



SNH Agrees To Provide \$67.9 Million To Alterra Healthcare Corporation

Newton, MA (January 24, 2003). Senior Housing Properties Trust (NYSE: SNH), today announced that it has agreed to provide \$67.9 million to Alterra Healthcare Corporation ("Alterra") to facilitate a bankruptcy plan of reorganization by Alterra.

SNH's commitment is to a sale-leaseback transaction and a first mortgage financing on the following terms:

Sale Leaseback:

- Amount: \$61 million.
- Properties: 18 properties in 10 states with 894 living units.
- Term: to December 31, 2017, plus renewal options for up to 30 years.
- Rent: \$7,015,000/year (i.e., 11.5% of the Purchase Price), plus percentage rent beginning in 2004.

Mortgage Financing:

- Amount: \$6.9 million.
- Collateral: first mortgage on 6 properties in two states with 202 living units.
- Maturity: June 30, 2004.
- Interest: \$552,000/year (i.e., 8%).
- Principal Payments: at Maturity or as collateral properties are sold.

All of the Alterra properties involved in this transaction are assisted living facilities built between 1996 and 1999. As of December, these properties have a combined occupancy of 87% (91% for the lease properties and 66% for the mortgage properties), and 100% of all rent and service charges are paid by residents from private resources. Alterra's obligations under the lease and mortgage will be subject to cross default and cross collateralization. On a combined basis the financial results of the properties' operations, before subordinated expenses, covered the pro forma rent and interest by approximately 1.5x during the calendar year of 2002 (1.5x at the lease properties and 1.4x at the mortgage properties).

On Wednesday, January 22, 2003, Alterra filed for reorganization under Chapter 11 of the Bankruptcy Code. The Closing of the transactions announced today is expected to occur in late February or early March 2003, before Alterra's plan of reorganization is finally approved. However, SNH's commitment to close is subject to approval of this transaction by the Alterra Bankruptcy Court, including a ruling that the rent and mortgage payments due to SNH will be accorded priority status under the Bankruptcy Code.

Senior Housing Properties Trust is a real estate investment trust headquartered in Newton, MA which owns 119 senior living properties, including independent living apartments, assisted living facilities, nursing homes and hospitals, located in 29 states which are leased to various health care and senior living operating companies.

WARNING REGARDING FORWARD LOOKING STATEMENTS

THE FOREGOING 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 ARE BASED UPON SNH'S PRESENT BELIEFS AND EXPECTATIONS, BUT THEY ARE NOT GUARANTEED TO OCCUR. FOR EXAMPLE, THE CLOSING OF THIS TRANSACTION IS CONDITIONED UPON APPROVAL BY ALTERRA'S BANKRUPTCY COURT BUT THAT APPROVAL MAY NOT BE GIVEN BECAUSE OF OBJECTIONS BY ALTERRA'S CREDITORS OR OTHER PARTIES INVOLVED IN THOSE COURT PROCEEDINGS. SIMILARLY, THE PROPOSED LEASE TERM EXTENDS TO DECEMBER 31, 2017 AND THE MORTGAGE TERM EXTENDS TO JUNE 30, 2004; HOWEVER, ALTERRA MAY BE UNABLE TO SUCCESSFULLY CONCLUDE A PLAN OF REORGANIZATION WHICH IS ACCEPTABLE TO SNH, AND THAT FAILURE MAY CAUSE THE LEASE TO BE TERMINATED OR THE MORTGAGE TO BE ACCELERATED. FOR THESE REASONS AND OTHERS, IT MAY BE THAT THE TRANSACTION ANNOUNCED TODAY WILL NOT CLOSE AND, IF IT CLOSSES, ALTERRA MAY DEFAULT. INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE UPON FORWARD LOOKING STATEMENTS.