



## Five Star Quality Care, Inc. Announces Financial Results for the Quarter and Year Ended December 31, 2002

NEWTON, Mass.--(BUSINESS WIRE)--March 12, 2003: Five Star Quality Care, Inc. (AMEX: FVE) today announced its financial results for the quarter and year ended December 31, 2002, compared to the same periods in 2001, as follows (in thousands except per share amounts):

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2002	2001	2002	2001
Total Revenues	\$140,195	\$57,106	\$522,511	\$221,269
Total Expenses	140,856	55,492	532,887	219,875
(Loss) Income from Continuing Operations	\$(661)	\$1,614	\$(10,376)	\$1,394
Income (loss) from Discontinued Operations	692	(423)	(2,798)	(867)
Net Income (Loss)	\$31	\$1,191	\$(13,174)	\$527
Average Shares Outstanding	8,452	4,374	7,556	4,374
Net (Loss) Income per Share from Continuing Operations	\$(0.08)	\$0.37	\$(1.37)	\$0.32
Net Income (Loss) per Share	\$0.00	\$0.27	\$(1.74)	\$0.12

Comparisons between the 2002 and 2001 periods may not be meaningful because of material changes which have occurred in FVE's operations between the periods presented, including but are not limited to the following:

- During 2001, Five Star was a wholly owned subsidiary of Senior Housing Properties Trust. As a subsidiary of Senior Housing, Five Star did not incur rent expense to Senior Housing or other expenses as a separate public company.
- During 2002, Five Star more than doubled the size of its operations in 2001 by acquiring or leasing 51 senior living facilities with approximately 9,188 living units.

Five Star Quality Care, Inc. is a senior living facility operator. FVE owns and leases 105 facilities with 14,140 separate living units located in 24 states. These facilities include independent living, assisted living and skilled nursing facilities. FVE is headquartered in Newton, Massachusetts.

FIVE STAR QUALITY CARE, INC.  
CONSOLIDATED STATEMENT OF OPERATIONS  
(amounts in thousands except per share data)

	3 Months ended		Year ended	
	December 31,		December 31,	
	2002	2001	2002	2001
Revenues:				
Net revenues from residents	\$140,094	\$57,090	\$522,214	\$221,177
Interest income	101	16	297	92
Total revenues	140,195	57,106	522,511	221,269
Expenses:				
Wages and benefits	63,728	41,011	237,714	155,012

Other operating expenses	49,103	11,257	182,542	47,949
Management fee to Marriott				
Senior Living Services	4,289	-	16,643	-
Rent to Senior Housing				
Properties Trust	18,743	-	75,389	-
General and administrative	4,167	2,883	15,415	15,593
Depreciation and amortization	628	341	1,885	1,321
Interest expense	198	-	198	-
Impairment of assets	-	-	150	-
Restructuring costs	-	-	122	-
Spin off and merger expense, non recurring	-	-	2,829	-
Total expenses	140,856	55,492	532,887	219,875

(Loss) income from continuing operations before income taxes	(661)	1,614	(10,376)	1,394
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Provision for income taxes	-	-	-	-
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(Loss) income from continuing operations	(661)	1,614	(10,376)	1,394
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Income (loss) from discontinued operations	692	(423)	(2,798)	(867)
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Net income (loss)	\$31	\$1,191	\$(13,174)	\$527
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Weighted average shares outstanding	8,452	4,374	7,556	4,374
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Basic and diluted income (loss) per share from:				
Continuing operations	\$(0.08)	\$0.37	\$(1.37)	\$0.32
Discontinued operations	0.08	(0.10)	(0.37)	(0.20)

Net income (loss) per share	\$0.00	\$0.27	\$(1.74)	\$0.12
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Condensed Balance Sheet Data  
(amounts in thousands except share data)

December 31,  
2002      2001

Assets

Current assets:

Cash and cash equivalents	\$10,270	\$24,943
Accounts receivable, net of reserve	33,877	36,437
Prepaid expenses and other current assets	4,507	1,054
Total current assets	48,654	62,434

Property and equipment, net	70,329	2,914
Other long term assets	14,214	2,695
Total assets	\$133,197	\$68,043

Liabilities and Shareholders' Equity

Current liabilities	\$39,452	\$17,810
Long term liabilities (1)	12,575	-
Mortgage payable	16,123	-
Shareholders' equity: 8,452,634 and 4,374,334 common shares outstanding	65,047	50,233
Total liabilities and shareholders' equity	\$133,197	\$68,043

(1) Long term liabilities principally include obligations to residents at FVE facilities operated by Marriott Senior Living Services,

Inc., who have prepaid with deposits. These prepayments are amortized into revenues over the periods in which the service obligations are expected to be satisfied.

As Reported (includes information from the dates operations by FVE commenced):

	Three months ended 12/31			Year ended 12/31		
	2002	2001	% Change	2002	2001	% Change
Revenues from residents (in 000s)	\$140,094	\$57,095	+145%	\$522,214	\$221,177	+136%
Facility expenses (in 000s)	\$112,545	\$52,209	+116%	\$420,258	\$202,961	+107%
Total expenses (in 000s)	\$140,858	\$55,493	+154%	\$532,887	\$219,875	+142%
No. of facilities (end of period)	105	56	+49	105	56	+49
No. of living units (end of period)	14,140	5,211	+8,929	14,140	5,211	+8,929
Occupancy	89%	90%	-1% pt	89%	90%	-1% pt
Average daily rate	\$128	\$134	-4%	\$114	\$132	-14%
Revenue per day per available unit	\$108	\$119	-9%	\$101	\$116	-13%
Percent of revenues from Medicare / Medicaid	38%	78%	-40% pts	39%	78%	-39% pts
Percent of revenues from private / other	62%	22%	+40% pts	61%	22%	+39% pts

"Same Store" Facilities (facilities FVE operated continuously since 1/1/01):

	Three months ended 12/31			Year ended 12/31		
	2002	2001	% Change	2002	2001	% Change
Revenues from residents (in 000s)	\$59,244	\$57,179	+4%	\$229,400	\$221,437	+4%
Facility expenses (in 000s)	\$54,418	\$52,177	+4%	\$212,785	\$202,720	+5%
No. of facilities (end of period)	54	54	-	54	54	-
No. of living units (end of period)	4,952	4,952	-	4,952	4,952	-
Occupancy	90%	90%	-	89%	88%	+1% pt
Average daily rate	\$144	\$139	+4%	\$142	\$136	+4%
Revenue per day per available						

unit	\$130	\$126	+3%	\$127	\$123	+3%
Percent of revenues from Medicare / Medicaid	80%	79%	+1%	79%	78%	+1% pt
Percent of revenues from private / other	20%	21%	-5%	21%	22%	-1% pt

Total Portfolio at 12/31/02 (includes data for periods prior to FVE operation of certain facilities(2)):

	Three months ended 12/31			Year ended 12/31		
	2002	2001	% Change	2002	2001	% Change
Revenues from residents (in 000s)	\$140,129	\$140,897	-1%	\$562,738	\$541,318	+4%
Facility expenses (in 000s)	\$112,545	\$113,835	-1%	\$467,483	\$436,052	+7%
No. of facilities (end of period)	105	105	-	105	105	-
No. of living units (end of period)	14,140	14,140	-	14,140	14,140	-
Occupancy	88%	90%	-2% pts	89%	90%	-1% pt
Average daily rate	\$128	\$120	+7%	\$126	\$118	+7%
Revenue per day per available unit	\$109	\$107	+2%	\$109	\$105	+4%
Percent of revenues from Medicare / Medicaid	38%	39%	-1% pt	39%	39%	-
Percent of revenues from private / other	62%	61%	+1% pt	61%	61%	-

(2) Includes data from prior owners

Five Star Quality Care, Inc.

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