

SENIOR HOUSING PROPERTIES TRUST
Form 8-K
October 12, 2011

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): **October 12, 2011 (October 12, 2011)**

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.)

Two Newton Place, 255 Washington Street, Suite 300, Newton, MA
(Address of Principal Executive Offices)

02458-1634
(Zip Code)

617-796-8350

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(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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In this Current Report, the terms we, us, and our refer to Senior Housing Properties Trust and its consolidated subsidiaries, unless otherwise noted; CWH refers to CommonWealth REIT or its applicable subsidiaries, and Five Star refers to Five Star Quality Care, Inc. or its applicable subsidiaries.

FORWARD LOOKING STATEMENTS

THIS CURRENT REPORT CONTAINS STATEMENTS WHICH CONSTITUTE FORWARD LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND FEDERAL SECURITIES LAWS. 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 AND THEIR IMPLICATIONS ARE BASED UPON OUR PRESENT INTENT, BELIEFS OR EXPECTATIONS, BUT FORWARD LOOKING STATEMENTS AND THEIR IMPLICATIONS ARE NOT GUARANTEED TO OCCUR AND MAY NOT OCCUR. OUR ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE CONTAINED IN OR IMPLIED BY OUR FORWARD LOOKING STATEMENTS AS A RESULT OF VARIOUS FACTORS, INCLUDING SOME THAT ARE BEYOND OUR CONTROL. FOR EXAMPLE:

- OUR PENDING ACQUISITIONS OF SENIOR LIVING COMMUNITIES AND MOBS AND CERTAIN RELATED MANAGEMENT ARRANGEMENTS ARE CONTINGENT UPON VARIOUS CLOSING CONDITIONS, INCLUDING IN SOME CASES, OUR COMPLETION OF DILIGENCE, AND/OR REGULATORY, LENDER OR OTHER THIRD PARTY APPROVALS. ACCORDINGLY, SOME OR ALL OF THESE PURCHASES AND ANY RELATED MANAGEMENT ARRANGEMENTS MAY BE DELAYED OR MAY NOT OCCUR.
- THIS CURRENT REPORT STATES THAT THE TERMS OF VARIOUS TRANSACTIONS BETWEEN US AND EACH OF CWH AND FIVE STAR WERE REVIEWED AND APPROVED BY SPECIAL COMMITTEES OF EACH OF OUR BOARD OF TRUSTEES AND CWH'S BOARD OF TRUSTEES OR FIVE STAR'S BOARD OF DIRECTORS, RESPECTIVELY, COMPOSED SOLELY OF INDEPENDENT TRUSTEES OR DIRECTORS WHO ARE NOT ALSO TRUSTEES OR DIRECTORS OF THE OTHER PARTY TO THE TRANSACTION, AND THAT WE AND THEY WERE REPRESENTED BY SEPARATE COUNSEL. AN IMPLICATION OF THESE STATEMENTS MAY BE THAT THE PURCHASE PRICES AND OTHER TERMS OF THESE TRANSACTIONS ARE AS FAVORABLE TO US AS THOSE WE WOULD OBTAIN IN SIMILAR TRANSACTIONS WITH THIRD PARTIES. REIT MANAGEMENT & RESEARCH LLC PROVIDES MANAGEMENT SERVICES TO EACH OF US, CWH AND FIVE STAR, AND WE, CWH AND FIVE STAR HAVE COMMON TRUSTEES OR DIRECTORS AND OTHER RELATIONSHIPS. ACCORDINGLY, WE, CWH AND FIVE STAR MAY BE CONSIDERED TO BE RELATED PARTIES, AND, ALTHOUGH WE BELIEVE THE TERMS OF THESE TRANSACTIONS ARE FAIR AND APPROPRIATE TO US, THERE CAN BE NO ASSURANCE THAT THE PURCHASE PRICES AND OTHER TERMS OF THE TRANSACTIONS ARE THE SAME OR AS FAVORABLE TO US AS WE WOULD HAVE OBTAINED IN SIMILAR TRANSACTIONS WITH THIRD PARTIES.

THE INFORMATION CONTAINED IN OUR FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION, OR THE SEC, INCLUDING UNDER RISK FACTORS IN OUR PERIODIC REPORTS, OR INCORPORATED THEREIN, IDENTIFIES OTHER IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE IN OUR FORWARD LOOKING STATEMENTS. OUR FILINGS WITH THE SEC ARE AVAILABLE ON ITS 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.

Item 8.01. Other Events.

As previously reported in our Current Report on Form 8-K dated September 23, 2011, or the September 23 Current Report, we entered into a series of agreements for the purchase from CWH and certain of its subsidiaries of 13 properties which are majority leased as medical office buildings and to tenants in medical related businesses, or MOB. On September 30, 2011, we completed the purchases of all 13 of these MOB for an aggregate purchase price of \$167.0 million, excluding closing costs. We funded these acquisitions using cash on hand and borrowings under our \$750.0 million revolving credit facility.

For more information about the purchase agreements, the 13 MOB and certain related matters, please refer to the September 23 Current Report. Also, please refer to the information in Item 9.01 below under Information Regarding Certain Relationships and Related Transactions .

Item 9.01. Financial Statements and Exhibits.

Explanatory Note

27 MOB. As previously reported in our Current Report on Form 8-K dated November 18, 2010, or the November 18 Current Report, our Current Report on Form 8-K dated December 8, 2010, or the December 8 Current Report, and our Current Report on Form 8-K dated June 27, 2011, or the June 27 Current Report, in November 2010, we agreed to purchase 27 MOB, or the 27 MOB, from CWH pursuant to a series of purchase agreements. The December 8 Current Report contains financial statements and pro forma financial information required by Items 9.01(a) and (b) of Form 8-K in connection with the matters reported in the November 18 Current Report. As of January 26, 2011, we completed the acquisitions of all of the 27 MOB for an aggregate purchase price of \$470.0 million, excluding closing costs. We funded these acquisitions using cash on hand, proceeds from an equity offering, proceeds from the sale of unsecured senior notes and borrowings under our revolving credit facility. For more information about these purchase agreements, the 27 MOB and certain related matters, please refer to the November 18 Current Report, the December 8 Current Report and the June 27 Current Report.

20 Senior Living Communities. As previously reported in our Current Report on Form 8-K dated March 8, 2011, or the March 8 Current Report, and our Current Report on Form 8-K dated May 13, 2011, or the May 13 Current Report, in March 2011, we agreed to acquire 20 senior living communities, or the 20 Senior Living Communities, for approximately \$304.0 million. As of the date of this Current Report, we have acquired 18 of these communities for approximately \$258.4 million, excluding closing costs. We funded these acquisitions using cash on hand, proceeds from an equity offering and borrowings under our revolving credit facility, and by assuming approximately \$73.4 million of mortgage loans. We expect to acquire the remaining two of the 20 Senior Living Communities in 2011 and 2012, subject to satisfaction of various conditions to closing, including various regulatory approvals and lender consents. We can provide no assurance as to when or if the closing of these remaining acquisitions will occur. We expect to fund the remaining acquisitions using cash on hand and borrowings under our revolving credit facility and by assuming approximately \$4.9 million of mortgage loans. For more information about the related purchase agreements, the 20 Senior Living Communities and certain related matters, please refer to the March 8 Current Report and the May 13 Current Report.

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On May 12, 2011, we entered into agreements for Five Star to manage 15 of these 20 Senior Living Communities, or the Managed Communities, under long term contracts with us. Thirteen of the 18 communities acquired to date are Managed Communities. The related management agreements became or will become effective upon our acquisition of the related senior living communities. Five Star began leasing the other five of the 18 communities we have acquired when we acquired them in June and July, 2011. As noted above, our acquisitions of the remaining two of the 20 Senior Living Communities are subject to satisfaction of various conditions to closing, including various regulatory and lender consents; accordingly, we can provide no assurance as to when Five Star will begin to operate these Managed Communities. For more information about the management agreements and leases, please refer to the March 8 Current Report and the May 13 Current Report.

9 Senior Living Communities. As previously reported in our Current Report on Form 8-K dated September 1, 2011, or the September 1 Current Report, we have agreed to acquire nine senior living communities, or the 9 Senior Living Communities, for approximately \$478.0 million. We expect these communities to be managed by Five Star under long term management contracts on terms similar to the terms of the existing senior living community management contracts between us and Five Star. We currently expect to fund these purchases using cash on hand, borrowings under our credit facility and by assuming approximately \$164.3 million of mortgage debt secured by five of the 9 Senior Living Communities. The purchases of the 9 Senior Living Communities are subject to various conditions, including regulatory and other third party approvals. We currently expect to close on the majority of the communities in the fourth quarter of 2011. The purchase of one community may be delayed into 2012 because of required approvals, especially the licensing process in New York. However, we can provide no assurance that we will purchase all or any of these properties. For more information about the related purchase agreements, the 9 Senior Living Communities, the contemplated management contracts with Five Star and certain related matters, please refer to the September 1 Current Report.

13 MOBs. As reported in Item 8.01 of this Current Report, in September 2011, we purchased 13 MOBs, or the 13 MOBs, from CWH for an aggregate purchase price of \$167.0 million, excluding closing costs. We funded these acquisitions using cash on hand and borrowings under our revolving credit facility. For more information about the related purchase agreements, the 13 MOBs and certain related matters, please refer to the September 23 Current Report.

Other Acquisitions. In addition to the foregoing, during the six months ended June 30, 2011, we acquired an additional senior living community with 73 living units and five additional MOBs with approximately 257,262 aggregate square feet for purchase prices of \$43.4 million in the aggregate, excluding closing costs. We funded these acquisitions using cash on hand and borrowings under our revolving credit facility. In July 2011, we acquired an additional MOB with approximately 32,476 square feet for a purchase price of \$5.2 million, excluding closing costs. We funded this acquisition using cash on hand and by assuming approximately \$3.7 million of mortgage debt.

As of the date of this Current Report, we also have agreements to acquire one additional senior living community and three additional MOBs from unaffiliated parties for purchase prices aggregating approximately \$43.7 million, including our assumption of approximately \$9.7 million of mortgage debt and excluding closing costs. The purchases of these properties are subject to various conditions, including, in some cases, satisfactory completion of due diligence or third party

approvals. We currently expect to complete these purchases during 2011, but we can provide no assurance that we will purchase all or any of these properties.

Item 9.01 of this Current Report provides updated unaudited pro forma financial statements reflecting (1) the acquisition of the 27 MOBs, (2) the acquisition of 18 of the 20 Senior Living Communities, (3) the acquisitions of the 13 MOBs, (4) the other acquisitions we completed described above under Other Acquisitions, (5) the pending acquisition of the remaining two of the 20 Senior Living Communities, (6) the pending acquisition of the 9 Senior Living Communities, and (7) the other pending acquisitions described above under Other Acquisitions.

Information Regarding Certain Relationships and Related Transactions

We were a 100% owned subsidiary of CWH until our common shares were distributed to CWH's shareholders in 1999. We currently own 250,000 common shares of CWH. Five Star is our former subsidiary and our largest tenant, and we are Five Star's largest shareholder. As of June 30, 2011, we owned approximately 8.9% of Five Star's outstanding shares of common stock. We have numerous relationships with CWH and Five Star, including the arrangements referred to in this Current Report.

Reit Management & Research LLC, or RMR, provides management services to each of us, CWH and Five Star. One of our Managing Trustees, Barry M. Portnoy, is Chairman and majority owner of RMR. Adam D. Portnoy, our other Managing Trustee, is Mr. Barry Portnoy's son, and he beneficially owns the remainder of RMR and is a director and the President and Chief Executive Officer of RMR. Our President and Chief Operating Officer is a director of RMR. Each of our and CWH's and three of Five Star's executive officers are also officers of RMR. Messrs. Barry Portnoy and Adam Portnoy also serve as managing trustees of CWH, Mr. Barry Portnoy is a managing director of Five Star and Frederick N. Zeytoonjian serves as an Independent Trustee of us and of CWH. Our Independent Trustees also serve as directors or trustees of other public companies to which RMR provides management services; Mr. Barry Portnoy serves as a managing director or trustee of those companies, and Mr. Adam Portnoy serves as a managing trustee of a majority of those companies.

The terms of the purchases of the 27 MOBs and the 13 MOBs properties were negotiated by special committees of each of our and CWH's Boards of Trustees, composed solely of independent trustees who are not also trustees of the other party, and we and CWH were represented by separate counsel. Also, the purchase prices for these properties were established by reference to an appraisal by a nationally recognized real estate appraisal firm. The terms of the management agreements and leases between us and Five Star were reviewed and approved by special committees of each of our Board of Trustees and Five Star's board of directors composed solely of Independent Trustees or independent directors who are not also trustees or directors of the other party and who were represented by separate counsel.

We currently own approximately 14.29% of the outstanding equity of Affiliates Insurance Company, or AIC. The other shareholders of AIC are RMR and five other companies to which RMR provides management services, including CWH and Five Star. All of our Trustees, all of the trustees and directors of the other publicly held AIC shareholders and nearly all of the directors of RMR currently serve on the board of directors of AIC. RMR provides management and administrative services to AIC. In 2010, AIC designed a combination property insurance program

for us and other AIC shareholders in which AIC participated as a reinsurer. That program was modified and extended in 2011.

For more information about these and other relationships among us, our Trustees, our executive officers, CWH, Five Star, RMR, AIC, other companies to which RMR provides management services, and others affiliated with or related to them and about the risks which may arise as a result of those and other related person transactions and relationships, please see our Annual Report on Form 10-K for the year ended December 31, 2010, or our Annual Report, our Proxy Statement for our 2011 Annual Meeting of Shareholders dated February 24, 2011, or our Proxy Statement, our Quarterly Report on Form 10-Q for the quarter ended June 30, 2011, the March 8 Current Report, the May 13 Current Report, the June 27 Current Report, the September 1 Current Report, the September 23 Current Report, and our other filings with the Securities and Exchange Commission, or the SEC, including the sections captioned *Business and Management's Discussion and Analysis of Financial Condition and Results of Operations Related Person Transactions* in our Annual Report, the sections captioned *Management's Discussion and Analysis of Financial Condition and Results of Operations Related Person Transactions* in our Quarterly Report, and the information regarding our Trustees and executive officers and the section captioned *Related Person Transactions and Company Review of Such Transactions* in our Proxy Statement. In addition, please see the *Risk Factors* section of our Annual Report for a description of risks which may arise from these transactions and relationships. Our filings with the SEC, including our Annual Report, our Quarterly Report and our Proxy Statement, are available at the SEC's website at www.sec.gov. In addition, copies of certain of our agreements with these parties are also publicly available as exhibits to our public filings with the SEC and accessible at the SEC's website, including our lease agreements, Bridge Loan agreement and form of management agreement and related pooling agreement we have with Five Star and our business management and property management agreement with RMR.

Further Background on Pro Forma Data

This Current Report, on page F-1 and the following pages, includes pro forma financial data for us, which includes (1) the acquisition of the 27 MOBs, (2) the acquisition of 18 of the 20 Senior Living Communities, (3) the acquisitions of the 13 MOBs, (4) the other acquisitions we completed described above under *Other Acquisitions*, (5) the pending acquisition of the remaining two of the 20 Senior Living Communities, (6) the pending acquisition of the 9 Senior Living Communities, and (7) the other pending acquisitions described above under *Other Acquisitions*. Because changes will likely occur in occupancy, rents and expenses with respect to the properties acquired and because our pending acquisitions may not be completed, the pro forma financial data presented should not be 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.

The total purchase prices for the 65 properties we have acquired and which are referred to in the proceeding paragraph was \$944.0 million. We funded those acquisitions using cash on hand, borrowings under our revolving credit facility, proceeds from our equity offerings in December 2010 and July 2011 and proceeds from our sale of unsecured senior notes in January 2011, and by assuming approximately \$77.1 million of mortgage loans. We currently expect to fund the \$567.1 million total purchase prices for our pending acquisitions of 12 additional senior living communities and three additional MOBs described above using cash on hand and borrowings

under our revolving credit facility and by assuming approximately \$178.9 million of mortgage debt.

Certain properties acquired by us are leased to 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. We have previously provided summary financial data and other information regarding Five Star in our Quarterly Reports on Form 10-Q filed with the SEC and in our Annual Report. Our other tenants with net leases are engaged in a range of health care related industries including health services, biotechnology research and pharmaceutical research and manufacturing with no significant concentration in any particular industry other than health care generally. The majority in number of these net lease tenants, other than Five Star, are privately owned. Certain leases are guaranteed by affiliates of the tenants. As of the date of this Current Report, we believe that each of these net lease tenants is current in its rent payments due to us. The five most significant net lease tenants are: Five Star; Aurora Health Care, or Aurora; Scripps Research Institute, or Scripps; Reliant Medical Group (formerly known as Fallon Community Health Plan), or Reliant; and HIP Health 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 not for profit health research institutes in the United States and is located in La Jolla, California. Reliant 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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(d) *Exhibits.*

2.1 First Amendment to Purchase Agreement, dated as of August 29, 2011, among CC-BOCA, INC., CR CHEVY CHASE PARTNERSHIP, CC-DALLAS, INC., HBC ASSOCIATES, LLC, CC-PLANTATION, INC., CC-POMPANO, INC., CC-RENO, INC., CR TEANECK LIMITED PARTNERSHIP, CR RIVERDALE LIMITED PARTNERSHIP and Senior Housing Properties Trust.

2.2 Second Amendment to Purchase Agreement, dated as of August 31, 2011, among CC-BOCA, INC., CR CHEVY CHASE PARTNERSHIP, CC-DALLAS, INC., HBC ASSOCIATES, LLC, CC-PLANTATION, INC., CC-POMPANO, INC., CC-RENO, INC., CR TEANECK LIMITED PARTNERSHIP, CR RIVERDALE LIMITED PARTNERSHIP and Senior Housing Properties Trust.

SENIOR HOUSING PROPERTIES TRUST

Introduction to Unaudited Pro Forma Condensed Consolidated Financial Statements

The following unaudited pro forma condensed consolidated balance sheet as of June 30, 2011, reflects our financial position as if the transactions described in the notes to the unaudited pro forma condensed consolidated financial statements that occurred after June 30, 2011, or are currently pending were completed on June 30, 2011. The unaudited pro forma condensed consolidated statements of income for the six months ended June 30, 2011 and for the year ended December 31, 2010, present 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, 2010. These unaudited pro forma condensed consolidated financial statements should be read in connection with our financial statements for the six months ended June 30, 2011, included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2011, for the year ended December 31, 2010, included in our Annual Report on Form 10-K for the year ended December 31, 2010, and the financial statements included in Item 9.01(a) of our Current Report on Form 8-K dated December 8, 2010, and in our Current Report on Form 8-K dated June 27, 2011.

The unaudited pro forma condensed consolidated financial statements assume that our pending acquisitions of 12 additional senior living communities and three additional MOB's referenced earlier in this Current Report are funded using cash on hand and borrowings under our revolving credit facility and by assuming approximately \$178.9 million of mortgage debt. These unaudited pro forma condensed consolidated financial statements are provided for informational purposes only and upon completion of the planned long term financing for these acquisitions, our financial position and results of our operations may be significantly different than what is presented in these unaudited pro forma condensed consolidated financial statements. In the opinion of our management, all adjustments necessary to reflect the effects of the transactions described above have been included in the unaudited pro forma condensed consolidated financial statements.

The allocation of our acquisitions and planned acquisitions subsequent to June 30, 2011, 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, or to be acquired or assumed, could change significantly from those used in the unaudited pro forma condensed consolidated 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 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 2011 or for other reasons. Consequently, actual future results are likely to be different than amounts presented in the unaudited pro forma condensed consolidated financial statements related to these transactions.

SENIOR HOUSING PROPERTIES TRUST

Unaudited Pro Forma Condensed Consolidated Balance Sheet

June 30, 2011

(dollars in thousands)

	Historical	Pro Forma Adjustments		Pro Forma
		Other Completed and Pending Acquisitions (A)	Other Financing Activities (B)	
ASSETS:				
Real estate properties, at cost	\$ 4,076,397	\$ 801,086	\$	\$ 4,877,483
Less accumulated depreciation	577,277			577,277
	3,499,120	801,086		4,300,206
Cash and cash equivalents	28,082			28,082
Restricted cash	5,712			5,712
Deferred financing fees, net	23,718			23,718
Acquired real estate leases, net	70,843			70,843
Loan receivable	9,000			9,000
Other assets	96,943			96,943
	\$ 3,733,418	\$ 801,086	\$	\$ 4,534,504
LIABILITIES AND SHAREHOLDERS EQUITY:				
Unsecured revolving credit facility	\$ 184,000	\$ 601,241	\$ (247,500)	\$ 537,741
Senior unsecured notes due 2012, 2016 and 2020, net of discount	670,630			670,630
Secured debt and capital leases	697,531	207,856		905,387
Acquired real estate lease obligations, net	18,034			18,034
Other liabilities	60,201			60,201
Shareholders' equity	2,103,022	(8,011)	247,500	2,342,511
	\$ 3,733,418	\$ 801,086	\$	\$ 4,534,504

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

SENIOR HOUSING PROPERTIES TRUST

Unaudited Pro Forma Condensed Consolidated Statement of Income

Six Months Ended June 30, 2011

(amounts in thousands, except per share amounts)

	Historical	MOBs Acquired (C)	Other Completed and Pending Acquisitions (D)	Adjustments	Pro Forma
Revenues:					
Rental income	\$ 197,981	\$ 735	\$ 20,096	\$ 28 (E)	\$ 218,840
Residents fees and services	844		84,180		85,024
Total revenues	198,825	735	104,276	28	303,864
Expenses:					
Depreciation	53,296			13,068 (F)	66,364
General and administrative	13,010			2,534 (G)	15,544
Property operating expenses	20,818	298	67,027		88,143
Acquisition related costs	3,927			(3,927) (H)	
Impairment of assets	166				166
Total expenses	91,217	298	67,027	11,675	170,217
Operating income (loss)	107,608	437	37,249	(11,647)	133,647
Interest and other income	509				509
Interest expense	(46,107)		(7,602)	(5,185) (I)	(58,894)
Loss on early extinguishment of debt	(427)				(427)
Gain on sale of properties	21,315				21,315
Equity in losses of an investee	83				83
Income (loss) before income tax expense	82,981	437	29,647	(16,832)	96,233
Income tax expense	(158)				(158)
Net income (loss)	\$ 82,823	\$ 437	\$ 29,647	\$ (16,832)	\$ 96,075
Weighted average shares outstanding	141,862			11,512 (J)	153,374
Net income per share	\$ 0.58				\$ 0.63

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

SENIOR HOUSING PROPERTIES TRUST

Unaudited Pro Forma Condensed Consolidated Statement of Income

Year Ended December 31, 2010

(amounts in thousands, except per share amounts)

	Historical (K)	MOBs Acquired (L)	Other Completed and Pending Acquisitions (M)	Adjustments	Pro Forma
Revenues:					
Rental income	\$ 339,009	\$ 55,628	\$ 47,462	\$ 2,751 (N)	\$ 444,850
Residents fees and services			170,887		170,887
Total revenues	339,009	55,628	218,349	2,751	615,737
Expenses:					
Depreciation	90,409			43,822 (O)	134,231
General and administrative	21,865			7,237 (P)	29,102
Property operating expenses	19,195	18,428	137,302		174,925
Acquisition related costs	3,610			11,938 (Q)	15,548
Impairment of assets	5,965				5,965
Total expenses	141,044	18,428	137,302	62,997	359,771
Operating income (loss)	197,965	37,200	81,047	(60,246)	255,966
Interest and other income	1,162				1,162
Interest expense	(80,017)		(15,509)	(22,135) (R)	(117,661)
Loss on early extinguishment of debt	(2,433)				(2,433)
Gain on sale of properties	109				109
Equity in losses of an investee	(1)				(1)
Income (loss) before income tax expense	116,785	37,200	65,538	(82,381)	137,142
Income tax expense	(300)				(300)
Net income (loss)	\$ 116,485	\$ 37,200	\$ 65,538	\$ (82,381)	\$ 136,842
Weighted average shares outstanding	128,092			25,282 (S)	153,374
Net income per share	\$ 0.91				\$ 0.89

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

SENIOR HOUSING PROPERTIES TRUST

Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

(dollars and square feet in thousands)

Unaudited Pro Forma Condensed Consolidated Balance Sheet Adjustments

(A) Represents the effect of our acquisitions completed subsequent to June 30, 2011 of four senior living communities and 14 MOBs for an aggregate purchase price of \$234,029, excluding closing costs, and the pending acquisition of 12 senior living communities and three MOBs for an aggregate purchase price of approximately \$567,057, excluding closing costs. We funded our completed acquisitions by assuming approximately \$28,972 of mortgage loans and with borrowings under our revolving credit facility and we currently expect to fund our pending acquisitions with borrowings under our revolving credit facility and by assuming approximately \$178,884 of mortgage debt. The adjustment to shareholders' equity represents the estimated acquisition related costs, funded by borrowings under our revolving credit facility, related to the completed and pending acquisitions subsequent to June 30, 2011, as if these acquisitions occurred on January 1, 2010.

(B) In July 2011, we issued 11.5 million common shares in a public offering, raising net proceeds of approximately \$247,500. We used the net proceeds of this offering to repay borrowings outstanding on our revolving credit facility and for general business purposes, including the partial funding of the acquisitions described in Note (A).

Unaudited Pro Forma Condensed Consolidated Statement of Income Adjustments for the Six Months Ended June 30, 2011

(C) Represents the revenues and operating expenses for the six months ended June 30, 2011 of our completed acquisitions, pursuant to agreements dated November 12, 2010, from CWH of six MOBs acquired on January 26, 2011, as if these six MOBs were acquired on January 1, 2011.

(D) Represents the effect on rental income, residents fees and services, property operating expenses and interest expense of (i) our completed acquisitions of 19 senior living communities, including the management contracts for 13 of these communities by Five Star Quality Care, Inc., or Five Star, and leasing to Five Star of six of these communities, and 19 MOBs, (ii) the pending acquisitions of 12 senior living communities, including the management contracts for all of these communities by Five Star described in Note (A), and (iii) the pending acquisitions of three MOBs described in Note (A), as if these acquisitions occurred on January 1, 2011. We assumed mortgage debt of approximately \$77,034 related to certain of these completed acquisitions and currently expect to assume mortgage debt of approximately \$178,884 related to certain of these pending acquisitions at a weighted average interest of 6.05% per annum.

(E) Represents the effect on rental income for the six months ended June 30, 2011, of the non-cash straight line rent adjustments of the six MOBs acquired from CWH in January 2011 as described in Note (C).

SENIOR HOUSING PROPERTIES TRUST

Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

(dollars and square feet in thousands)

(F) Represents the effect on depreciation expense from January 1, 2011 through the date of acquisition of the six MOBs acquired from CWH in January 2011 as described in Note (C) and the other completed and pending acquisitions described in Note (D).

(G) The increase in general and administrative expense represents the increased business management fees payable to Reit Management & Research LLC, or RMR, pursuant to our business management agreement with RMR, for the six months ended June 30, 2011 from the acquisitions of the six MOBs from CWH in January 2011 described in Note (C) and the other completed and pending acquisitions described in Note (D), as if these acquisitions occurred on January 1, 2011.

(H) Represents acquisition related costs recognized during the six months ended June 30, 2011, as if the related acquisitions occurred prior to January 1, 2011.

(I) In January 2011, we sold \$250,000 unsecured senior notes due in 2016 at an interest rate of 4.30% per annum. We used the net proceeds of this offering to repay borrowings outstanding under our revolving credit facility and to fund the acquisitions described in Notes (C) and (D). The adjustment also includes interest for funding our completed and pending acquisitions described in Note (A) with borrowings under our revolving credit facility at an interest rate of 1.79% per annum. The additional interest expense is as follows:

January 2011, \$250,000 senior note sale for acquisition funding	\$	(412)
Completed and pending acquisitions funded with borrowings under our revolving credit facility		(4,773)
Total	\$	(5,185)

(J) The adjustment to our weighted average shares outstanding shows the effect on our weighted average shares outstanding for the six months ended June 30, 2011, as if our 2011 equity transactions, including our July 2011 share issuance described in Note (B), occurred on January 1, 2010.

Unaudited Pro Forma Condensed Consolidated Statement of Income Adjustments for the Year Ended December 31, 2010

(K) Reclassifications have been made to the prior year's financial statements to conform to the current year's presentation. These reclassifications were made to conform the prior year's impairment of assets to the current classification. These reclassifications had no effect on net income or shareholders' equity.

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(L) Represents the revenues and operating expenses for the year ended December 31, 2010, of our completed acquisitions, pursuant to agreements dated November 12, 2010, from CWH of the 27 MOBs, as if these 27 MOBs were acquired on January 1, 2010.

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SENIOR HOUSING PROPERTIES TRUST

Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

(dollars and square feet in thousands)

(M) Represents the effect on rental income, residents fees and services, property operating expenses and interest expense of our completed acquisition of five MOB's in 2010, 19 senior living communities in 2011 and 19 MOB's in 2011, as if these acquisitions occurred on January 1, 2010. These adjustments also represent the effect of the pending acquisition of 12 senior living communities, including the management contracts for all of these communities by Five Star, described in Note (A) and three MOB's described in Note (A). We assumed or currently expect to assume aggregate mortgage debt of approximately \$258,294 at weighted average interest of 6.05% per annum related to one of these 2010 acquisitions and certain of the completed and pending 2011 acquisitions.

(N) Represents the effect on rental income for the year ended December 31, 2010, of the non-cash straight line rent adjustments of the 27 MOB's acquired from CWH as described in Note (L) and the non-cash amortization of above and below market leases. We amortize capitalized above market lease values and below market lease values as a reduction or increase, respectively, to rental income over the remaining terms of the leases. The additional rental income is as follows:

Non-cash, straight line rent adjustments as if the acquisitions described in Note (L) occurred on January 1, 2010	\$	861
Non-cash, net above and below market lease amortization		1,890
Total	\$	2,751

(O) Represents the effect on depreciation expense for the year ended December 31, 2010 of the 27 MOB's acquired from CWH as described in Note (L) and the other completed and pending acquisitions described in Note (M).

(P) Represents the effect on general and administrative expenses paid to RMR pursuant to our business management agreement with RMR for the year ended December 31, 2010 from the acquisitions of the 27 MOB's from CWH described in Note (L) and the other completed and pending acquisitions described in Note (M), as if these acquisitions occurred on January 1, 2010.

(Q) Represents an adjustment to acquisition related costs recognized during the six months ended June 30, 2011 and an estimate of acquisition related costs for our completed and pending acquisitions subsequent to June 30, 2011, as if the related acquisitions occurred on January 1, 2010.

(R) In April 2010, we sold \$200,000 of unsecured senior notes due in 2020 at an interest rate of 6.75% per annum. We used \$97,500 of these proceeds to redeem all of our unsecured senior notes due in 2015. We used the remaining net proceeds, or approximately \$102,500, to fund acquisitions described in Notes (L) and (M). The adjustment represents the interest cost from January 1, 2010 through the date the unsecured senior notes were sold of the net proceeds to fund acquisitions.

SENIOR HOUSING PROPERTIES TRUST

Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

(dollars and square feet in thousands)

In January 2011, we sold \$250,000 of unsecured senior notes due in 2016 at an interest rate of 4.30% per annum and incurred approximately \$1,973 of deferred financing fees that are amortized over the note term. We used the net proceeds of this offering to repay borrowings outstanding under our revolving credit facility and to fund the acquisitions described in Notes (L) and (M).

The adjustment to interest expense also includes interest for borrowings under our revolving credit facility at an interest rate of 1.79% per annum to fund acquisitions described in Notes (L) and (M). The additional interest expense is as follows:

April 2010, senior note sale for acquisition funding	\$	(1,877)
January 2011, senior note sale for acquisition funding		(10,750)
Amortization of deferred financing fees		(395)
Acquisition financing under our revolving credit facility		(9,113)
Total	\$	(22,135)

(S) In December 2010 and July 2011, we issued 14.4 million and 11.5 million of our common shares in underwritten public offerings, raising net proceeds of \$282,000 and \$247,500, respectively. We used the net proceeds from these offerings to repay borrowings outstanding under our revolving credit facility and for general business purposes, including funding certain acquisitions described in Note (L) and (M). The adjustment to our weighted average shares outstanding shows the effect on our weighted average shares outstanding for the year ended December 31, 2010, as if our 2010 and 2011 equity transactions occurred on January 1, 2010.

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: October 12, 2011
