



Senior Housing Properties Trust and Five Star Quality Care Announce Acquisition of Constellation Health Services and Other Matters

Newton, MA (October 25, 2002): Senior Housing Properties Trust (NYSE: SNH) and Five Star Quality Care, Inc. (AMEX: FVE) today jointly announced that they have acquired substantially all of the assets of Constellation Health Services, Inc., an affiliate of Constellation Energy Group (NYSE: CEG), for \$77.15 million, plus closing costs and customary adjustments.

The assets of Constellation Health which were acquired by SNH and FVE consist of 15 senior living communities with 1,016 independent living apartments and assisted living units in approximately 678,964 sq. ft. of building space. These 15 communities are located in four states: Connecticut (1 community with 58 living units); Maryland (11 communities with 719 living units); North Carolina (1 community with 89 living units); and Virginia (2 communities with 150 living units). These communities were 86% occupied in September 2002, and 100% of the revenues at these communities are paid by residents from private resources.

Seven of the 15 communities with 407 living units in approximately 255,835 sq. ft. of building space were purchased by FVE for approximately \$27 million. These seven communities, which are located in Connecticut (1 community with 58 living units) and Maryland (6 communities with 349 units), will be operated by FVE for its own account. The Connecticut community is located on land leased from a not for profit corporation. One of the properties in Maryland is subject to HUD insured mortgage debt for approximately \$15.8 million. FVE paid the approximately \$11.2 million balance of this purchase price in cash.

The remaining eight communities were acquired from Constellation Health by SNH for approximately \$50.15 million. These eight communities have 609 living units in approximately 423,129 sq. ft. of building space and are located in Maryland (5 communities with 370 living units), North Carolina (1 community with 89 living units) and Virginia (2 communities with 150 living units).

Simultaneous with its acquisition of the eight communities from Constellation Health, SNH also purchased one senior living community from FVE for approximately \$12.7 million. This community is located in Overland Park, Kansas and includes 141 independent living apartments in approximately 123,375 sq. ft. of building space. In September 2002, this community was 89% occupied and 100% of the revenues from operations are paid by residents from private resources. This property was purchased by FVE in April 2002, and it was sold to SNH for approximately the same price paid by FVE.

The eight properties purchased by SNH from Constellation Health and the property which SNH purchased from FVE were all purchased for cash, free and clear of mortgage debt. SNH funded these purchases by drawing under its unsecured, revolving bank credit facility.

All nine communities purchased by SNH have been leased to FVE under one lease for an initial term of 17 years to 2019, plus a renewal option term of 15 years thereafter. The rent payable by FVE to SNH for these nine communities will be \$6,285,000/year, plus increases starting in 2004 based upon a percentage of the operating gross revenue increases at the leased properties. The net operating income from these nine communities, before subordinated home office costs which may be incurred by FVE, for the nine months ended September 30, 2002, covered the pro forma rent to be paid SNH by approximately 1.32x.

At the same time SNH and FVE completed the joint purchase of Constellation Health and entered the new lease arrangement described above, SNH and FVE also agreed to modify their existing lease for 31 senior living communities which are managed by Marriott Senior Living Services. This lease currently requires that Marriott, as manager, set aside in escrow a percentage of gross revenues as a capital expense reserve. Because the escrow accounts are owned by SNH, these escrow accounts are recorded under GAAP as additional rent, although these funds are not generally available to SNH to pay dividends or otherwise. The lease amendment agreed to today provides that reserve payments made after September 30, 2002, will be paid into escrow accounts owned by FVE, while SNH will have security and remainder interests in these funds and in property purchased with these funds. The amounts of funding in these capex escrows will not be changed, and 100% of these escrowed funds will continue to be used for capital expenditures at these leased properties. As a result of this amendment, the GAAP income reportable by SNH and FVE, respectively, will be comparable to the GAAP income reported by most other senior living REITs and most other senior living operating companies, respectively, which have entered net lease transactions.

David J. Hegarty, President of SNH, made the following comments at the time of this announcement:

"SNH is very pleased to have acquired these nine independent and assisted living properties from Constellation Health and Five Star. These are stabilized communities which produce strong rent coverage from historical operations; and 100% of the revenues at these properties are from residents' private resources. The good working relationship which we have with Five Star has enabled SNH to complete a complex transaction for these high quality properties."

Evrett W. Benton, President of FVE, made the following statement:

"Five Star is delighted with this transaction. Five Star has been able to add 1,016 high quality senior living units to its operating platform with a minimum net capital investment. FVE now has a total of about 1,850 independent and assisted living units in operation, where 100% of the revenues are paid by residents from private resources. For the next several months we do not expect this expansion to produce significant improvement in our overall company performance. However, with changes in these operations which we expect to implement, this expansion may have a meaningful positive impact on our operating performance in 2003."

Senior Housing Properties Trust is a real estate investment trust. Including the nine properties in the transaction announced today, SNH now owns 120 senior housing properties located in 28 states. These properties are leased to 10 separate tenants.

Five Star Quality Care, Inc. is a senior living operating company which owns, leases and operates 105 senior living communities which offer independent living apartments, assisting living accommodations, including specialized care for Alzheimer residents, and skilled nursing services.

WARNING REGARDING FORWARD LOOKING STATEMENTS

THIS PRESS RELEASE CONTAINS FORWARD LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND THE FEDERAL SECURITIES LAWS. THESE FORWARD LOOKING STATEMENTS INCLUDE THE STATEMENTS THAT FVE MAY BE ABLE TO IMPROVE THE OPERATIONS OF THE SENIOR LIVING COMMUNITIES WHICH WERE ACQUIRED OR IMPROVE ITS OVERALL FINANCIAL PERFORMANCE. CONTRARY TO THIS STATEMENT, FVE MAY BE UNABLE TO IMPROVE OR EVEN CONTINUE THE PRESENT LEVEL OF OPERATING PERFORMANCE OF THE ACQUIRED COMMUNITIES OR THOSE OPERATIONS MAY DETERIORATE, AND THE FINANCIAL RESULTS REALIZED BY FVE AS A WHOLE MAY DECLINE. MOREOVER, EVEN IF THE FINANCIAL RESULTS OF THE ACQUIRED COMMUNITIES CONTINUE OR IMPROVE, OTHER ASPECTS OF FVE'S BUSINESS MAY PRODUCE OPERATING LOSSES WHICH OVERWHELM THE FINANCIAL PERFORMANCE OF THE ACQUIRED COMMUNITIES AND FVE'S BUSINESS COULD PRODUCE LOSSES, INCLUDING LOSSES WHICH MAKE IT IMPOSSIBLE FOR FVE TO PAY RENT TO SNH. FORWARD LOOKING STATEMENTS ARE EXPRESSIONS OF PRESENT INTENTS AND EXPECTATIONS ONLY. FORWARD LOOKING STATEMENTS ARE NOT GUARANTEED TO OCCUR. INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE UPON FORWARD LOOKING STATEMENTS.