Northeasterly 116.60 feet through a central angle of 38 degrees 50 minutes 23 seconds; Thence North 49 degrees 33 minutes 47 seconds East 1.38 feet to the beginning of a curve concave to the northwest and having a radius of 103.00 feet; Thence on said curve Northeasterly and North 99.98 feet through a central angle of 55 degrees 36 minutes 56 seconds; Thence North 06 degrees 03 minutes 09 seconds West 122.31 feet to the beginning of a curve concave to the southwest and having a radius of 88.00 feet; Thence on said curve North 21.47 feet through a central angle of 13 degrees 59 minutes 22 seconds; Thence North 20 degrees 02 minutes 31 seconds West 77.38 feet to the beginning of a curve concave to the southwest and having a radius of 1088.00 feet; Thence on said curve Northwesterly 287.62 feet through a central angle of 15 degrees 08 minutes 48 seconds;

Thence North 35 degrees 11 minutes 20 seconds West 108.10 feet to the beginning of a curve concave to the southwest and having a radius of 228.00 feet; Thence on said curve Northwesterly 98.34 feet through a central angle of 24 degrees 42 minutes 47 seconds to the beginning of a reverse curve concave to the Northeast and having a radius of 142.00 feet; Thence on said curve Northwesterly 86.26 feet through a central angle of 34 degrees 48 minutes 14 seconds; Thence North 25 degrees 05 minutes 53 seconds West 35.59 feet to the beginning of a curve concave to the southwest and having a radius of 108.00 feet; Thence on said curve Northwesterly and Southwesterly 147.83 feet through a central angle of 78 degrees 25 minutes 36 seconds; Thence South 76 degrees 28 minutes 32 seconds West 148.16 feet; Thence South 75 degrees 36 minutes 49 seconds West 154.57 feet to the beginning of a curve concave to the southeast and having a radius of 175.00 feet; Thence on said curve Southwesterly 109.52 feet through a central angle of 35 degrees 51 minutes 23 seconds; Thence on a non-tangent line South 33 degrees 25 minutes 14 seconds East 94.42 feet to the north property line of the Trustees of Indiana University (Deed Record 448, page 565, Monroe County Recorder); Thence on said north property line North 90 degrees 00 minutes 00 seconds West 92.06 feet; Thence South 56 degrees 23 minutes 42 seconds West 108.42 feet to said west line of said East one-half of the Northeast quarter and the east line of Lot 3 in said Meadowood Assisted Living Subdivision; Thence leaving said previously called north property line of the Trustees of Indiana University and on the east line of said Lot 3 South 00 degrees 16 minutes 33 seconds West 20.32 feet to the southeast corner of said Lot 3; Thence on the south line of said Lot 3 North 87 degrees 53 minutes 28 seconds West 136.86 feet; Thence leaving said south line of said Lot 3 North 57 degrees 03 minutes 09 seconds West 154.30 feet to the beginning of a curve concave to the south and having a radius of 435.00 feet; Thence on said curve Westerly 385.54 feet through a central angle of 50 degrees 46 minutes 52 seconds; Thence South 72 degrees 09 minutes 59 seconds West 55.95 feet to the beginning of a curve concave to the southeast and having a radius of 485.00 feet; Thence on said curve Southwesterly 32.19 feet through a central angle of 03 degrees 48 minutes 09 seconds; Thence on a non-tangent line South 23 degrees 25 minutes 33 seconds East 11.76 feet; Thence South 67 degrees 35 minutes 14 seconds West 175.51 feet to said south line of said Lot 3; Thence on said south line North 87 degrees 53 minutes 28 seconds West 408.71 feet to the southwest corner of said Lot 3; Thence on the west line of said Lot 3 and the east right-of-way line of North Dunn Street North 00 degrees 16 minutes 33 seconds East 49.99 feet; Thence leaving said west line of said Lot 3 and said east right-of-way line of said North Dunn Street South 87 degrees 52 minutes 48 seconds East 379.25 feet to the beginning of a curve concave to the northwest and having a radius of 200.00 feet; Thence on said curve Northeasterly 89.28 feet through a central angle of 25 degrees 34 minutes 32 seconds; Thence North 66 degrees 32 minutes 41 seconds East 80.23 feet to the beginning of a curve concave to the southeast and having a radius of 515.00 feet; Thence on said curve Northeasterly 50.53 feet through a central angle of 05 degrees 37 minutes 18 seconds; Thence North 72 degrees 09 minutes 59 seconds East 55.95 feet to the beginning of a curve concave to the south and having a radius of 465.00 feet; Thence on said curve Easterly 412.13 feet through a central angle of 50 degrees 46 minutes 52 seconds; Thence South 57 degrees 03 minutes 09 seconds East 81.92 feet to the beginning of a curve concave to the north and having a radius of 185.00 feet; Thence on said curve Easterly 190.07 feet through a central angle of 58 degrees 51 minutes 55 seconds to the Point of Beginning.

EXHIBIT A-50

The Virginia Health & Rehabilitation Center
1451 & 1457 Cleveland Avenue
Waukesha, Wisconsin

LEGAL DESCRIPTION

Lots 12, 13, 16, 17, 18, 19, 20 and 21, Block 2, and the West 1/2 of vacated Waukesha Avenue adjoining on the East; and the South 30 feet of Lot 6, all of Lots 7, 8, 9, 10, 11 and 12, Block 3 and the East 1/2 of vacated Waukesha Avenue adjoining Lots 7, 8, 9, 10, 11, and 12, Block 3 on the West and all of vacated Peck Street adjoining Lots 13 and 21, Block 2 on the South, all in Elevated Home Addition to Waukesha, a Subdivision of part of the South 1/2 of Section 35, Town 7 North, Range 19 East, City of Waukesha, County of Waukesha, State of Wisconsin.

Tax Key Nos. 1004.080 and 1004.083

Lots 10 and 11, Block 2, Elevated Home Addition to Waukesha, a Subdivision of part of the South ½ of Section 35, Town 7 North, Range 19 East, City of Waukesha, County of Waukesha, State of Wisconsin.

WAKC 1004.078 (Lot 10)
WAKC 1004.079 (Lot 11)

EXHIBIT A-52

Palms at St Lucie West
501 N.W. Cashmere Boulevard
Port St. Lucie, Florida

LEGAL DESCRIPTION

Assisted Living:
Lot 1, of ST. LUCIE WEST PLAT NO. 137, according to the Plat thereof, recorded in Plat Book 39, pages 26 and 26A, of the Public Records of St. Lucie County, Florida

and

Villas and Independent Living:
All of Lot 2, ST. LUCIE WEST PLAT NO. 149, according to the Plat thereof, as recorded in Plat Book 40, at Pages 17 and 17A, of the Public Records of St. Lucie County Florida.

and

Vacant Land:
Lot 1, ST. LUCIE WEST PLAT NO. 149, a Subdivision according to the plat thereof recorded at Plat Book 40, Pages 17, 17A in the public records of St. Lucie County, Florida.

Exhibit 10.4

PARTIAL TERMINATION OF AND FOURTEENTH AMENDMENT TO AMENDED AND RESTATED MASTER LEASE AGREEMENT (LEASE NO. 2)

THIS PARTIAL TERMINATION OF AND FOURTEENTH AMENDMENT TO AMENDED AND RESTATED MASTER LEASE AGREEMENT (LEASE NO. 2) (this "Amendment") is made and entered into as of September 17, 2019, by and among each of the parties identified on the signature pages hereof as a landlord (collectively, "Landlord") and each of the parties identified on the signature pages hereof as a tenant (jointly and severally, "Tenant").

W I T N E S S E T H:

WHEREAS, pursuant to the terms of that certain Amended and Restated Master Lease Agreement (Lease No. 2), dated as of August 4, 2009, as amended by that certain Partial Termination of and First Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of November 1, 2009, that certain Partial Termination of and Second Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of August 1, 2010, that certain Third Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of June 20, 2011, that certain Fourth Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of July 22, 2011, that certain Fifth Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of August 31, 2012, that certain Partial Termination of and Sixth Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of September 19, 2013, that certain Partial Termination of and Seventh Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of June 1, 2014, that certain Partial Termination of and Eighth Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of July 20, 2015, that certain Partial Termination of and Ninth Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of September 30, 2016, that certain Tenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of August 1, 2017, that certain Eleventh Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of July 31, 2018, that certain Partial Termination and Twelfth Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of May 1, 2019 and that certain Thirteenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 2), dated as of May, 2019 (as so amended, "Amended Lease No. 2"), Landlord leases to Tenant, and Tenant leases from Landlord, the Leased Property (this and other capitalized terms used but not otherwise defined herein having the meanings given such terms in Amended Lease No. 2), all as more particularly described in Amended Lease No. 2;

WHEREAS, Amended Lease No. 2 was further modified by that certain Transaction Agreement, dated as of April 1, 2019, between Five Star Senior Living Inc., on behalf of itself and certain of its subsidiaries, and Senior Housing Properties Trust, on behalf of itself and certain of its subsidiaries (the "Transaction Agreement");

WHEREAS, simultaneously herewith, SPTIHS Properties Trust is selling the real property and related improvements known as (i) West Bridge Care & Rehabilitation located at 1015 West Summit Street, Winterset, Iowa, as more particularly described on Exhibit A-20 to Amended Lease No. 2, (ii) Woodhaven Care Center located at 510 W. 7th Street, Ellinwood, Kansas, as more particularly described on Exhibit A-22 to Amended Lease No. 2, (iii) Crestview Health Care Center located at 1100 West First Street, P.O. Box D, Milford, Nebraska, as more particularly described on Exhibit A-35 to Amended Lease No. 2, (iv) Morys Haven located at 1112 15th Street, Columbus, Nebraska, as more particularly described on Exhibit A-31 to Amended Lease No. 2, (v) Utica Community Care Center located at 1350 Centennial Avenue, Utica, Nebraska, as more particularly described on Exhibit A-36 to Amended Lease No. 2 and (vi) Wedgewood Care Center located at 800 Stoeger Drive, Grand Island, Nebraska, as more particularly described on Exhibit A-33 to Amended Lease No. 2 (collectively, the "Midwest Properties"); and

WHEREAS, in connection with the foregoing, SPTIHS Properties Trust and the other entities comprising Landlord and Five Star Quality Care Trust and the other entities comprising Tenant wish to amend Amended Lease No. 2 to terminate Amended Lease No. 2 with respect to the Midwest Properties;

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree, effective as of the date hereof, as follows:

1. Partial Termination of Lease. Amended Lease No. 2 is terminated with respect to the Midwest Properties and neither Landlord nor Tenant shall have any further rights or liabilities thereunder with respect to the Midwest Properties from and after the date hereof, except for those rights and liabilities which by their terms survive the termination of Amended Lease No. 2.

2. Minimum Rent. The defined term "Minimum Rent" set forth in Section 1.67 of Amended Lease No. 2 is hereby reduced by the sum of Fifty-Three Thousand One Hundred Thirty-Three and 49/100 Dollars ($53,133.49) per month in accordance with Section 2.1(1)(b) of the Transaction Agreement.

3. Schedule 1. Schedule 1 to Amended Lease No. 2 is deleted in its entirety and replaced with Schedule 1 attached hereto.

4. Exhibit A. Exhibit A to Amended Lease No. 2 is amended by deleting Exhibits A-20, A-22, A-31, A-33, A-35 and A-36 attached thereto in their entirety and replacing each with "Intentionally Deleted."

5. Ratification. As amended hereby, Amended Lease No. 2 is ratified and confirmed.

[Remainder of page intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed as a sealed instrument as of the date first above written.

LANDLORD:

CCC FINANCING I TRUST,
CCC INVESTMENTS I, L.L.C.,
CCC OF KENTUCKY TRUST,
CCC PUEBLO NORTE TRUST,
CCDE SENIOR LIVING LLC,
CCOP SENIOR LIVING LLC,
O.F.C. CORPORATION,
SNH CHS PROPERTIES TRUST,
SNH/LTA PROPERTIES GA LLC,
SNH/LTA PROPERTIES TRUST,
SNH SOMERFORD PROPERTIES TRUST,
SPTIHS PROPERTIES TRUST, and
SPTMNR PROPERTIES TRUST

By: /s/ Jennifer F. Francis
Jennifer F. Francis
President of each of the foregoing entities

CCC FINANCING LIMITED, L.P.

By: CCC Retirement Trust,
its General Partner

By: /s/ Jennifer F. Francis
Jennifer F. Francis
President

CCC RETIREMENT COMMUNITIES II, L.P.

By: Crestline Ventures LLC,
its General Partner

By: /s/ Jennifer F. Francis
Jennifer F. Francis
President

LEISURE PARK VENTURE LIMITED PARTNERSHIP

By: CCC Leisure Park Corporation
its General Partner

By: /s/ Jennifer F. Francis
Jennifer F. Francis
President

[Signature Page to Partial Termination of and Fourteenth Amendment to Amended and Restated Master Lease Agreement (Lease No. 2)]

TENANT:

FIVE STAR QUALITY CARE TRUST

By: /s/ Katherine E. Potter
Katherine E. Potter
President

FS TENANT HOLDING COMPANY TRUST

By: /s/ Katherine E. Potter
Katherine E. Potter
President

SCHEDULE 1

PROPERTY-SPECIFIC INFORMATION

Exhibit	Property Address	Base Gross Revenues (Calendar Year)	Base Gross Revenues (Dollar Amount)	Commencement Date	Interest Rate
A-1	Ashton Gables in Riverchase 2184 Parkway Lake Drive Birmingham, AL 35244	2009	$2,121,622	08/01/2008	8%
A-2	Lakeview Estates 2634 Valleydale Road Birmingham, AL 35244	2009	$2,692,868	08/01/2008	8%
A-3	Forum at Pueblo Norte 7090 East Mescal Street Scottsdale, AZ 85254	2005	$11,470,312	01/11/2002	10%
A-4	Intentionally deleted.	N/A	N/A	N/A	N/A
A-5	Intentionally deleted.	N/A	N/A	N/A	N/A
A-6	Skyline Ridge Nursing & Rehabilitation Center 515 Fairview Avenue Canon City, CO 81212	2005	$4,104,100	12/31/2001	10%
A-7	Springs Village Care Center 110 West Van Buren Street Colorado Springs, CO 80907	2005	$4,799,252	12/31/2001	10%
A-8	Willow Tree Care Center 2050 South Main Street Delta, CO 81416	2005	$4,310,982	12/31/2001	10%
A-9	Cedars Healthcare Center 1599 Ingalls Street Lakewood, CO 80214	2005	$6,964,007	12/31/2001	10%
A-10	Millcroft 255 Possum Park Road Newark, DE 19711	2005	$11,410,121	01/11/2002	10%
A-11	Forwood Manor 1912 Marsh Road Wilmington, DE 19810	2005	$13,446,434	01/11/2002	10%
A-12	Foulk Manor South 407 Foulk Road Wilmington, DE 19803	2005	$4,430,251	01/11/2002	10%
A-13	Shipley Manor 2723 Shipley Road Wilmington, DE 19810	2005	$9,333,057	01/11/2002	10%
A-14	Forum at Deer Creek 3001 Deer Creek Country Club Blvd. Deerfield Beach, FL 33442	2005	$12,323,581	01/11/2002	10%
A-15	Springwood Court 12780 Kenwood Lane Fort Myers, FL 33907	2005	$2,577,612	01/11/2002	10%
A-16	Fountainview 111 Executive Center Drive West Palm Beach, FL 33401	2005	$7,920,202	01/11/2002	10%
A-17	Morningside of Athens 1291 Cedar Shoals Drive Athens, GA 30605	2006	$1,560,026	11/19/2004	9%
A-18	Marsh View Senior Living 7410 Skidaway Road Savannah, GA 31406	2007	$2,108,378	11/01/2006	8.25%
A-19	Intentionally deleted.	N/A	N/A	N/A	N/A
A-20	Intentionally deleted.	N/A	N/A	N/A	N/A
A-21	Meadowood Retirement Community	2009	$12,061,814	11/01/2008	8%

	2455 Tamarack Trail Bloomington, IN 47408				

A-22	Intentionally deleted.	N/A	N/A	N/A	N/A
A-23	Lafayette at Country Place 690 Mason Headley Road Lexington, KY 40504	2005	$4,928,052	01/11/2002	10%
A-24	Lexington Country Place 700 Mason Headley Road Lexington, KY 40504	2005	$8,893,947	01/11/2002	10%
A-25	Intentionally deleted.	N/A	N/A	N/A	N/A
A-26	Intentionally deleted.	N/A	N/A	N/A	N/A
A-27	HeartFields at Bowie 7600 Laurel Bowie Road Bowie, MD 20715	2005	$2,436,102	10/25/2002	10%
A-28	HeartFields at Frederick 1820 Latham Drive Frederick, MD 21701	2005	$2,173,971	10/25/2002	10%
A-29	Intentionally deleted.	N/A	N/A	N/A	N/A
A-30	Intentionally deleted.	N/A	N/A	N/A	N/A
A-31	Intentionally deleted.	N/A	N/A	N/A	N/A
A-32	Intentionally deleted.	N/A	N/A	N/A	N/A
A-33	Intentionally deleted.	N/A	N/A	N/A	N/A
A-34	Intentionally deleted.	N/A	N/A	N/A	N/A
A-35	Intentionally deleted.	N/A	N/A	N/A	N/A
A-36	Intentionally deleted.	N/A	N/A	N/A	N/A
A-37	Leisure Park 1400 Route 70 Lakewood, NJ 08701	2005	$14,273,446	01/07/2002	10%
A-38	Franciscan Manor 71 Darlington Road Patterson Township Beaver Falls, PA 15010	2006	$4,151,818	10/31/2005	9%
A-39	Mount Vernon of Elizabeth 145 Broadlawn Drive Elizabeth, PA 15037	2006	$2,332,574	10/31/2005	9%
A-40	Overlook Green 5250 Meadowgreen Drive Whitehall, PA 15236	2006	$3,878,300	10/31/2005	9%
A-41	Myrtle Beach Manor 9547 Highway 17 North Myrtle Beach, SC 29572	2005	$6,138,714	01/11/2002	10%
A-42	Morningside of Anderson 1304 McLees Road Anderson, SC 29621	2006	$1,381,775	11/19/2004	9%
A-43	Heritage Place at Boerne 120 Crosspoint Drive Boerne, TX 78006	2009	$1,469,683	02/07/2008	8%
A-44	Forum at Park Lane 7831 Park Lane Dallas, TX 75225	2005	$13,620,931	01/11/2002	10%
A-45	Heritage Place at Fredericksburg 96 Frederick Road Fredericksburg, TX 78624	2009	$1,386,771	02/07/2008	8%
A-46	Intentionally deleted.	N/A	N/A	N/A	N/A
A-47	Intentionally deleted.	N/A	N/A	N/A	N/A
A-48	ManorPointe - Oak Creek Independent Senior Apartments and Meadowmere - Mitchell Manor - Oak Creek 700 East Stonegate Drive and 701 East Puetz Road Oak Creek, WI 53154	2009	$4,189,440	01/04/2008	8%
A-49	Intentionally deleted.	N/A	N/A	N/A	N/A
A-50	The Virginia Health & Rehabilitation Center	2005	$6,128,045	12/31/2001	10%

	1451 Cleveland Avenue Waukesha, WI 53186				

A-51	Reserve at Greenbriar 1005 Elysian Place Chesapeake, Virginia	2012	$2,508,269	06/20/2011	7.5%
A-52	Palms at St. Lucie West 501 N.W. Cashmere Boulevard Port St. Lucie, Florida	2012	$2,903,642	07/22/2011	7.5%
A-53	Forum at Desert Harbor 13840 North Desert Harbor Drive Peoria, AZ 85381	2005	$9,830,918	01/11/2002	10.0%
A-54	Forum at Tucson 2500 North Rosemont Blvd. Tucson, AZ 85712	2005	$13,258,998	01/11/2002	10.0%
A-55	Park Summit at Coral Springs 8500 Royal Palm Blvd. Coral Springs, FL 33065	2005	$11,229,677	01/11/2002	10.0%
A-56	Gables at Winchester 299 Cambridge Street Winchester, MA 01890	2005	$6,937,852	01/11/2002	10.0%
A-57	Forum at Memorial Woods 777 North Post Oak Road Houston, TX 77024	2005	$19,734,400	01/11/2002	10.0%

Exhibit 10.5

PARTIAL TERMINATION OF AND SEVENTH AMENDMENT TO AMENDED AND RESTATED MASTER LEASE AGREEMENT (LEASE NO. 4)

THIS PARTIAL TERMINATION OF AND SEVENTH AMENDMENT TO AMENDED AND RESTATED MASTER LEASE AGREEMENT (LEASE NO. 4) (this "Amendment") is made and entered into as of September 17, 2019, by and among each of the parties identified on the signature page hereof as a landlord (collectively, "Landlord") and each of the parties identified on the signature page hereof as a tenant (jointly and severally, "Tenant").

W I T N E S S E T H:

WHEREAS, pursuant to that certain Amended and Restated Master Lease Agreement (Lease No. 4), dated as of August 4, 2009, as amended by that certain First Amendment to Amended and Restated Master Lease Agreement (Lease No. 4), dated as of October 1, 2009, that certain Partial Termination of and Second Amendment to Amended and Restated Master Lease Agreement (Lease No. 4), dated as of May 1, 2011, that certain Third Amendment to Amended and Restated Master Lease Agreement (Lease No. 4), dated as of June 20, 2011, that certain Fourth Amendment to Amended and Restated Master Lease Agreement (Lease No. 4), dated as of August 31, 2012, that certain Fifth Amendment to Amended and Restated Master Lease Agreement (Lease No. 4), dated as of July 10, 2014 and that certain Sixth Amendment to Amended and Restated Master Lease Agreement (Lease No. 4), dated as of January 1, 2018 (as so amended, the "Lease"), Landlord leases to Tenant, and Tenant leases from Landlord, the Leased Property (this and other capitalized terms used but not otherwise defined herein having the meanings given such terms in the Lease), all as more particularly described in the Lease; and

WHEREAS, the Lease was further modified by that certain Transaction Agreement, dated as of April 1, 2019, between Five Star Senior Living Inc., on behalf of itself and certain of its subsidiaries, and Senior Housing Properties Trust, on behalf of itself and certain of its subsidiaries (the "Transaction Agreement"); and

WHEREAS, simultaneously herewith, SPTIHS Properties Trust is selling the real property and related improvements known as the WestRidge Quality Care & Rehabilitation located at 600 Manor Drive, Clarinda, Iowa, as more particularly described on Exhibit A-7 to the Lease (the "WestRidge Property");

WHEREAS, in connection with the foregoing, SPTIHS Properties Trust and the other entities comprising Landlord and Five Star Quality Care Trust and the other entities comprising Tenant wish to amend the Lease to terminate the Lease with respect to the WestRidge Property;

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree, effective as of the date hereof, as follows:

1. Partial Termination of Lease. The Lease is terminated with respect to the WestRidge Property and neither Landlord nor Tenant shall have any further rights or liabilities thereunder with respect to the WestRidge Property from and after the date hereof, except for those rights and liabilities which by their terms survive the termination of the Lease.

2. Minimum Rent. The defined term “Minimum Rent” set forth in Section 1.68 of the Lease is hereby reduced by the sum of Twelve Thousand One Hundred Sixty-Three and 91/100 Dollars ($12,163.91) per month in accordance with Section 2.1(1)(b) of the Transaction Agreement.

8. Schedule 1. Schedule 1 to the Lease is deleted in its entirety and replaced with Schedule 1 attached hereto.

9. Exhibit A. Exhibit A to the Lease is amended by deleting Exhibit A-7 attached thereto in its entirety and replacing it with “Intentionally Deleted”.

10. Ratification. As amended hereby, the Lease is hereby ratified and confirmed.

[Remainder of page intentionally left blank; Signature page follows]

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed as a sealed instrument as of the date first above written.

LANDLORD:

CCOP SENIOR LIVING LLC
SNH CHS PROPERTIES TRUST
SNH NS PROPERTIES TRUST
SNH SOMERFORD PROPERTIES TRUST
SNH/LTA PROPERTIES GA LLC
SNH/LTA PROPERTIES TRUST
SNH/LTA SE HOME PLACE NEW BERN LLC
SNH/LTA SE MCCARTHY NEW BERN LLC
SPTIHS PROPERTIES TRUST

By: /s/ Jennifer F. Francis
Jennifer F. Francis
President of each of the foregoing entities

TENANT:

FIVE STAR QUALITY CARE - NS TENANT, LLC
FIVE STAR QUALITY CARE TRUST
FS TENANT HOLDING COMPANY TRUST
FVE SE HOME PLACE NEW BERN LLC
FVE SE MCCARTHY NEW BERN LLC

By: /s/ Katherine E. Potter
Katherine E. Potter
President of each of the foregoing entities

SCHEDULE 1

PROPERTY-SPECIFIC INFORMATION

Exhibit	Property Address	Base Gross Revenues (Calendar Year)	Base Gross Revenues (Dollar Amount)	Commencement Date	Interest Rate
A-1	Somerford Place - Stockton 3530 Deer Park Drive Stockton, CA 95219	2009	$3,515,630	03/31/2008	8%
A-2	La Villa Grande Care Center 2501 Little Bookcliff Drive Grand Junction, CO 81501	2005	$5,205,189	12/31/2001	10%
A-3	Court at Palm-Aire 2701 North Course Drive Pompano Beach, FL 33069	2007	$12,992,201	09/01/2006	8.25%
A-4	Home Place of New Bern 1309 McCarthy Boulevard New Bern, NC 28562	2012	$2,742,228	06/20/2011	7.50%
A-5	McCarthy Court I 1321 McCarthy Blvd New Bern, NC 28562	2012	$3,050,293*	6/20/2011	7.50%
A-6	Northlake Gardens 1300 Montreal Road Tucker, GA 30084	2006	$2,240,421	06/03/2005	9%
A-7	Intentionally deleted.	N/A	N/A	N/A	N/A
A-8	Brenden Gardens 900 Southwind Road Springfield, IL 62703	2007	$1,802,414	09/01/2006	8.25%
A-9	Overland Park Place 6555 West 75th Street Overland Park, KS 66204	2005	$2,539,735	10/25/2002	10%
A-10	Morningside of Mayfield 1517 West Broadway Mayfield, KY 42066	2006	$1,197,256	11/19/2004	9%
A-11	The Neighborhood of Somerset 100 Neighborly Drive Somerset, KY 42503	2007	$1,893,629	11/05/2006	8.25%
A-12	Centennial Park Retirement Village 510 Centennial Circle North Platte, NE 69101	2009	$6,624,481	02/17/2008	8%
A-13	Westgate Assisted Living 3030 South 80th Street Omaha, NE 68124	2006	$2,210,173	06/03/2005	9%
A-14	NewSeasons at Cherry Hill 490 Cooper Landing Road Cherry Hill, NJ 08002	2018	TBD	12/29/2003	10%
A-15	NewSeasons at Mount Arlington 2 Hillside Drive Mount Arlington, NJ 07856	2018	TBD	12/29/2003	10%
A-16	NewSeasons at New Britain 800 Manor Drive Chalfont, PA 18914	2018	TBD	12/29/2003	10%
A-17	NewSeasons at Clarks Summit 950 Morgan Highway Clarks Summit, PA 18411	2018	TBD	12/29/2003	10%
A-18	NewSeasons at Exton 600 North Pottstown Pike Exton, PA 19341	2018	TBD	12/29/2003	10%
A-19	NewSeasons at Glen Mills (Concordville) 242 Baltimore Pike Glen Mills, PA 19342	2018	TBD	12/29/2003	10%
A-20	NewSeasons at Tiffany Court 700 Northampton Street	2018	TBD	12/29/2003	10%

	Kingston, PA 18704				

A-21	Morningside of Greenwood 116 Enterprise Court Greenwood, SC 29649	2006	$1,322,836	06/03/2005	9%
A-22	Montevista at Coronado 1575 Belvidere Street El Paso, TX 79912	2005	$8,149,609	01/11/2002	10%
A-23	Dominion Village at Poquoson 531 Wythe Creek Road Poquoson, VA 23662	2005	$1,359,832	5/30/2003	10%
A-24	Morningside in the West End 3000 Skipwith Road Richmond, VA 23294	2006	$3,792,363	11/19/2004	9%
A-25	Worland Healthcare & Rehabilitation Center 1901 Howell Avenue Worland, WY 82401	2005	$3,756,035	12/31/2001	10%
A-26	Brandon Woods at Alvamar 1501 Inverness Drive Lawrence, KS 66047	2010	$14,988,426	10/01/2009	8.75%
A-27	McCarthy Court II 1325 McCarthy Boulevard New Bern, North Carolina	2012	$3,050,293*	06/20/2011	7.5%
A-28	Remington Club I & II 16925 and 16916 Hierba Drive San Diego, CA 92128	2005	$20,853,252	01/11/2002	10.0%
A-29	Savannah Square One Savannah Square Drive Savannah, GA 31406	2007	$6,931,887	10/01/2006	9.0%
A-30	Morningside of Bellgrade 2800 Polo Parkway Midlothian, VA 23113	2006	$4,992,156	11/19/2004	9.0%

* Base Gross Revenues (and Gross Revenues) for McCarthy Court I and McCarthy Court II are combined.

Exhibit 31.1

CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)

I, Adam D. Portnoy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Senior Housing Properties Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2019

/s/ Adam D. Portnoy

Adam D. Portnoy
Managing Trustee

Exhibit 31.2

CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)

I, Jennifer B. Clark, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Senior Housing Properties Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2019

/s/ Jennifer B. Clark

Jennifer B. Clark

Managing Trustee

Exhibit 31.3

CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)

I, Jennifer F. (Francis) Mintzer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Senior Housing Properties Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2019	/s/ Jennifer F. (Francis) Mintzer
	Jennifer F. (Francis) Mintzer
	President and Chief Operating Officer

Exhibit 31.4

CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)

I, Richard W. Siedel, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Senior Housing Properties Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2019

/s/ Richard W. Siedel, Jr.

Richard W. Siedel, Jr.

Chief Financial Officer and Treasurer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SEC. 1350

In connection with the filing by Senior Housing Properties Trust (the "Company") of the Quarterly Report on Form 10-Q for the period ended September 30, 2019 (the "Report"), each of the undersigned hereby certifies, to the best of his or her knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Adam D. Portnoy	/s/ Jennifer F. (Francis) Mintzer
Adam D. Portnoy	Jennifer F. (Francis) Mintzer
Managing Trustee	President and Chief Operating Officer
/s/ Jennifer B. Clark	/s/ Richard W. Siedel, Jr.
Jennifer B. Clark	Richard W. Siedel, Jr.
Managing Trustee	Chief Financial Officer and Treasurer

Date: November 7, 2019