SNH Announces Financial Results For The Quarter And Year Ended December 31, 2001

Newton, MA (March 7, 2002): Senior Housing Properties Trust (NYSE: SNH) today announced its financial results for the quarter and year ended December 31, 2001, as follows (in thousands, except per share data):

	Quarter Ended December 31,		Year Ended December 31,	
	2001	2000	2001	2000
Total revenues	$74,132	$ 23,085	$279,012	$ 75,522
Net income	5,910	39,235	17,018	58,437
Funds from Operations*	12,215	10,078	44,517	47,638
Weighted average shares outstanding	42,166	25,916	30,859	25,958
Per share data:				
Net income	$0.14	1.51	$0.55	$2.25
Funds from Operations*	0.29	0.39	1.44	1.84

* Funds from operations, or FFO, is net income: plus depreciation, amortization, other non-cash expenses and non-recurring items; and less gains on property sales and gain on foreclosures and lease terminations. FFO is further defined in the White Paper on Funds from Operations as approved by the Board of Governors of the National Association of Real Estate Investments Trusts ("NAREIT") in March 1995 and as clarified from time to time thereafter. SNH considers FFO to be an appropriate measure of performance for an equity REIT, along with cash flow from operating activities, financing activities and investing activities, because it provides investors with an indication of an equity REIT's ability to incur and service debt, make capital expenditures, pay distributions and fund other cash needs. SNH computes FFO in accordance with the standards established by NAREIT, but excluding unusual and non-recurring items, certain non-cash items, and gains on sales of undepreciated properties, which may not be comparable to FFO reported by other REITs that define the term differently. FFO does not represent cash generated by operating activities in accordance with GAAP and should not be considered as an alternative to net income, determined in accordance with GAAP, as an indication of financial performance or cash flow from operating activities, determined in accordance with GAAP, as a measure of liquidity.

Because of changes in the composition of its assets and operations since the beginning of 2000, SNH believes the information presented above is not readily comparable and is not indicative of expected future financial performance. These changes include, but are not limited to, the following:

- During the first quarter of 2000, two nursing home tenants of SNH filed for bankruptcy. Prior to these bankruptcies these tenants paid approximately half of SNH's total rental income.
- During February 2000, SNH repossessed three nursing homes which were leased to a third bankrupt tenant and sold those three properties for $13 million.
- During 2000, SNH settled with two bankrupt tenants and repossessed certain facilities from the bankrupt tenants.
- As a result of these repossessions and settlements, SNH recognized a non-recurring gain on foreclosures and lease terminations of $7.1 million in the quarter and year ended December 31, 2000.
- As a result of the settlements, SNH became financially responsible for the operations of repossessed nursing homes effective July 1, 2000. However, these settlements were conditioned upon regulatory approvals, and the financial results of the repossessed nursing homes were reported as other real estate income under the equity method of accounting until all conditions to closing were satisfied. Effective January 1, 2001, regulatory approvals for implementation of these settlements were received and the nursing home operations were consolidated into SNH. Accordingly, the revenues

reported for the quarter and year ended December 31, 2000, included other real estate income of $1.3 million and $2.5 million, respectively; while the 2001 periods included zero other real estate income. Similarly, the revenues reported for the quarter and year ended December 31, 2001, included facilities' operating revenues of $58.6 million and $229.2 million, respectively, but there are zero comparable revenues reported in 2000.

- In October 2000, SNH sold four independent living communities for $123 million and realized a capital gain of $27.4 million, which is not recurring.

- In the 12 months between July 1, 2000 and June 30, 2001, SNH incurred general and administrative expenses arising because of its tenant bankruptcies, settlements, regulatory approvals and the establishment of operating systems for the repossessed nursing homes. In the quarter and year ended December 31, 2000, these non-recurring charges were $2.6 million and $3.5 million, respectively. In the quarter and year ended December 31, 2001, these non-recurring charges were zero and $4.2 million, respectively.

- At year-end 2001, the repossessed nursing operations were leased to a SNH subsidiary corporation and the share ownership of that subsidiary was distributed to SNH shareholders in a spin off transaction. Accordingly, future financial reports by SNH will not include operating revenues or expenses of these properties, but will include rental income from the former subsidiary of $7 million/year.

During 2001, SNH's capital structure changed, as follows:

- In June and July 2001, SNH issued 1,095,780 trust preferred securities with a total liquidation value of $27.4 million. These securities mature in 2041.

- In July and October 2001, SNH issued 17,492,000 common shares for net proceeds, after underwriting and issuance costs, of $213.7 million.

- In December 2001, SNH issued $245 million of senior unsecured notes. These notes mature in 2012.

Besides the foregoing events reflected in the historical financial results presented, the following recent developments are expected to have material effects upon SNH's future operating results.

- On January 2, 2002, SNH entered an exchange transaction with HEALTHSOUTH Corporation. Five nursing homes were transferred by SNH to HEALTHSOUTH in exchange for two rehabilitation hospitals which were transferred by HEALTHSOUTH to SNH. Also, HEALTHSOUTH's rent obligations to SNH were reduced from $10.0 million to $8.7 million per year and the term of HEALTHSOUTH's lease was extended from year end 2005 through year end 2011.

- Also in January 2002, SNH purchased 31 up-market senior living communities with 7,487 apartments or living units for $600 million. These were purchased using cash on hand from previous equity and debt offerings, borrowing on our bank credit facility and assumption of certain obligations. These properties are managed by a subsidiary of Marriott International, Inc. and they are leased to SNH's former subsidiary for minimum rent of $63 million per year.

- In February 2002, SNH issued 15,000,000 common shares for net proceeds, after underwriting and issuance costs, of $195.2 million.

Commenting upon these year end results, David J. Hegarty, President of SNH, issued the following statement:

"During the past two years SNH has undergone a remarkably successful transformation. Our troubled nursing home portfolio has been sold, swapped or stabilized and leased. We have about doubled the size of SNH by buying up-market properties where revenues are principally derived from residents' private resources. And we have materially strengthened our capital structure.

"I want to express SNH management's sincere appreciation to all our continuing shareholders, many of whom called to express support during our transition period. I also want to express our gratitude to our new investors who demonstrated faith in our ability to accomplish this transition by providing the capital we needed to do it."

Senior Housing Properties Trust is a real estate investment trust headquartered in Newton, MA that owns 112 senior living properties located in 28 states.

THIS PRESS RELEASE CONTAINS FORWARD LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE FORWARD LOOKING STATEMENTS ARE BASED UPON SNH'S CURRENT BELIEFS AND EXPECTATIONS, BUT THEY ARE NOT GUARANTEED TO OCCUR. FOR EXAMPLE, THE DESCRIPTION OF RENTAL PAYMENTS WHICH SNH EXPECTS TO RECEIVE FROM HEALTHSOUTH AND FROM ITS FORMER

SUBSIDIARY MAY IMPLY THAT THIS RENT WILL BE RECEIVED. SNH BELIEVES THAT SUCH RENT WILL BE RECEIVED, BUT THE FINANCIAL CIRCUMSTANCES OF THESE TENANTS MAY CHANGE AND THEY MAY BECOME UNABLE TO PAY SNH'S RENTS. INVESTORS SHOULD NOT PLACE UNDUE RELIANCE UPON FORWARD LOOKING STATEMENTS.

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

	Quarter Ended December 31,		Year Ended December 31,	
	2001	2000	2001	2000
Revenues:				
Rental income	$14,128	$14,497	$47,430	$64,377
Facilities' operations [1]	58,554	-	229,235	-
Interest and other income	1,450	191	2,347	1,520
Other real estate income [1]	-	1,292	-	2,520
Gain on foreclosures and lease terminations [1]	-	7,105	-	7,105
Total revenues	74,132	23,085	279,012	75,522
Expenses:				
Interest	979	2,771	5,879	15,366
Distribution on trust preferred securities	706	-	1,455	-
Depreciation	4,894	4,761	19,431	20,140
Facilities' operations [1]	56,971	-	223,201	-
General and administrative				
- Recurring	940	1,084	4,129	5,475
- Related to foreclosures and lease terminations [1]	-	2,649	4,167	3,519
Five Star spin-off costs [2]	3,732	-	3,732	-
Total expenses	66,222	11,265	261,994	44,500
Income before gain on sale of property and non-recurring items	$5,910	$11,820	$17,018	$31,022
Gain on sale of property [3]	-	27,415	-	27,415
Net income	$5,910	$39,235	$17,018	$58,437
Funds from operations: [4]				
Net income	$5,910	$39,235	$17,018	$58,437
Add: Depreciation	4,894	4,761	19,431	20,140
Other non-cash items	44	25	169	62
General and administrative related to foreclosures and lease terminations [1]	-	2,649	4,167	3,519
Five Star spin-off costs [2]	3,732	-	3,732	-
Less: Gain on foreclosures and lease terminations	-	(7,105)	-	(7,105)
Gain on sale of property	-	(27,415)	-	(27,415)
Estimated percentage rent [5]	(2,365)	(2,072)	-	-
Funds from operations [4]	$12,215	$10,078	$44,517	$47,638
Weighted average shares outstanding	42,166	25,916	30,859	25,958
Per share data:				
Net income	$0.14	$1.51	$0.55	$2.25
Funds from operations [4]	$0.29	$0.39	$1.44	$1.84

Balance Sheet Data:

	December 31, 2001	December 31, 2000
Assets		
Real estate properties	$593,199	$593,395
Accumulated depreciation	(124,252)	(106,681)
	468,947	486,714
Cash and cash equivalents	352,030	515
Net investment in facilities' operations	-	29,046
Other assets	46,326	14,298
	$867,303	$530,573
Liabilities and Shareholders' Equity		
Bank credit facility	$ -	$97,000
Senior notes	243,607	-
Mortgages payable	9,100	-
Other liabilities	12,578	11,263
Trust preferred securities	27,394	-
Shareholders' equity	574,624	422,310
	$867,303	$530,573

See accompanying notes 1-5 on the follow page.

1. In early 2000, two large SNH tenants filed for bankruptcy. SNH entered settlements with these tenants which were financially effective on July 1, 2000. However, these settlements were conditioned upon certain regulatory approvals which were not obtained during 2000. The financial results for repossessed facilities' operations were reported in 2000 as other real estate income under the equity method of accounting. Beginning in 2001, the settlement contingencies

were satisfied and SNH consolidated the repossessed operations and reported their revenues and expenses as facilities' operations revenues and as facilities' operations expenses, respectively. As a result of the settlements with the former tenants certain properties were transferred to SNH and certain security deposits were forfeit to SNH. The net effect of these transfers and forfeitures is reported as gain on foreclosures and lease terminations. Also, as a result of these tenant bankruptcies, settlements, regulatory approvals and the establishment of operating systems for the repossessed facilities, SNH incurred certain non-recurring general and administrative expenses which are separately identified on these financial statements.

2. The repossessed facilities described in footnote 1 were leased to a subsidiary of SNH, Five Star Quality Care, Inc. On December 31, 2001, substantially all of the shares of Five Star were distributed to SNH shareholders in a spin off transaction.

3. In October 2000, SNH sold four senior living properties for $123 million and realized a capital gain of $27.4 million.

4. Funds from operations, or FFO, is net income: plus depreciation, amortization, other non-cash expenses and non-recurring items; and less gains on property sales and gain on foreclosures and lease terminations. FFO is further defined in the White Paper on Funds from Operations as approved by the Board of Governors of the National Association of Real Estate Investments Trusts ("NAREIT") in March 1995 and as clarified from time to time thereafter. SNH considers FFO to be an appropriate measure of performance for an equity REIT, along with cash flow from operating activities, financing activities and investing activities, because it provides investors with an indication of an equity REIT's ability to incur and service debt, make capital expenditures, pay distributions and fund other cash needs. SNH computes FFO in accordance with the standards established by NAREIT, but excluding unusual and non-recurring items, certain non-cash items, and gains on sales of underpreciated properties, which may not be comparable to FFO reported by other REITS that define the term differently. FFO does not represent cash generated by operating activities in accordance with GAAP and should not be considered as an alternative to net income, determined in accordance with GAAP, as an indication of financial performance or cash flow from operating activities, determined in accordance with GAAP, as a measure of 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 include estimated percentage rental amounts on a quarterly basis. This adjustment is intended to deduct percentage rent income included in the fourth quarter which was included in FFO for prior quarters.

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