



## SNH Announces Financial Results For The Periods Ended June 30, 2002

NEWTON, Mass.--(BUSINESS WIRE)--July 31, 2002: Senior Housing Properties Trust (NYSE: SNH) today announced its financial results for the quarter and six months ended June 30, 2002, as follows (in thousands, except per share data):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Total revenues	\$30,378	\$66,236	\$59,085	\$133,813
Income before discontinued operations	13,067	3,053	24,707	5,943
Net income	10,596	2,750	22,216	5,586
Funds from operations (FFO)	21,934	11,048	41,455	21,346
Cash available for distribution (CAD)	20,588	10,935	38,959	21,132
Weighted average shares outstanding	58,424	25,917	54,362	25,917
Per share data:				
Income before discontinued operations	\$0.22	\$0.12	\$0.45	\$0.23
Net income	0.18	0.11	0.41	0.22
Funds from operations (FFO)	0.38	0.43	0.76	0.82
Cash available for distribution (CAD)	0.35	0.42	0.72	0.82

The character of revenues reported in the 2001 and 2002 periods displayed above are not comparable. In 2001, the three months and six months period revenues include \$54.9 million and \$111.1 million, respectively, of operating revenues derived from nursing homes which were repossessed from former tenants. At year end 2001, SNH completed a spin off of its subsidiary which operated these properties and the 2002 period includes rental income received for the properties previously operated for SNH's account as well as rents from new investments made in 2002. In addition, in the quarter ended June 30, 2002, one nursing home was closed and is held for sale. As a result, an impairment write-down of \$2.5 million was recorded as a loss from discontinued operations and prior periods have been restated to be comparable.

On June 27, 2002, SNH entered into a new, unsecured \$250.0 million revolving bank credit facility to replace its previous secured facility which had been scheduled to mature in September 2002. The new credit facility matures in November 2005 and may be extended to November 2006. The new credit facility permits borrowings up to \$250.0 million and includes a feature under which the maximum drawing may be expanded to \$500.0 million, in certain circumstances. The interest rate on borrowings under the new credit facility are set at spreads above LIBOR which depend upon SNH's debt leverages and credit ratings.

Commenting upon these results, David J. Hegarty, President, issued the following statements:

"During the second quarter SNH replaced its soon to mature, secured, revolving bank credit facility with a new, extended term, lower cost, unsecured revolver. SNH believes that very few REITs which are not yet investment grade rated have been able to obtain unsecured bank credit. SNH sincerely appreciates the vote of confidence in our management from the banking

community demonstrated by this new loan facility. This new, unsecured line of credit should improve SNH's ability to increase investments."

"A few days ago, our former subsidiary and current tenant, Five Star Quality Care, Inc., announced that it expects to report a loss for the quarter ended June 30, 2002. Based upon a review of Five Star's financial condition and expected results, SNH believes Five Star will honor its lease obligations to SNH for the foreseeable future. SNH also believes that the expected Five Star results will not materially adversely effect the possibility of future sale and lease or financing transactions between SNH and Five Star."

Senior Housing Properties Trust is a real estate investment trust headquartered in Newton, MA that owns 111 senior housing properties located in 28 states.

THIS PRESS RELEASE CONTAINS FORWARD LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND THE FEDERAL SECURITIES LAWS. FORWARD LOOKING STATEMENTS ARE BASED UPON SNH'S MANAGEMENT'S CURRENT BELIEFS AND EXPECTATIONS, BUT THEY ARE NOT GUARANTEED TO OCCUR. FOR EXAMPLE, MR. HEGARTY'S STATEMENTS ABOUT USE OF THE NEW BANK CREDIT FACILITY TO EXPAND INVESTMENTS IMPLIES THAT SNH WILL EXPAND ITS INVESTMENTS; IN FACT, HOWEVER, SNH MAY BE UNABLE TO MAKE NEW INVESTMENTS BECAUSE PURCHASES AT PRICES SNH DEEMS ACCEPTABLE ARE NOT AVAILABLE OR FOR OTHER REASONS. SIMILARLY, MR. HEGARTY'S STATEMENTS THAT SNH EXPECTS FIVE STAR TO HONOR ITS LEASE OBLIGATIONS OR THAT SNH EXPECTS TO DO ADDITIONAL TRANSACTIONS WITH FIVE STAR MAY PROVE INACCURATE. FIVE STAR MAY INCUR ADDITIONAL LOSSES AND BECOME UNABLE TO PAY ITS RENT TO SNH; SNH AND FIVE STAR MAY NOT DO ANY ADDITIONAL TRANSACTIONS. INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE UPON FORWARD LOOKING STATEMENTS.

Senior Housing Properties Trust  
Financial Information  
(in thousands, except per share data)

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2002	2001	2002	2001
<b>Revenues:</b>				
Rental income	\$28,261	\$11,084	\$54,796	\$ 22,215
Facilities' operations (1)	--	54,900	--	111,109
FF&E reserve income (2)	1,838	--	3,502	--
Interest and other income	279	252	787	489
Total revenues	30,378	66,236	59,085	133,813
<b>Expenses:</b>				
Interest (including amortization of deferred financing fees of \$205, \$0, \$424 and \$0 respectively)	6,439	1,840	13,821	4,000
Depreciation	8,098	4,916	15,226	9,639
Facilities' operations (1)	--	53,096	--	107,894
General and administrative				
- Recurring	2,071	1,063	3,925	2,108
- Related to foreclosures and lease terminations (1)	--	2,206	--	4,167
Total	16,608	63,121	32,972	127,808
Income before distributions on trust preferred securities and				

discontinued operations	\$13,770	\$ 3,115	\$26,113	\$ 6,005
Distributions on trust preferred securities	703	62	1,406	62
Income before discontinued operations	\$13,067	\$ 3,053	\$24,707	\$ 5,943
Loss from discontinued operations (3)	2,471	303	2,491	357
Net income	\$10,596	\$ 2,750	\$22,216	\$ 5,586
Funds from operations (FFO) (4):				
Net income	\$10,596	\$ 2,750	\$22,216	\$ 5,586
Add:				
Depreciation expense	8,098	4,916	15,226	9,639
Deferred percentage rent (5)	769	841	1,522	1,533
Other non-cash items	--	32	--	64
General and administrative expense related to foreclosures and lease terminations	--	2,206	--	4,167
Loss from discontinued operations	2,471	303	2,491	357
FFO	\$21,934	\$11,048	\$41,455	\$ 21,346
Cash available for distribution (CAD) (4):				
FFO	\$21,934	\$11,048	\$41,455	\$ 21,346
Add:				
Amortization of deferred finance costs and other non-cash items	247	--	519	--
Straight line rent adjustment	245	(113)	487	(214)
Less:				
FF&E reserve income(2)	(1,838)	--	(3,502)	--
CAD	\$20,588	\$10,935	\$38,959	\$ 21,132
Weighted average shares outstanding	58,424	25,917	54,362	25,917
Per share data:				
Income before discontinued operations	\$ 0.22	\$ 0.12	\$ 0.45	\$ 0.23
Net income	\$ 0.18	\$ 0.11	\$ 0.41	\$ 0.22
FFO	\$ 0.38	\$ 0.43	\$ 0.76	\$ 0.82
CAD	\$ 0.35	\$ 0.42	\$ 0.72	\$ 0.82

Balance Sheet Data: June 30, 2002 December 31, 2001

Assets

Real estate properties	\$ 1,169,794	\$ 593,199
Accumulated depreciation	(108,670)	(124,252)
	1,061,124	468,947
Cash and cash equivalents	15,536	352,026
Restricted cash	14,664	10,201
Other assets	24,517	36,129
	\$ 1,115,841	\$ 867,303
Liabilities and Shareholders' Equity		
Revolving bank credit facility	\$ 26,000	\$ --
Senior unsecured notes	243,677	243,607
Secured debt and capital leases	33,125	9,100
Other liabilities	24,299	12,578
Trust preferred securities	27,394	27,394
Shareholders' equity	761,346	574,624
	\$ 1,115,841	\$ 867,303

Senior Housing Properties Trust  
Notes to  
Financial Information

1. During 2001, SNH operated facilities for its own account through its wholly-owned subsidiary, Five Star Quality Care, Inc. On December 31, 2001, SNH spun off Five Star to SNH's shareholders and entered a lease with Five Star for these facilities. These operations had been repossessed from bankrupt former tenants. As a result of these tenant bankruptcies and the establishment of operating systems for the repossessed facilities, SNH incurred certain non-recurring general and administrative expenses during 2001, which are separately identified on these financial statements.

2. One of SNH's leases provides that a percentage of revenues be escrowed for future capital expenditures at the leased facilities. These FF&E reserve escrows are owned by SNH and are reported by SNH as additional rent. CAD excludes FF&E reserve income.

3. During the quarter, one of SNH's tenants closed a facility. Under the terms of the lease, the rent payable to SNH allocated to this facility will be reallocated to the remaining operating facilities, resulting in no impact on SNH's rental income. However, when this property is sold, the annual rent will be reduced by 10% of the net proceeds from the sale. SNH has classified this real estate asset as held for sale and has recorded a loss from discontinued operations related to this property, which includes historical depreciation expense as well as an impairment loss write-down of \$2.5 million based on SNH's estimate of fair value, net of selling costs, of the real estate associated with this property. For the 2001 periods, amounts were reclassified from depreciation expense and facilities' operations revenues and expenses to the loss from discontinued operations.

4. SNH computes FFO as net income plus depreciation, amortization, non-recurring items and results from discontinued operations. SNH computes CAD as FFO plus non-cash expenses (including amortization of deferred finance costs and administrative expenses to be settled in our common shares) and straight line rent adjustments, less FF&E reserve income. In calculating FFO and CAD, SNH also adds percentage rents deferred pursuant to SAB 101 described in Note 5 below. SNH's method of computing FFO and CAD may not be comparable to FFO or CAD reported by other REITs that define the terms differently. SNH considers FFO and CAD to be appropriate measures of performance for a REIT, along with cash flow from operating activities, financing activities and investing activities, because they provide investors with an indication of a REIT's operating performance and its ability to incur and service debt, make capital expenditures, pay distributions and fund other cash needs. FFO and CAD are important factors considered by SNH's Board of Trustees in determining the amounts of distributions to shareholders. FFO and CAD do not represent cash generated by operating activities in accordance with generally accepted accounting principles, or GAAP, and should not be considered as alternatives to net income or cash flow from operating activities as measures of financial performance or liquidity.

5. The Securities and Exchange Commission Staff Accounting Bulletin No. 101 generally requires SNH to defer recognition of percentage rental income for the first, second and third quarters to the fourth quarter. Although recognition of revenue is deferred for purposes of calculating net income, SNH's calculations of FFO and CAD include estimated percentage rental amounts on a quarterly basis and these estimates are adjusted at year-end.

Senior Housing Properties Trust  
Additional Data

SNH has determined to publish the following  
additional data which is intended to respond  
to frequently asked questions (dollars in thousands)

	# of Properties	# Units/ Beds	Dollars Invested	% of Dollars Invested	Current Annual Rent Revenues	% of Current Annual Rent Revenues
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Facility Type(1)

IL Communities Stand alone	45	11,521	\$935,189	79.9%	\$94,130	81.2%
SNF	61	6,168	186,872	16.0%	13,049	11.2%
Hospitals Stand alone	2	364	43,517	3.7%	8,700	7.5%
AL	3	196	4,216	0.4%	164	0.1%
<b>Total</b>	<b>111</b>	<b>18,249</b>	<b>\$1,169,794</b>	<b>100.0%</b>	<b>\$116,043</b>	<b>100.0%</b>

Tenant/Operator							Rent Coverage (2)
Five Star/ Marriott	31	7,491	\$609,717	52.1%	\$63,000	54.3%	1.2x
Marriott	14	4,030	325,472	27.8%	31,130	26.8%	1.6x
HealthSouth	2	364	43,517	3.7%	8,700	7.5%	3.1x
Five Star	55	5,110	141,421	12.1%	7,000	6.1%	2.5x
Genesis	1	150	13,007	1.2%	1,483	1.3%	2.1x
Integrated	1	140	15,598	1.3%	1,200	1.0%	2.0x
5 private companies	7	964	21,062	1.8%	3,530	3.0%	2.1x
<b>Total</b>	<b>111</b>	<b>18,249</b>	<b>\$1,169,794</b>	<b>100.0%</b>	<b>\$116,043</b>	<b>100.0%</b>	

Last 12 Months Ended May 31, 2002

	Occupancy	Rent Coverage(2)	%Private Pay	%Medicare	%Medicaid
Total Portfolio (weighted average by rent)	89.7%	1.7x	76.1%	13.6%	10.3%

(1) IL communities means senior living properties where the majority of living units are independent living apartments. Stand alone SNF means skilled nursing facilities. Stand alone AL means an assisted living facility.

(2) Rent coverage is calculated as operating cash flow from facility operations, before subordinated charges and capex reserves, divided by rent payable to SNH. Coverage is calculated based upon the last twelve months ended May 31, 2002 operating results or the most recent tenant operating results available to SNH.