

SENIOR HOUSING PROPERTIES TRUST  
Form 8-K  
December 08, 2009  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 8-K**

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

Date of Report (Date of earliest event reported): **December 8, 2009 (December 8, 2009)**

**SENIOR HOUSING PROPERTIES TRUST**

(Exact Name of Registrant as Specified in Its Charter)

**Maryland**  
(State or Other Jurisdiction of  
Incorporation)

**001-15319**  
(Commission File Number)

**04-3445278**  
(I.R.S. Employer Identification No.)

**400 Centre Street, Newton, Massachusetts 02458**

(Address of Principal Executive Offices) (Zip Code)

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617-796-8350

(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**FORWARD LOOKING STATEMENTS**

THIS CURRENT REPORT ON FORM 8-K CONTAINS STATEMENTS WHICH CONSTITUTE FORWARD LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND OTHER FEDERAL SECURITIES LAWS. FORWARD LOOKING STATEMENTS ARE NOT GUARANTEED TO OCCUR AND MAY NOT OCCUR. WHENEVER WE USE WORDS SUCH AS BELIEVE , EXPECT , ANTICIPATE , INTEND , PLAN , ESTIMATE OR SIMILAR EXPRESSIONS, WE ARE MAKING FORWARD LOOKING STATEMENTS. THESE FORWARD LOOKING STATEMENTS ARE BASED UPON OUR PRESENT INTENT, BELIEFS OR EXPECTATIONS WITH RESPECT TO OUR AGREEMENT TO PURCHASE ONE SENIOR LIVING PROPERTY.

OUR ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE CONTAINED IN OR IMPLIED BY OUR FORWARD LOOKING STATEMENTS AS A RESULT OF VARIOUS FACTORS. FOR EXAMPLE, THIS CURRENT REPORT ON FORM 8-K STATES THAT WE HAVE ENTERED INTO A PURCHASE AND SALE AGREEMENT TO ACQUIRE ONE PROPERTY FROM AN UNAFFILIATED PARTY. OUR OBLIGATION TO COMPLETE THIS PURCHASE IS SUBJECT TO VARIOUS CONDITIONS TYPICAL OF COMMERCIAL REAL ESTATE PURCHASES. AS A RESULT OF ANY FAILURE OF THESE CONDITIONS, THIS PROPERTY MAY NOT BE PURCHASED.

OTHER IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE IN OUR FORWARD LOOKING STATEMENTS ARE DESCRIBED MORE FULLY UNDER ITEM 1A. RISK FACTORS IN OUR ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2008.

YOU SHOULD NOT PLACE UNDUE RELIANCE UPON FORWARD LOOKING STATEMENTS.

EXCEPT AS REQUIRED BY LAW, WE DO NOT INTEND TO UPDATE OR CHANGE ANY FORWARD LOOKING STATEMENTS AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

**Explanatory Note**

As previously reported in our Current Report on Form 8-K dated May 9, 2008, or the May 9 Current Report, filed by Senior Housing Properties Trust, or SNH, or us or we, we agreed to purchase up to 48 MOBs from HRPT Properties Trust, or HRP, pursuant to a series of purchase and sale agreements, or the Purchase Agreements, dated as of May 5, 2008. The Purchase Agreements are more fully described in the May 9 Current Report. Financial statements and pro forma financial information required by Items 9(a) and (b) of Form 8-K in connection with the matters reported in the May 9 Current Report were reported by us in the May 9 Current Report and amended and/or updated in our Current Report on Form 8-K/A dated May 22, 2008, in our Current Report on Form 8-K/A dated September 29, 2008, in our Current Report on Form 8-K dated December 17, 2008, in our Current Report on Form 8-K dated April 8, 2009, in our Current Report on Form 8-K dated July 7, 2009 and in our Current Report on Form 8-K dated August 18, 2009.



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As of September 1, 2009, we completed the acquisitions of 47 MOBs from HRP. One of the remaining buildings with an allocated value of \$3.0 million is no longer subject to our purchase agreement. At the request of a tenant for two properties subject to a multi-property lease, in May and September 2009 we sold two of the acquired MOB properties for approximately \$3.2 million, which was their approximate net book value, to two unaffiliated parties. We now own 45 of these properties containing 2.1 million square feet for an aggregate cost of approximately \$558.2 million, plus closing costs. Our agreements to acquire these MOBs are described more fully in our Annual Report on Form 10-K for the year ended December 31, 2008, or the Annual Report.

This Current Report on Form 8-K provides updated unaudited pro forma financial statements reflecting the purchase of 47 of the MOBs, the sale of two of these MOBs and the \$512.9 million mortgage loan with the Federal National Mortgage Association, or FNMA, discussed below, which is secured by first liens on 28 senior living properties that we own and lease to Five Star Quality Care, Inc., or Five Star. The updated pro forma financial statements also reflect unrelated properties we have purchased or agreed to purchase through December 8, 2009.

HRP was formerly our parent company, and both we and HRP are managed by RMR. Because we and HRP are both managed by RMR and other relationships, we and HRP may be considered to be related persons, and the terms of our MOB transactions with HRP were approved by special committees of our and HRP's boards of trustees composed of trustees who were not also trustees of both companies.

Five Star is our largest tenant and is our former subsidiary. RMR also provides management services to Five Star. Because of these and other relationships, we and Five Star may be considered related persons, and the terms of the transactions between us and Five Star described in Item 9.01 below were approved by special committees of our and Five Star's boards comprised solely of our Independent Trustees and Five Star's Independent Directors.

For more information about our dealings and relationships with HRP, Five Star and RMR and their affiliates and about the risks which may arise as a result of these related person transactions, please see our Annual Report, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2009, June 30, 2009 and September 30, 2009, and our other filings made with the Securities and Exchange Commission, or SEC, and in particular, the section captioned "Risk Factors" in the Annual Report, the sections captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Related Person Transactions" in the Annual Report and each Quarterly Report on Form 10-Q for 2009, including Part II, Item 5 of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, and the section captioned "Related Person Transactions and Company Review of Such Transactions" in our Proxy Statement dated March 30, 2009 relating to our 2009 Annual Shareholders Meeting.

### **Item 9.01. Financial Statements and Exhibits.**

This Current Report on Form 8-K includes pro forma financial data for us, which includes the 45 MOBs that have been acquired and the two MOBs that we sold to third parties, and other acquisitions and dispositions we have completed since October 1, 2009 (balance sheet) and January 1, 2008 (statements of income). Because changes will likely occur in occupancy, rents and expenses with respect to the properties to be acquired and because some or all of the acquisitions may not be completed, the pro forma financial data presented should not be



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considered as a projection of future results. Differences could also result from changes in our portfolio of investments, in interest rates, in our capital structure and for other reasons.

Between June 1, 2008 and September 30, 2009, we acquired 45 of the MOBs (excluding two MOBs we sold in 2009) containing 2.1 million square feet for approximately \$558.2 million, plus closing costs. We funded these acquisitions using cash on hand, proceeds from our mortgage financing in August 2009, proceeds from our equity issuances, borrowings under our revolving credit facility and by assuming three mortgage loans on two properties totaling \$10.8 million with a weighted average interest rate of 7.1% per annum and a weighted average maturity in 2018.

On August 4, 2009, a special purpose subsidiary of ours closed a \$512.9 million mortgage financing with FNMA. This mortgage loan is secured by first liens on 28 senior living properties that we own and lease to Five Star with 5,618 living units / beds located in 16 states. We used the proceeds from this mortgage financing to repay amounts outstanding under our revolving credit facility, to purchase the remaining seven MOBs from HRP and to acquire 10 MOBs and one senior living property from unaffiliated parties. For more information about this FNMA financing and the agreement we entered with Five Star to facilitate this financing please see Part II, Item 5 of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009.

Between January 1, 2008 and December 8, 2009, we acquired other properties from unrelated parties (dollars in thousands) as follows:

Date Acquired	Location	Number of Properties	Units	Purchase Price
1/1/08	WI	5	568	\$ 66,767
2/7/08	TX	2	98	10,292
2/17/08	NE	1	138	9,338
3/1/08	MN	1	228	48,549
3/31/08	CA, DE, MD	10	660	137,445
8/1/08	AL	2	112	14,734
8/21/08	GA, IL, TX, UT	4	NA(1)	100,009
9/1/08	IN	8	451	62,268
9/30/08	NY	1	NA(2)	18,647
11/1/08	IN	1	252	30,529
9/30/09	WI	10	NA(3)	169,000
10/1/09	KS	1	259	21,000
11/17/09	NC, SC, TX	9	558	91,750
		55	3,324	\$ 780,328

(1) On August 21, 2008, we acquired four wellness centers with a total of 458,000 square feet.

(2) On September 30, 2008, we acquired one medical office building from an unaffiliated party with a total of 89,000 square feet.

(3) On September 30, 2009, we acquired 10 medical office buildings from an unaffiliated party with a total of 643,000 square feet.

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We funded these acquisitions using cash on hand, proceeds from our mortgage financing in August 2009, proceeds from our equity issuances, borrowings under our revolving credit facility and by assuming 15 mortgage loans for \$50.5 million on eight of these properties. As of the date of this report, we have an agreement to acquire one senior living property from an unaffiliated party for approximately \$4.9 million.

Certain properties acquired by us are leased to various tenants, including Five Star, on a long term basis under net leases that transfer substantially all of the properties' operating and holding costs to the tenants. The other leases for space in our MOBs are modified gross leases or full service leases. We have previously provided summary financial data and other information regarding Five Star in our Quarterly Report on Form 10-Q for the quarter and nine months ended September 30, 2009 and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008. Our other tenants with net leases are engaged in a range of industries including health services, biotechnology research, and pharmaceutical research and manufacturing with no significant concentration in any particular industry. The majority of these net lease tenants are privately owned. Certain leases are guaranteed by affiliates of the tenants. As of the date of this Current Report on Form 8-K, we believe that each tenant is current in its rent payments. Five of the significant net lease tenants are: Five Star, Aurora Health Care, or Aurora; Scripps Research Institute, or Scripps; Fallon Community Health Plan, or Fallon Clinic; and Health Insurance Plan of New York, or HIP. Aurora is one of the largest not for profit hospital and health care providers in Wisconsin. Scripps is one of the largest non-profit health research institutes in the Country and is located in La Jolla, California. Fallon Clinic is one of the largest multi-specialty group practices providing healthcare services in central Massachusetts. HIP is one of the largest health insurance companies providing clinical services in the New York City area.

(b) *Pro Forma Financial Information.*

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**SENIOR HOUSING PROPERTIES TRUST**

Introduction to Unaudited Pro Forma Condensed Consolidated Financial Statements

The following unaudited pro forma condensed consolidated balance sheet as of September 30, 2009, reflects our financial position as if the transactions described in the footnotes to the unaudited pro forma condensed consolidated financial statements were completed on September 30, 2009. The unaudited pro forma condensed consolidated statement of income for the nine months ended September 30, 2009 and the year ended December 31, 2008, presents our results of operations as if the transactions described in the notes to the unaudited pro forma condensed consolidated financial statements were completed on January 1, 2009 and 2008, respectively. These unaudited pro forma condensed consolidated financial statements should be read in conjunction with our financial statements for the quarter and nine months ended September 30, 2009, included in our Quarterly Report on Form 10-Q, our financial statements for the year ended December 31, 2008, included in our Annual Report on Form 10-K, the historical financial statements included in our Current Report on Form 8-K dated May 9, 2008 and in our Current Report on Form 8-K/A dated May 22, 2008 and the unaudited pro forma condensed consolidated financial statements included in our Current Report on Form 8-K/A dated September 29, 2008, our Current Report on Form 8-K dated December 17, 2008, our Current Report on Form 8-K dated April 8, 2009, our Current Report on Form 8-K dated July 7, 2009 and our Current Report on Form 8-K dated August 18, 2009.

The unaudited pro forma financial statements assume the receipt of \$512.9 million of mortgage financing proceeds and the acquisitions of 45 medical office, clinic and biotech laboratory buildings, or MOBs, (excluding two MOBs we sold in 2009) from HRPT Properties Trust, or HRP, which were financed with cash on hand, proceeds from our mortgage financing in August 2009, proceeds from our equity issuances, borrowings under our revolving credit facility and by assuming three mortgage loans on two of the properties. These unaudited pro forma financial statements are provided for informational purposes only and our financial position and results of our operations may be significantly different than what is presented in these unaudited pro forma financial statements. In the opinion of management, all adjustments necessary to reflect the effects of the transactions described above have been included in the pro forma financial statements.

The allocation of the purchase price of certain acquisitions of the MOBs from HRP and the other property acquisitions described in the notes to the unaudited pro forma condensed consolidated financial statements and reflected in these unaudited pro forma condensed consolidated financial statements is based upon preliminary estimates of the fair value of assets acquired and liabilities assumed. Consequently, amounts preliminarily allocated to assets acquired and liabilities assumed could change significantly from those used in the unaudited pro forma financial statements.

These unaudited pro forma financial statements are not necessarily indicative of the expected results of operations for any future period. Differences could result from future changes in our

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portfolio of investments, changes in interest rates, changes in our capital structure, changes in property level operating expenses, changes in property level revenues including rents expected to be received on leases in place or signed during and after 2009 or for other reasons. Consequently, actual future results are likely to be different than amounts presented in the unaudited pro forma financial statements related to these transactions.

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## Unaudited Pro Forma Condensed Consolidated Balance Sheet

September 30, 2009

(dollars in thousands)

		Pro Forma Adjustments		
	Historical	Acquired Properties (A)	Other Pending Acquisitions and Adjustments (B)	Pro Forma
<b>ASSETS:</b>				
Real estate properties, at cost	\$ 3,201,544	\$ 112,750	\$ 3,585	\$ 3,317,879
Less accumulated depreciation	435,310			435,310
	2,766,234	112,750	3,585	2,882,569
Cash and cash equivalents	72,487	(67,487)		5,000
Restricted cash	4,728			4,728
Deferred financing fees, net	14,703			14,703
Acquired real estate leases, net	44,554			44,554
Other assets	52,330			52,330
	\$ 2,955,036	\$ 45,263	\$ 3,585	\$ 3,003,884
<b>LIABILITIES AND SHAREHOLDERS</b>				
<b>EQUITY:</b>				
Unsecured revolving credit facility	\$	\$ 45,263	\$ 3,585	\$ 48,848
Senior unsecured notes due 2012 and 2015, net of discount	322,124			322,124
Secured debt and capital leases	662,116			662,116
Acquired real estate lease obligations, net	10,071			10,071
Other liabilities	44,660			44,660
Shareholders' equity	1,916,065			1,916,065
	\$ 2,955,036	\$ 45,263	\$ 3,585	\$ 3,003,884

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

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## Unaudited Pro Forma Condensed Consolidated Statement of Income

Nine Months Ended September 30, 2009

(amounts in thousands, except per share amounts)

	Historical	MOBs Acquired (C)	Other Acquired Properties (D)	Pro Forma Adjustments	Pro Forma
<b>REVENUES:</b>					
Rental income	\$ 209,785	\$	\$ 7,399	\$ (883) (E)	\$ 216,301
MOB rental income		9,644	12,593	(179) (F)	22,058
Interest and other income	750				750
Total revenues	210,535	9,644	19,992	(1,062)	239,109
<b>EXPENSES:</b>					
Property operating expenses	10,286	1,937	378	(6) (G)	12,595
Interest	37,432			19,635 (H)	57,067
Depreciation	56,713		5,412	2,993 (I)	65,118
Acquisition costs	1,911			1,800 (J)	3,711
Impairment of assets	11,249				11,249
General and administrative	15,335		1,053	421 (K)	16,809
Total expenses	132,926	1,937	6,843	24,843	166,549
Income before gain on sale of property	77,609	7,707	13,149	(25,905)	72,560
Gain on sale of property				300 (L)	300
Net income	\$ 77,609	\$ 7,707	\$ 13,149	\$ (25,605)	\$ 72,860
Weighted average shares outstanding	120,005			7,373 (M)	127,378
Basic and diluted earnings per share:					
Income before gain on sale of property	\$ 0.65				\$ 0.57
Net income	\$ 0.65				\$ 0.57

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

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## Unaudited Pro Forma Condensed Consolidated Statement of Income

Year Ended December 31, 2008

(amounts in thousands, except per share amounts)

	Historical	MOBs Acquired (N)	Other Acquired Properties (O)	Pro Forma Adjustments	Pro Forma
<b>REVENUES:</b>					
Rental income	\$ 233,210	\$	\$ 9,866	\$ 13,516 (P)	\$ 256,592
MOB rental income		43,712	16,898	5,204 (Q)	65,814
Interest and other income	2,327				2,327
Total revenues	235,537	43,712	26,764	18,720	324,733
<b>EXPENSES:</b>					
Property operating expenses	2,792	12,074	507	556 (R)	15,929
Interest	40,154			35,619 (S)	75,773
Depreciation	60,831		7,245	17,005 (T)	85,081
General and administrative	17,136		1,409	2,619 (U)	21,164
Impairment of assets	8,379				8,379
Total expenses	129,292	12,074	9,161	55,799	206,326
Income before gain on sale of properties	106,245	31,638	17,603	(37,079)	118,407
Gain on sale of properties	266			300 (V)	566
Net income	\$ 106,511	\$ 31,638	\$ 17,603	\$ (36,779)	\$ 118,973
Weighted average shares outstanding	105,153			22,225 (W)	127,378
<b>Basic and diluted earnings per share:</b>					
Income before gain on sale of properties	\$ 1.01				\$ 0.93
Net income	\$ 1.01				\$ 0.93

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

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Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

(dollars in tables in thousands, or as otherwise stated)

**Unaudited Pro Forma Condensed Consolidated Balance Sheet Adjustments**



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(A) Represents the impact of our completed acquisitions of 10 senior living properties from two unaffiliated parties for \$112.8 million, plus closing costs, which were acquired subsequent to September 30, 2009 and related financing. These acquisitions were funded with cash on hand and borrowings under our revolving credit facility.

Included in the September 30, 2009 historical numbers are 45 MOBs that were acquired between June 2008 and September 30, 2009 from HRP for approximately \$558.2 million, plus closing costs, including the assumption of three mortgage loans that encumber two properties totaling \$10.8 million at a weighted average interest rate of 7.1% per annum. The September 30, 2009 historical column also includes one MOB acquired in September 2008 from an unaffiliated party for \$18.6 million, plus closing costs, and 10 MOBs acquired in September 2009 from an unaffiliated party for \$169.0 million, plus closing costs. Intangible lease assets and liabilities recorded by us for these acquisitions totaled \$47.9 million and \$7.3 million, respectively.

(B) Represents the impact of a pending acquisition of a senior living property that we have agreed to acquire from an unaffiliated party for approximately \$4.9 million. We expect to fund this acquisition using borrowings on our revolving credit facility. Also represents the impact of our sale of two skilled nursing facilities subsequent to September 30, 2009, to two unaffiliated parties for an aggregate sale price of \$1.9 million.

### **Unaudited Pro Forma Condensed Consolidated Statement of Income Adjustments for the Nine Months Ended September 30, 2009**





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(C) Represents the impact on rental income, reimbursement income and operating expenses for the nine months ended September 30, 2009 of the prorated historical results of the one MOB acquired by us in January 2009, two MOBs acquired in May 2009, three MOBs acquired in August 2009 and four MOBs acquired in September 2009, as if these acquisitions occurred on January 1, 2009.

Included in the September 30, 2009 historical numbers for rental income, property operating expenses, interest expense, depreciation and acquisition costs are \$35.2 million, \$10.3 million, \$560,000, \$8.7 million and \$1.9 million, respectively, of the 47 MOBs acquired from HRP (two of which we sold in 2009), the 11 MOBs acquired from two unaffiliated parties and the pro rated results of the two MOBs sold prior to September 30, 2009. A management fee of 3% of gross rents is included in property operating expenses.

(D) Represents the impact of our completed acquisitions of ten senior living properties from two unaffiliated parties for \$112.8 million, plus closing costs, which were acquired subsequent to September 30, 2009 and ten MOBs acquired from an unaffiliated party for \$169.0 million, plus closing costs, in September 2009.

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## Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

(dollars in tables in thousands, or as otherwise stated)

(E) Represents the impact of the one senior living property we have agreed to acquire from an unaffiliated party for \$4.9 million as described in Note (B), the sale of two skilled nursing facilities to two unaffiliated parties subsequent to September 30, 2009 described in Note (B) and the reduction of rent payable by Five Star to us related to the FNMA financing as if these transactions occurred on January 1, 2009. For more information about this FNMA financing and the agreement we entered with Five Star to facilitate this financing please see Part II, Item 5 of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009. We intend to lease the senior living property which is pending acquisition for initial rent of approximately \$429,000. We expect to fund this acquisition using cash on hand and borrowings under our revolving credit facility. The adjustments are as follows:

Pending Senior Living Acquisition from an Unaffiliated Party	\$	429
Sale of Two Skilled Nursing Facilities to Unaffiliated Parties		(134)
Five Star Rent Reduction		(1,178)
Total	\$	(883)

(F) Represents the rental income adjustment for the sale of two MOB's to unaffiliated parties for \$3.2 million in 2009 as if this transaction occurred on January 1, 2009.

(G) Represents the property operating expense adjustment for the sale of two MOB's to unaffiliated parties in 2009. The adjustment represents the nine month impact assuming these transactions occurred on January 1, 2009.

(H) Represents the impact on interest expense for the \$512.9 million FNMA financing used to repay borrowings outstanding on our revolving credit facility and to fund certain acquisitions, as well as the amortization of \$11.8 million of deferred financing fees in relation to this FNMA financing as if this transaction occurred on January 1, 2009. Also includes the impact on interest expense related to other completed and pending acquisitions funded with borrowings under our revolving credit facility at our current borrowing rate of 1.04% per annum. The additional net interest expense is as follows:

FNMA Financing	\$	19,917
FNMA Proceeds Repay Amounts Outstanding on Revolving Credit Facility		(1,359)
FNMA Financing Amortization of Deferred Financing Fees		696
Other Completed and Pending Acquisition Financing		381
Total	\$	19,635

(I) Represents the impact on depreciation expense for the nine months ended September 30, 2009, of properties acquired by us in 2009 described in Notes (C) and (D), the impact of the pending senior living acquisition described in Note (E), the impact of the sale of two MOB's in 2009 described in Note (E) and the impact on the acquisition of \$8.5 million of furniture, fixtures and equipment, or FF&E, from Five

Star in August

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Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

(dollars in tables in thousands, or as otherwise stated)

2009 as part of the FNMA financing as if these transactions occurred on January 1, 2009. The additional depreciation expense is as follows:

MOBs Acquired from HRP	\$	2,795
Pending Senior Living Acquisition from an Unaffiliated Party		95
MOBs Sold to Unaffiliated Parties		(26)
FNMA FF&E Acquired from Five Star		129
<b>Total</b>	<b>\$</b>	<b>2,993</b>

(J) Represents the estimated acquisition costs related to our acquisitions subsequent to September 30, 2009.

(K) Represents the impact on general and administrative expenses for the nine months ended September 30, 2009, of properties acquired by us in 2009 described in Notes (C) and (D), the impact of the one pending senior living acquisition described in Note (E), the impact of the sale of two skilled nursing facilities described in Note (E) and the impact on the acquisition of \$8.5 million of FF&E from Five Star in August 2009 as part of the FNMA financing. The increase in general and administrative expense represents the management fees payable to Reit Management & Research LLC, or RMR. The management fees paid by us to RMR with respect to the acquired MOBs from HRP will be the same as the management fees that were being paid by HRP with respect to these MOBs immediately before we acquired these MOBs and they will not increase as a result of our purchase prices being higher than HRP's historical costs of these MOBs. The additional general and administrative expenses are as follows:

MOBs Acquired from HRP	\$	388
Pending Senior Living Acquisition from an Unaffiliated Party		18
Sale of Two Skilled Nursing Facilities to Unaffiliated Parties		(10)
FNMA FF&E Acquired from Five Star		25
<b>Total</b>	<b>\$</b>	<b>421</b>

(L) Represents our estimated net gain that we expect to recognize in the fourth quarter of 2009 related to the sale of two skilled nursing facilities subsequent to September 30, 2009.

(M) In February and September 2009, we issued 5.9 million and 6.9 million of our common shares in an underwritten public offering, raising net proceeds of \$96.8 million and \$127.2 million, respectively. We used the net proceeds from these offerings to repay borrowings outstanding on our revolving credit facility and for general business purposes, including funding, in part, certain acquisitions described in Notes (C) and (D). The adjustment to our weighted average shares outstanding shows the effect on our weighted average shares outstanding for the nine months ended September 30, 2009, as if we issued these additional shares on January 1, 2009.



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Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

(dollars in tables in thousands, or as otherwise stated)

**Unaudited Pro Forma Condensed Consolidated Statement of Income Adjustments for the Year Ended December 31, 2008**





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(N) Represents the impact on rental income, reimbursement income and operating expenses for the year ended December 31, 2008 of the historical results of the 10 MOBs acquired by us subsequent to December 31, 2008 and pro rated results of the MOBs acquired by us between June and December 31, 2008, as if these acquisitions occurred on January 1, 2008.

Included in the December 31, 2008 historical numbers for rental income, property operating expenses, interest expense, depreciation, general and administrative expenses and impairment of assets are \$12.3 million, \$2.8 million, \$346,000, \$3.3 million, \$16,000 and \$1.4 million, respectively, of the MOBs acquired from HRP and the one MOB acquired from an unaffiliated party since June 2008 from the date of acquisition through December 31, 2008. A management fee of 3% of gross rents is included in property operating expenses.

(O) Represents the impact of our completed acquisitions in 2009 of ten senior living properties from two unaffiliated parties for \$112.8 million, plus closing costs, and ten MOBs acquired from an unaffiliated party for \$169.0 million, plus closing costs, as if these transactions occurred on January 1, 2008.

(P) During the year ended December 31, 2008, we purchased 30 senior living properties with a total of 2,507 units and four wellness centers with a total of 458,000 square feet for approximately \$379.3 million and \$100.0 million, respectively, from nine unaffiliated parties. We leased these properties for initial rent of \$39.4 million. We funded these acquisitions using cash on hand, proceeds from equity issuances in December 2007 and February and June 2008, borrowings under our revolving credit facility and the assumption of 15 mortgage loans that encumber eight of these senior living properties totaling \$50.5 million at a weighted average interest rate of 6.5% per annum. Also includes the pending acquisition of one senior living property from an unaffiliated party described in Note (B), the sale of two skilled nursing facilities to two unaffiliated parties in 2009 described in Note (B) and the reduction of rent payable by Five Star to us related to the FNMA financing. The adjustment to rental income represents the full year impact assuming these transactions occurred on January 1, 2008. The adjustments are as follows:

2008 Senior Living and Wellness Center Acquisitions	\$	15,264
Pending Senior Living Acquisition from an Unaffiliated Party		429
Sale of Two Skilled Nursing Facilities to Unaffiliated Parties		(177)
Five Star Rent Reduction		(2,000)
<b>Total</b>	<b>\$</b>	<b>13,516</b>

(Q) Represents the rental income adjustment for the one MOB acquired from an unaffiliated party on September 30, 2008, the sale of two MOBs to unaffiliated parties

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### SENIOR HOUSING PROPERTIES TRUST

#### Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

(dollars in tables in thousands, or as otherwise stated)

for \$3.2 million in 2009 and the straight-line rent adjustment for the acquired MOBs from HRP. Also includes the preliminary amortization of capitalized above and below market lease values for these acquired and pending acquisitions. The adjustments are as follows:

MOBs Acquired from Unaffiliated Party	\$	1,832
MOBs Sold to Unaffiliated Parties		(417)
MOBs Acquired from HRP (Straight-line)		4,894
MOBs Acquired from HRP (Above Market Leases)		(1,512)
MOBs Acquired from Unaffiliated Party (Above Market Leases)		(41)
MOBs Acquired from HRP (Below Market Leases)		407
MOBs Acquired from Unaffiliated Party (Below Market Leases)		41
Total	\$	5,204

(R) Represents the property operating expense adjustments for the sale of two MOBs to unaffiliated parties in 2009 and the one MOB acquired from an unaffiliated party on September 30, 2008. These adjustments represent the full year impact assuming they occurred on January 1, 2008. The adjustments are as follows:

MOBs Sold to Unaffiliated Parties	\$	(13)
MOB Acquired from Unaffiliated Party		569
Total	\$	556

(S) Represents the impact on interest expense from the assumption of three mortgage loans that encumber two of the MOBs totaling \$10.8 million at a weighted average interest rate of 7.1% per annum described above in Note (A) and the assumption of 15 mortgage loans that encumber eight of the senior living properties totaling \$50.5 million at a weighted average interest rate of 6.5% per annum described above in Note (P). Also represents the impact on interest expense for the \$512.9 million FNMA financing used to repay borrowings outstanding on our revolving credit facility and to fund acquisitions, as well as the amortization of \$11.8 million of deferred financing fees in relation to this FNMA financing and the impact on interest expense for the other acquired and pending acquisitions funded with borrowings under our revolving credit facility at our current borrowing rate of 1.04% per annum as if these transactions occurred on January 1, 2008. The additional net interest expense is as follows:

FNMA Financing	\$	33,813
FNMA Proceeds Repay Amounts Outstanding on Revolving Credit Facility		(2,508)
FNMA Financing Amortization of Deferred Financing Fees		1,182
Other Completed and Pending Acquisition Funding		469
MOBs Acquired Debt Assumption		461
Senior Living Properties Acquired Debt Assumption		2,202
Total	\$	35,619



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## Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

(dollars in tables in thousands, or as otherwise stated)

(T) Represents the impact on depreciation expense for the year ended December 31, 2008, of properties acquired by us during the year ended December 31, 2008 described in Note (P), the impact of the acquisitions of the MOB's described in Note (N), the impact of the pending senior living acquisition described in Note (P), the impact of the sale of two MOB's and two skilled nursing facilities to unaffiliated parties described in Notes (P) and (Q) and the impact on the acquisition of \$8.5 million of FF&E from Five Star in August 2009 as part of the FNMA financing as if these transaction occurred on January 1, 2008. Also includes the preliminary amortization of capitalized origination costs for these acquired and pending MOB acquisitions. The additional depreciation expense is as follows:

2008 Senior Living and Wellness Center Acquisitions	\$	4,681
MOB's Acquired from HRP		10,914
MOB's Acquired in 2008 from Unaffiliated Party		342
Pending Senior Living Acquisition from an Unaffiliated Party		126
MOB's Sold to Unaffiliated Parties		(69)
Sale of Two Skilled Nursing Facilities to Unaffiliated Parties		(139)
FNMA FF&E Acquired from Five Star		219
MOB's Acquired from HRP (Origination Costs)		826
MOB's Acquired from Unaffiliated Party (Origination Costs)		105
Total	\$	17,005

(U) Represents the impact on general and administrative expenses for the year ended December 31, 2008, of properties acquired by us during the year ended December 31, 2008 described in Note (P), the impact of the acquisitions of the MOB's described in Note (N), the impact of the one pending senior living acquisition described in Note (P), the impact of the sale of two MOB's and two skilled nursing facilities to unaffiliated parties described in Notes (P) and (Q) and the impact on the acquisition of \$8.5 million of FF&E from Five Star in August 2009 as part of the FNMA financing as if these acquisitions occurred on January 1, 2008. The increase in general and administrative expense represents the management fees payable to RMR. The management fees paid by us to RMR with respect to the acquired and pending MOB's from HRP will be the same as the management fees that are currently being paid by HRP with respect to these MOB's and they will not increase as a result of our purchase prices being higher than HRP's historical costs of these MOB's. The additional general and administrative expenses are as follows:

2008 Senior Living and Wellness Center Acquisitions	\$	912
MOB's Acquired from HRP		1,598
MOB's Acquired in 2008 from Unaffiliated Party		70
Pending Senior Living Acquisition from an Unaffiliated Party		25
MOB's Sold to Unaffiliated Parties		(16)
Sale of Two Skilled Nursing Facilities to Unaffiliated Parties		(13)
FNMA FF&E Acquired from Five Star		43
Total	\$	2,619

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**SENIOR HOUSING PROPERTIES TRUST**

Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

(dollars in tables in thousands, or as otherwise stated)

(V) Represents our estimated net gain that we expect to recognize in the fourth quarter of 2009 related to the sale of two skilled nursing facilities subsequent to September 30, 2009.

(W) In February 2008, June 2008, February 2009 and September 2009, we issued 6.2 million, 19.6 million, 5.9 million and 6.9 million of our common shares in underwritten public offerings, raising net proceeds of \$129.4 million, \$393.7 million, \$96.8 million and \$127.2 million, respectively. We used the net proceeds from these offerings to repay borrowings outstanding on our revolving credit facility and for general business purposes, including funding, in part, the acquisitions described in Notes (N), (O) and (P). The adjustment to our weighted average shares outstanding shows the effect on our weighted average shares outstanding for the year ended December 31, 2008, as if we issued the additional shares on January 1, 2008.

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**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/ Richard A. Doyle  
Richard A. Doyle  
Treasurer and Chief Financial Officer  
Dated: December 8, 2009