FORM 10-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(MARK ONE)

|X|ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES AND EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2000

OR

| |TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934 For
the transition period from ___________ to _____________

Commission File No. 1-9321

UNIVERSAL HEALTH REALTY INCOME TRUST

(Exact name of registrant as specified in its charter)

Maryland	23-6858580
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

Universal Corporate Center 367 South Gulph Road P.O. Box 61558 King of Prussia, Pennsylvania	19406-0958
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (610) 265-0688

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Name of each exchange on which registered
Shares of beneficial interest, $.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [x] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. | |

Aggregate market value of voting shares held by non-affiliates as of January 31, 2001: $178,992,766.
Number of shares of beneficial interest outstanding of registrant as of January 31, 2001: 8,981,619

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2001 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2000 (incorporated by reference under Part III).

PART I

Item 1. BUSINESS

General

The Trust commenced operations on December 24, 1986. As of December 31, 2000, the Trust had investments in forty-one facilities located in fifteen states consisting of the following:

Facility Name		Location	Type of Facility	Guarantor
Chalmette Medical Center	(A)	Chalmette, LA	Acute Care	Universal Health Services, Inc.
Virtue Street Pavilion	(A)	Chalmette, LA	Rehabilitation	Universal Health Services, Inc.
Inland Valley Regional Medical Ctr.	(A)	Wildomar, CA	Acute Care	Universal Health Services, Inc.
McAllen Medical Center	(A)	McAllen, TX	Acute Care	Universal Health Services, Inc.
The Bridgeway	(A)	N.Little Rock, AR	Behavioral Health	Universal Health Services, Inc.
Wellington Regional Medical Center	(A)	W.Palm Beach,FL	Acute Care	Universal Health Services, Inc.
Vencor Hospital - Chicago	(B)	Chicago, IL	Sub-Acute Care	Vencor, Inc.
Tri-State Rehabilitation Hospital	(B)	Evansville, IN	Rehabilitation	HEALTHSOUTH Corporation
Fresno Herndon Medical Plaza	(B)	Fresno, CA	Medical Office Bldg. ("MOB")	---
Family Doctor's Medical Office Bldg.	(B)	Shreveport, LA	MOB	HCA-The Healthcare Company
Kelsey-Seybold Clinic at Kings Crossing	(B)	Kingwood, TX	MOB	St. Lukes & Methodist Health Sys.
Professional Bldgs. at Kings Crossing	(B)	Kingwood, TX	MOB	---
Chesterbrook Academy	(B)	Audubon, PA	Preschool & Childcare	Nobel Learning Comm. & Subs.
Carefree Learning Center	(B)	New Britain, PA	Preschool & Childcare	Nobel Learning Comm. & Subs.
Carefree Learning Center	(B)	Newtown, PA	Preschool & Childcare	Nobel Learning Comm. & Subs.
Carefree Learning Center	(B)	Uwchlan, PA	Preschool & Childcare	Nobel Learning Comm. & Subs.

Southern Crescent Center	(B)	Riverdale, GA	MOB	---
Desert Samaritan Hospital MOBs	(C)	Phoenix, AZ	MOB	---
Suburban Medical Center MOBs	(D)	Louisville, KY	MOB	---
Maryvale Samaritan Hospital MOBs	(E)	Phoenix, AZ	MOB	---
Desert Valley Medical Center MOB	(F)	Phoenix, AZ	MOB	---
Thunderbird Paseo Medical Plaza	(G)	Glendale, AZ	MOB	---
Cypresswood Professional Center	(H)	Houston, TX	MOB	---
Samaritan West Valley Medical Ctr.	(I)	Goodyear, AZ	MOB, Imaging Ctr.	---
Edwards Medical Plaza	(F)	Phoenix, AZ	MOB	---
Desert Springs Medical Plaza	(J)	Las Vegas, NV	MOB	Quorum Health Group, Inc.
Pacifica Palms Medical Plaza	(F)	Torrance, CA	MOB	---
St. Jude Heritage Health Complex	(K)	Fullerton, CA	MOB	---
Rio Rancho Medical Center	(L)	Rio Rancho, NM	MOB	---
Orthopaedic Specialists of Nevada Building	(M)	Las Vegas, NV	MOB	---
Santa Fe Professional Plaza	(F)	Scottsdale, AZ	MOB	---
East Mesa Medical Center	(G)	Mesa, AZ	MOB	---
Summerlin Hospital Medical Office Building	(N)	Las Vegas, NV	MOB	---
Sheffield Medical Building	(B)	Atlanta, GA	MOB	---
Southern Crescent Center, II	(B)	Riverdale, GA	MOB	---
Centinela Medical Building	(O)	Inglewood, CA	MOB	---
Summerlin Hospital Medical Office Bldg. II	(P)	Las Vegas, NV	MOB	---
Skypark Medical Building	(F)	Torrance, CA	MOB	---
Medical Center of Western Connecticut	(B)	Danbury, CT	MOB	---
Mid Coast Hospital Medical Office Building	(Q)	Brunswick, ME	MOB	---
Thunderbird Paseo Medical Plaza II	(R)	Glendale, AZ	MOB	---

(A) Leased to subsidiaries of Universal Health Services, Inc. ("UHS")

(B) Real estate assets owned by the Trust and leased to an unaffiliated third-party or parties.

(C) The Trust has a 61% equity interest in a limited liability company ("LLC") which owns the real estate assets of this facility.

(D) The Trust has a 33% equity interest in a LLC which owns the real estate assets of this facility.

(E) The Trust has a 60% interest in a LLC which owns the real estate assets of this facility.

(F) The Trust has a 95% equity interest in a LLC which owns the real estate assets of this facility.

(G) The Trust has a 75% equity interest in a LLC which owns the real estate assets of this facility.

(H) The Trust has provided financing, which matures in August, 2002, to a limited partnership in which the Trust owns a 77% controlling interest. In connection with this investment, the Trust made a capital contribution of $343,000 to the limited partnership.

(I) The Trust has a 89% equity interest in a LLC which owns the real estate assets of this facility.

(J) The Trust has a 99% equity interest in a LLC which owns the real estate assets of this facility. Tenants of this medical office building include a subsidiary of UHS.

(K) The Trust has a 48% equity interest in a LLC which owns the real estate assets of this facility.

(L) The Trust has a 80% equity interest in a LLC which owns the real estate assets of this facility.

(M) Land leased from Valley Health Systems, LLC (a UHS subsidiary).

(N) The Trust has a 98% equity interest in a LLC which owns the real estate assets of this facility. The Tenants in this multi-tenant medical office building include a subsidiary of UHS.

(O) The Trust has a 67% equity interest in a LLC which owns the real estate assets of this facility.

(P) The Trust has a 98% equity interest in a LLC which owns the real estate assets of this facility. This multi-tenant medical office building is master-leased by a subsidiary of UHS.

(Q) The Trust has a 74% equity interest in a LLC which is constructing a medical office building scheduled to be completed in the fourth quarter of 2001.

(R) The Trust has a 75% equity interest in a LLC which is constructing a medical office building scheduled to be completed in the second quarter of 2001.

In this Annual Report on Form 10-K, the term "revenues" does not include the revenues of the unconsolidated limited liability companies in which the Trust has various non-controlling equity interests ranging from 33% to 99%. The Trust accounts for its share of the income/loss from these investments by the equity method.

Included in the Trust's portfolio is ownership of eight hospital facilities (aggregate investment of $130 million) which contain an aggregate of 1,149 licensed beds. The leases with respect to hospital facilities comprised 72% of the Trust's 2000 revenues, have fixed terms with an average of 3.6 years remaining and provide for renewal options for up to six five-year terms. During the second quarter of 2000, Meridell Achievement Center, Inc., a wholly-owned subsidiary of UHS, exercised its option pursuant to the lease to purchase the leased property upon the December 31, 2000 expiration of the initial lease term. Pursuant to the terms of the lease agreement, three appraisals were obtained to determine the fair market value of the property and accordingly, the sale price was determined to be $5,450,000. This sale, which resulted in a gain of approximately $1.9 million, was completed during the fourth quarter of 2000.

For the eight hospital facilities owned by the Trust (excluding from all three years the facility sold to a subsidiary of UHS in December, 2000), the combined ratio of earnings before interest, taxes, depreciation, amortization and lease and rental expense (EBITDAR) to minimum rent plus additional rent payable to the Trust was approximately 5.6, 5.3 and 5.4 for the years ended December 31, 2000, 1999 and 1998, respectively (see "Relationship to Universal Health Services, Inc."). The coverage ratio for individual facilities varies.

Pursuant to the terms of the leases with subsidiaries of UHS, UHS is responsible for building operations, maintenance and renovations required at the six hospital facilities leased from the Trust. For the Trust's multi-tenant medical office buildings, cash reserves have been established to fund required building maintenance and renovations. Lessees are required to maintain all risk, replacement cost and commercial property insurance policies on the leased properties. The Trust is one of the named insured and believes the leased properties are adequately insured.

Relationship to Universal Health Services, Inc.

Leases. As of December 31, 2000, subsidiaries of UHS leased six of the eight hospital facilities owned by the Trust with terms expiring in 2001 through 2006. The leases to the subsidiaries of UHS are guaranteed by UHS and are cross-defaulted with one another. Each of the leases contains renewal options of up to six five-year periods. These leases accounted for 70% of the total revenue of the Trust for the five years ended December 31, 2000 (63% for the year ended December 31, 2000). Including 100% of the revenues generated at the unconsolidated LLCs in which the Trust has various non-controlling equity interests ranging from 33% to 99%, the UHS leases accounted for 45% of the combined consolidated and unconsolidated revenue for the five years ended December 31, 2000 (35% for the year ended December 31, 2000).

For the six hospital facilities owned by the Trust and leased to subsidiaries of UHS, the combined ratio of EBITDAR to minimum rent plus additional rent payable to the Trust (excluding from all three years the facility sold to a subsidiary of UHS in December, 2000) was approximately 5.7, 5.6 and 5.5 for the years ended December 31, 2000, 1999 and 1998, respectively. The coverage ratio for individual facilities vary and range from 2.7 to 8.3 in 2000, 1.1 to 9.0 in 1999 and 1.1 to 8.6 in 1998. Management of the Trust cannot predict whether the leases with subsidiaries of UHS, which have renewal options at existing lease rates, or any of the Trust's other leases, will be renewed at the end of their lease terms. If the leases are not renewed at their current rates, the Trust would be required to find other operators for those facilities and/or enter into leases on terms potentially less favorable to the Trust than the current leases.

In recent years, an increasing number of legislative initiatives have been introduced or proposed in Congress and in state legislatures that would effect major changes in the healthcare system, either nationally or at the state level (see "Regulation"). In addition, the healthcare industry has been characterized in recent years by increased competition and consolidation. Management of the Trust is unable to predict the effect, if any, these industry factors will have on the operating results of its lessees, including the facilities leased to subsidiaries of UHS, or on their ability to meet their obligations under the terms of their leases with the Trust.

Pursuant to the terms of the leases with UHS, the lessees have rights of first refusal to: (i) purchase the respective leased facilities during and for 180 days after the lease terms at the same price, terms and conditions of any third-party offer, or; (ii) renew the lease on the respective leased facility at the end of, and for 180 days after, the lease term at the same terms and conditions pursuant to any third-party offer. The leases also grant the lessees options, exercisable on at least six months notice, to purchase the respective leased facilities at the end of the lease term or any renewal term at the facility's then fair market value. The terms of the leases also provide that in the event UHS discontinues operations at the leased facility for more than one year, or elects to terminate its lease prior to the expiration of its term for prudent business reasons, UHS is obligated to offer a substitution property. If the Trust does not accept the substitution property offered, UHS is obligated to purchase the leased facility back from the Trust at a price equal to the greater of its then fair market value or the original purchase price paid by the Trust. As noted below, transactions with UHS must be approved by a majority of the Trustees who are unaffiliated with UHS (the "Independent Trustees"). The purchase options and rights of first refusal granted to the respective lessees to purchase or lease the respective leased facilities, after the expiration of the lease term, may adversely affect the Trust's ability to sell or lease a facility, and may present a potential conflict of interest between the Trust and UHS since the price and terms offered by a third-party are likely to be dependent, in part, upon the financial performance of the facility during the final years of the lease term.

Advisory Agreement. UHS of Delaware, Inc. (the "Advisor"), a wholly-owned subsidiary of UHS, serves as Advisor to the Trust under an Advisory Agreement dated December 24, 1986 between the Advisor and the Trust (the "Advisory Agreement"). Under the Advisory Agreement, the Advisor is obligated to present an investment program to the Trust, to use its best efforts to obtain investments suitable for such program (although it is not obligated to present any particular investment opportunity to the Trust), to provide administrative services to the Trust and to conduct the Trust's day-to-day affairs. In performing its services under the Advisory Agreement, the Advisor may utilize independent professional services, including accounting, legal and other services, for which the Advisor is reimbursed directly by the Trust. The Advisory Agreement expires on December 31 of each year; however, it is renewable by the Trust, subject to a determination by the Independent Trustees that the Advisor's performance has been satisfactory. The Advisory Agreement may be terminated for any reason upon sixty days written notice by the Trust or the Advisor. The Advisory Agreement has been renewed for 2001. All transactions with UHS must be approved by the Independent Trustees. The Advisory Agreement provides that the Advisor is entitled to receive an annual advisory fee equal to .60% of the average invested real estate assets of the Trust, as derived from its consolidated balance sheet from time to time. In addition, the Advisor is entitled to an annual incentive fee equal to 20% of the amount by which cash available for distribution to shareholders for each year, as defined in the Advisory Agreement, exceeds 15% of the Trust's equity as shown on its balance sheet, determined in accordance with generally accepted accounting principles without reduction for return of capital dividends. No incentive fees were paid during 2000, 1999 and 1998. The advisory fee is payable quarterly, subject to adjustment at year end based upon audited financial statements of the Trust.

Share Purchase Option. UHS has the option to purchase shares of beneficial interest in the Trust at fair market value to maintain a 5% interest in the Trust. As of December 31, 2000, UHS owned 8.5% of the outstanding shares of beneficial interest.

Competition

The Trust believes that it is one of thirteen publicly traded real estate investment trusts ("REITs") currently investing primarily in income-producing real estate with an emphasis on healthcare related facilities. The REITs compete with one another in that each is continually seeking attractive investment opportunities in healthcare related facilities.

The Trust may also compete with banks and other companies, including UHS, in the acquisition, leasing and financing of healthcare related facilities. In most geographical areas in which the Trust's facilities operate, there are other facilities which provide services comparable to those offered by the Trust's facilities, some of which are owned by governmental agencies and supported by tax revenues, and others of which are owned by nonprofit corporations and may be supported to a large extent by endowments and charitable contributions. Such support is not available to the Trust's facilities. In addition, certain hospitals which are located in the areas served by the Trust's facilities are special service hospitals providing medical, surgical and behavioral health services that are not available at the Trust's hospitals or other general hospitals. The competitive position of a hospital is to a large degree dependent upon the number and quality of staff physicians. Although a physician may at any time terminate his or her affiliation with a hospital, the Trust's hospitals seek to retain doctors of varied specializations on its hospital staffs and to attract other qualified doctors by improving facilities and maintaining high ethical and professional standards.

The Trust's hospital facilities continue to experience a shift in payor mix resulting in an increase in revenues attributable to managed care payors and unfavorable general industry trends which include pressures to control healthcare costs. Pressures to control healthcare costs and a shift away from traditional Medicare to Medicare managed care plans have resulted in an increase in the number of patients whose healthcare coverage is provided under managed care plans, which includes health maintenance organizations ("HMOs") and preferred provider organizations ("PPOs"). In general, the operators of the Trust's facilities expect to continue to experience an increase in business from managed care programs, including HMOs and PPOs. The consequent growth in managed care networks and the resulting impact of these networks on the operating results of the Trust's facilities vary among the markets in which the Trust's facilities operate.

Outpatient treatment and diagnostic facilities, outpatient surgical centers and freestanding ambulatory surgical centers also impact the healthcare marketplace. Many of the Trust's facilities continue to experience an increase in outpatient revenues which is primarily the result of advances in medical technologies and pharmaceutical improvements, which allow more services to be provided on an outpatient basis, and increased pressure from Medicare, Medicaid, HMOs, PPOs and insurers to reduce hospital stays and provide services, where possible, on a less expensive outpatient basis. The hospital industry in the United States, as well as the Trust's hospital facilities, continue to have significant unused capacity which has created substantial competition for patients. Inpatient utilization continues to be negatively affected by payor-required, pre-admission authorization and by payor pressure to maximize outpatient and alternative healthcare delivery services for less acutely ill patients. The Trust expects its hospital facilities to continue to experience increased competition and admission constraints.

A large portion of the Trust's non-hospital properties consist of medical office buildings which are located either close to or on the campuses of hospital facilities. These properties are either directly or indirectly affected by the factors discussed above as well as general real estate factors such as the supply and demand of office space and market rental rates.

The Trust anticipates investing in additional healthcare related facilities and leasing the facilities to qualified operators, perhaps including UHS and subsidiaries of UHS.

Regulation

The Medicare program reimburses the operators of the Trust's hospitals primarily based on established rates by a diagnosis related group ("DRG") for acute care hospitals and by cost based formulas for behavioral health facilities. Historically, rates paid under Medicare's prospective payment system ("PPS") for inpatient services have increased, however, these increases have been less than cost increases. Pursuant to the terms of The Balanced Budget Act of 1997 ("BBA-97"), there were no increases in the rates paid to hospitals for inpatient care through September 30, 1998 and reimbursement for bad debt expense and capital costs as well as other items were reduced. Inpatient operating payment rates increased 0.5% for the period of October 1, 1998 through September 30, 1999, however, the modest rate increase was less than inflation and was more than offset by the negative impact of converting reimbursement on skilled nursing facility patients from a cost based reimbursement to a prospective payment system and from lower DRG payments on certain patient transfers mandated by BBA-97. Inpatient operating payment rates were increased 1.1% for the period of October 1, 1999 through September 30, 2000, however, the modest increase was less than inflation and was more than offset by the negative impact of increasing the qualification threshold for additional payments for treating costly inpatient cases (i.e. outliers). Payments for Medicare outpatient services historically have been paid based on costs, subject to certain adjustments and limits. BBA-97 requires that payment for those services be converted to PPS, which was implemented on August 1, 2000.

During the fourth quarter of 2000, Congress passed the Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 ("BIPA") which, among other things, increased Medicare and Medicaid payments to health care providers by $35 billion over 5 years with approximately $12 billion of this amount targeted for hospitals and $11 billion for managed care payors. These increased reimbursements to hospitals pursuant to the terms of BIPA will commence in April, 2001 and for the period of April 1, 2001 through September 30, 2001, the additional reimbursements will be remitted to hospitals at twice the scheduled amounts. BBA-97 established the annual update for Medicare at market basket minus 1.1% in both fiscal years 2001 (October 1, 2000 through September 30, 2001) and 2002 and BIPA revised the update at the full market basket in fiscal year 2001 and market basket minus .55% in fiscal years 2002 and 2003. Additionally, BBA-97 reduced reimbursement to hospitals for Medicare bad debts to 55% and BIPA increased the reimbursement to 70%, with an effective date for the Trust's hospital facilities leased to subsidiaries of UHS of January 1, 2001.

Executive Officers of the Registrant

Name	Age	Position
Alan B. Miller	63	Chairman of the Board and Chief Executive Officer
Kirk E. Gorman	50	President, Chief Financial Officer, Secretary and Trustee
Charles F. Boyle	41	Vice President and Controller
Cheryl K. Ramagano	38	Vice President and Treasurer
Timothy J. Fowler	45	Vice President, Acquisition and Development

Mr. Alan B. Miller has been Chairman of the Board and Chief Executive Officer of the Trust since its inception in 1986. He served as President of the Trust until March, 1990. Mr. Miller has been Chairman of the Board, President and Chief Executive Officer of UHS since its inception in 1978. Mr. Miller also serves as a director of Penn Mutual Life Insurance Company and Broadlane, Inc.

Mr. Kirk E. Gorman has been President and Chief Financial Officer of the Trust since March, 1990 and was elected to the Board of Trustees and Secretary in December, 1994. Mr. Gorman had previously served as Vice President and Chief Financial Officer of the Trust since April, 1987. Mr. Gorman was elected Senior Vice President, Treasurer and Chief Financial Officer of UHS in 1992 and served as its Senior Vice President and Treasurer since 1989.

Mr. Charles F. Boyle was elected Vice President and Controller of the Trust in June, 1991. Mr. Boyle was promoted to Assistant Vice President - Corporate Accounting of UHS in 1994 and served as its Director of Corporate Accounting since 1989.

Ms. Cheryl K. Ramagano was elected Vice President and Treasurer of the Trust in September, 1992. Ms. Ramagano was promoted to Assistant Treasurer of UHS in 1994 and served as its Director of Finance since 1990.

Mr. Timothy J. Fowler was elected Vice President, Acquisition and Development of the Trust upon the commencement of his employment with UHS in October, 1993. Prior thereto, he served as a Vice President of The Chase Manhattan Bank, N.A. since 1986.

The Trust's officers are all employees of UHS and as of December 31, 2000, the Trust had no salaried employees. In 1999, 2000 and 2001, the Trustees awarded a $50,000 bonus to Mr. Kirk E. Gorman, President, Chief Financial Officer, Secretary and Trustee of the Trust. Also, in 1999, 2000 and 2001, UHS agreed to a $50,000 reduction in the advisory fee paid by the Trust.

Item 2. Properties

The following table shows the Trust's investments in hospital facilities leased to Universal Health Services, Inc. and other non-related parties. The table on the next page provides information related to various properties in which the Trust has significant investments, some of which are accounted for by the equity method. The capacity in terms of beds (for the hospital facilities) and the five-year occupancy levels are based on information provided by the lessees.

Hospital Facility Name and Location	Type of facility	Number of available beds @ 12/31/00	Average Occupancy (1) 2000	1999	1998	1997	1996	Minimum rent	Lease Term End of initial or renewed term	Renewal term (years)
Chalmette Medical Centers (2)										
Virtue Street Pavilion	Rehabilitation	57	56%	61%	63%	64%	61%	$1,261,000	2004	25
Chalmette Medical Center	Acute Care	138	55%	65%	61%	64%	66%	1,229,000	2003	15
Chalmette, Louisiana										
Inland Valley Regional Medical Center Wildomar, California	Acute Care	80	76%	68%	60%	52%	49%	1,857,000	2006	30
McAllen Medical Center (3) McAllen, Texas	Acute Care	552	76%	69%	69%	76%	88%	5,485,000	2001	30
Wellington Regional Medical Center West Palm Beach, Florida	Acute Care	120	45%	41%	37%	36%	36%	2,495,000	2006	30
The Bridgeway North Little Rock, Arkansas	Behavioral Health	70	82%	78%	79%	68%	62%	683,000	2004	25
Tri-State Regional Rehabilitation Hospital Evansville, Indiana	Rehabilitation	80	73%	74%	82%	74%	59%	1,206,000	2004	20
Vencor Hospital - Chicago (4) Chicago, Illinois	Sub-Acute Care	87	50%	46%	42%	50%	45%	1,209,000	2001	25

Facility Name and Location	Type of facility	Average Occupancy (1) 2000	1999	1998	1997	1996	Lease Term: Minimum rent	End of initial or renewed term	Renewal term (years)
Fresno Herndon Medical Plaza Fresno, California	Medical Office Building	99%	100%	100%	100%	100%	$688,000	2002 -2007	various
Kelsey-Seybold Clinic at King's Crossing	Medical	100%	100%	100%	100%	100%	270,000	2005	10
Professional Bldgs. at King's Crossing Kingwood, Texas	Office Buildings	96%	100%	100%	100%	93%	245,000	2001 -2005	various
Southern Crescent Center Riverdale, Georgia	Medical Office Building	77%	100%	100%	100%	89%	645,000	2003 -2006	various
Cypresswood Professional Center Spring, Texas	Medical Office Building	100%	100%	100%	96%	-	569,000	2002 -2007	various
Desert Springs Medical Plaza Las Vegas, Nevada	Medical Office Building	99%	99%	100%	-	-	1,762,000	2001-2006	various
Orthopaedic Specialists of Nevada Las Vegas, Nevada	Medical Office Building	100%	100%	-	-	-	189,000	Bldg. 2009	20
Sheffield Medical Office Building Atlanta, Georgia	Medical Office Building	95%	90%	-	-	-	1,447,000	2001-2012	various
Southern Crescent Center II Atlanta, Georgia	Medical Office Building	88%	-	-	-	-	843,000	2010	10
Medical Center of Western Connecticut Danbury, Connecticut	Medical Office Building	100%	-	-	-	-	885,000	2009	various

(1) Average occupancy rate for the hospital facilities is based on the average number of available beds occupied during the five years ended December 31, 2000. Average occupancy rate for the multi-tenant medical office buildings is based on the occupied square footage of each building. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for effects of various occupancy levels at the Trust's hospital facilities. Average available beds is the number of beds which are actually in service at any given time for immediate patient use with the necessary equipment and staff available for patient care. A hospital may have appropriate licenses for more beds than are in service for a number of reasons, including lack of demand, incomplete construction and anticipation of future needs.

(2) The operations of The Virtue Street Pavilion and Chalmette Medical Center, two facilities which are separated by approximately one mile, were combined at the end of 1989. Each facility is leased pursuant to a separate lease. No assurance can be given as to the effect, if any, the consolidation of the two facilities as mentioned above, had on the underlying value of the Virtue Street Pavilion and Chalmette Medical Center. Rental commitments and the guarantee by UHS under the existing leases continue for the remainder of the respective terms of the leases.

(3) During 2000, UHS purchased a non-acute care facility that had been closed located in McAllen, Texas. The license for this facility was merged with the license for McAllen Medical Center and accordingly, the licensed and available beds for McAllen Medical Center were each increased by 80 beds to 570 licensed beds and 552 available beds, respectively.

(4) During December of 1993, UHS, the former lessee and operator of Belmont Community Hospital, sold the operations of the facility to THC-Chicago, Inc., an indirect wholly-owned subsidiary of Community Psychiatric Centers ("CPC"). Concurrently, the Trust purchased certain related real property from UHS for $1 million in cash and a note payable with a carrying value of $1.4 million (including accrued interest) at December 31, 2000. The note payable has a face value of $1 million and is due on December 31, 2001. The amount of interest payable on this note is contingent upon the financial performance of this leased facility and its estimated fair value at the end of the initial lease term. The Trust has estimated the total amount payable under the terms of this note and has discounted the payments to their net present value using a 6% rate. Included in the Trust's 2000 financial results is approximately $70,000 of interest expense related to this note. In connection with this transaction, UHS's lease with the Trust was terminated and the Trust entered into an eight year lease agreement with THC-Chicago. In 1997, CPC was acquired by Vencor, Inc. who assumed their obligations under the lease and renamed the facility Vencor Hospital-Chicago. The lease is guaranteed by Vencor, Inc. During 1999, Vencor, Inc. filed for bankruptcy and as a result, the Trust did not receive or record approximately one-half of a month of rental revenue. Management of Vencor, Inc. has informed the Trust that pursuant to its petition for debt reorganization, it intends on paying all rent due to the Trust pursuant to the terms of the lease. Vencor, Inc. was granted a Motion for an Order Pursuant to Section 365(d)(4) of the Bankruptcy Code Further Extending the Time Within Which Debtors Must Assume or Reject Unexpired Leases of Non-residential Property, extending the date to May 1, 2001. Rental payments on this facility have been received through March, 2001.

Item 3. LEGAL PROCEEDINGS

Not applicable.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable. No matter was submitted during the fourth quarter of the year ended December 31, 2000 to a vote of security holders.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Trust's shares of beneficial interest are listed on the New York Stock Exchange. The high and low closing sales prices for the Trust shares of beneficial interest for each quarter in the two years ended December 31, 2000 and 1999 are summarized below:

	2000		1999	
	High Price	Low Price	High Price	Low Price
First Quarter	$16 11/16	$14 5/16	$20 1/2	$19 1/4
Second Quarter	$18 15/16	$15 1/4	$20 5/16	$19 5/16
Third Quarter	$19 3/8	$17	$19 13/16	$17 1/16
Fourth Quarter	$19 7/8	$17 1/8	$17 7/8	$14 5/8

As of January 31, 2001, there were approximately 795 shareholders of record of the Trust's shares of beneficial interest. It is the Trust's intention to declare quarterly dividends to the holders of its shares of beneficial interest so as to comply with applicable sections of the Internal Revenue Code governing real estate investment trusts. Covenants relating to the revolving credit facility limit the Trust's ability to increase dividends in excess of 95% of cash available for distribution unless additional distributions are required to be made so as to comply with applicable sections of the Internal Revenue Code and related regulations governing real estate investment trusts. In each of the past five years, dividends per share were declared as follows:

	2000	1999	1998	1997	1996
First Quarter	$ .455	$ .450	$ .435	$ .425	$ .420
Second Quarter	.460	.450	.435	.425	.425
Third Quarter	.460	.455	.440	.425	.425
Fourth Quarter	.465	.455	.445	.430	.425
	$ 1.840	$ 1.810	$ 1.755	$ 1.705	$ 1.695

Item 6. SELECTED FINANCIAL DATA

Financial highlights for the Trust for the five years ended December 31, 2000 were as follows:

	(000s except per share amounts)				
	2000 (1)	1999 (1)	1998 (1)	1997	1996
Revenues	$27,315	$23,865	$23,234	$22,764	$21,923
Net income	$16,256	$13,972	$14,337	$13,967	$14,158
Funds from Operations (2)	$22,878	$21,772	$19,857	$18,809	$18,174
Per Share Data: Net income-Basic	$1.81	$1.56	$1.60	$1.56	$1.58
Net income-Diluted	$1.81	$1.56	$1.60	$1.56	$1.58
Dividends	$1.840	$1.810	$1.755	$1.705	$1.695

(1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(2) Funds from operations ("FFO") may not be calculated in the same manner for all companies, and accordingly, FFO as presented above may not be comparable to similarly titled measures by other companies. FFO does not represent cash flows from operations as defined by generally accepted accounting principles and should not be considered as an alternative to net income as an indicator of the Trust's operating performance or to cash flows as a measure of liquidity. FFO shown above is calculated as follows:

	(000s)				
	2000	1999	1998	1997	1996
Net income	$16,256	$13,972	$14,337	$13,967	$14,158
Depreciation expense:					
Consolidated investments	4,414	3,833	3,809	3,740	3,554
Unconsolidated affiliates	2,964	2,322	1,587	978	337
Amortization of interest rate cap	--	62	124	124	125
Provision for investment loss, net	--	1,583	--	--	--
Equity in provision for investment loss of LLC	1,139	--	--	--	--
Gain on sale of real property to UHS	(1,895)	--	--	--	--
Total	$22,878	$21,772	$19,857	$18,809	$18,174

At End of Period	2000	1999	1998	1997	1996
Total Assets	$ 183,658	$ 178,821	$ 169,406	$ 146,755	$ 148,566
Debt	$ 82,031	$ 76,889	$ 66,016	$ 42,347	$ 43,082

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward Looking Statements

The matters discussed in this report, as well as the news releases issued from time to time by the Trust, include certain statements containing the words "believes", "anticipates", "intends", "expects" and words of similar import, which constitute "forward-looking statements" within the meaning of Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Trust's or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the following: a substantial portion of the Trust's revenues are dependent on one operator, Universal Health Services, Inc., ("UHS"); a substantial portion of the Trust's leases are involved in the healthcare industry which is undergoing substantial changes and is subject to possible changes in the levels and terms of reimbursement from third-party payors and government reimbursement programs, including Medicare and Medicaid; the Trust's ability to finance its growth on favorable terms; liability and other claims asserted against the Trust or operators of the Trust's facilities, and other factors referenced herein. Additionally, the operators of the Trust's facilities, including UHS, are confronted with other issues such as: industry capacity; demographic changes; existing laws and government regulations and changes in or failure to comply with laws and governmental regulations; the ability to enter into managed care provider agreements on acceptable terms; competition; the loss of significant customers; technological and pharmaceutical improvements that increase the cost of providing, or reduce the demand for healthcare; and the ability to attract and retain qualified personnel, including physicians. Management of the Trust is unable to predict the effect, if any, these factors will have on the operating results of its lessees, including the facilities leased to subsidiaries of UHS. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. The Trust disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

Liquidity and Capital Resources

General

The Trust commenced operations on December 24, 1986. As of December 31, 2000, the Trust had investments in forty-one facilities located in fifteen states.

It is the Trust's intention to declare quarterly dividends to the holders of its shares of beneficial interest so as to comply with applicable sections of the Internal Revenue Code governing real estate investment trusts. Convenants relating to the revolving credit facility limit the Trust's ability to increase dividends in excess of 95% of cash available for distribution unless additional distributions are required to be made to comply with applicable sections of the Internal Revenue Code and related regulations governing real estate investment trusts. During 2000, dividends of $1.84 per share, or $16.5 million in the aggregate, were declared and paid.

Net cash generated by operating activities was $20.0 million in 2000, $19.6 million in 1999 and $18.7 million in 1998. The $400,000 net increase in 2000 as compared to 1999 was due primarily to: (i) a $487,000 increase in net income plus the addback of non-cash charges (depreciation, amortization, amortization of interest rate cap expense, gain on sale of real property, equity in provision for investment loss of LLC and provision for investment loss); (ii) a $129,000 unfavorable change in rent receivable; (iii) a $149,000 unfavorable change in accrued interest, and; (iv) $179,000 favorable change in other working capital accounts. The $900,000 net increase in 1999 as compared to 1998 was due primarily to: (i) a $1.1 million increase in net income plus the addback of the non-cash charges (as defined above); (ii) a $113,000 unfavorable change in rent receivable, and; (iii) a $96,000 unfavorable change in other net working capital accounts.

During 2000, the $20.0 million of cash flows generated from operating activities, the $5.5 million proceeds received from the sale of Meridell Achievement Center, the $1.3 million of cash distributions received in excess of income from the Trust's investments in LLCs and the $5.1 million of additional borrowings were used primarily to: (i) purchase a medical office building located in Danbury, Connecticut ($6.4 million, including a $4.5 million third-party non-recourse mortgage); (ii) purchase a 95% equity interest in a limited liability company that owns and operates Skypark Professional Medical Building located in Torrance, California ($1.8 million); (iii) purchase a 67% equity interest in a limited liability company that owns and operates the Centinela Medical Building Complex located in Inglewood, California ($2.0 million); (iv) finance capital expenditures, including the construction of the Southern Crescent Center II, which was completed and opened during the third quarter of 2000, ($3.4 million); (v) purchase a 98% equity interest in a limited liability company that owns and operates the Summerlin Hospital Medical Office Building II ($2.0 million), and; (vi) pay dividends ($16.5 million).

During 1999, the $19.6 million of cash flows generated from operating activities, the $10 million of cash received for the repayments of three short-term loans advanced to separate LLCs during 1998, the $1.2 million of cash distributions received in excess of income from the Trust's investments in LLCs, the $10.8 million of additional borrowings and the $998,000 of proceeds received from the sale of Lakeshore Hospital were used primarily to: (i) purchase a 95% equity interest in a limited liability company that owns the Santa Fe Professional Plaza located in Scottsdale, Arizona ($1.2 million); (ii) purchase a 98% equity interest in a limited liability company that owns the Summerlin Hospital Medical Office Building located in Las Vegas, Nevada ($5.0 million); (iii) purchase a 75% equity interest in a limited liability company that owns the East Mesa Medical Center located in Mesa, Arizona ($1.6 million); (iv) invest additional capital in existing LLCs ($1.0 million); (v) acquire a medical office building in Las Vegas, Nevada ($1.6 million); (vi) acquire the Sheffield Medical Building ($11.5 million); (vii) finance capital expenditures ($4.4 million); (viii) purchase land ($307,000), and; (ix) pay dividends ($16.2 million).

During 1998, the $18.7 million of cash flows generated from operations, the $23.6 million of additional borrowings, the $900,000 of cash distributions received in excess of income from the Trust's investments in LLCs and the $600,000 reduction in cash were used primarily to: (i) pay dividends ($15.7 million); (ii) investments in and advances to five limited liability companies ($27.9 million, see Note 3), and; (iii) purchase real property and additions to land and buildings ($200,000). Included in the $27.9 million invested in/advanced to limited liability companies was $10.0 million of short-term loans advanced to three separate LLCs in which the Trust has ownership interests ranging from 48% to 95%. These loans, which earned interest at variable rates depending upon the length of time the loan was outstanding, earned interest at an annual average rate of 9% for 1998. The loans were fully repaid to the Trust during 1999 when the LLCs secured long-term, third-party financing.

The Trust has an unsecured, non-amortizing $100 million revolving credit agreement (the "Agreement"), which expires on June 24, 2003. The Agreement provides for interest at the Trust's option, at the certificate of deposit rate plus .625% to 1.125%, Eurodollar rate plus .50% to 1.125% or the prime rate. A fee of .175% to .375% is required on the unused portion of this commitment. The margins over the certificate of deposit rate, Eurodollar rate and the commitment fee are based upon the Trust's debt to total capital ratio as defined by the Agreement. At December 31, 2000, the applicable margin over the certificate of deposit and Eurodollar rates were 1.0% and .875%, respectively, and the commitment fee was .25%. There are no compensating balance requirements. The Agreement contains a provision whereby the commitments will be reduced by 50% of the proceeds generated from any new equity offering. At December 31, 2000, the Trust had approximately $17 million of available borrowing capacity.

Covenants relating to the revolving credit facility require the maintenance of a minimum tangible net worth and specified financial ratios, limit the Trust's ability to incur additional debt, limit the aggregate amount of mortgage receivables and limit the Trust's ability to increase dividends in excess of 95% of cash available for distribution, unless additional distributions are required to comply with the applicable section of the Internal Revenue Code and related regulations governing real estate investment trusts. The Trust is in compliance with such convenants at December 31, 2000.

The Trust has entered into interest rate swap agreements which are designed to reduce the impact of changes in interest rates on its floating rate revolving credit notes. At December 31, 2000, the Trust had five outstanding swap agreements for notional principal amounts of $35,580,000 which mature from May, 2001 through November, 2006. These swap agreements effectively fix the interest rate on $35,580,000 of variable rate debt at 6.89% including the revolver spread of .875%. The interest rate swap agreements were entered into in anticipation of certain borrowing transactions made by the Trust. The effective rate on the Trust's revolving credit notes including commitment fees and interest rate swap expense was 7.1%, 6.2% and 6.7% during 2000, 1999 and 1998, respectively. Additional interest expense/(income) recorded as a result of the Trust's hedging activity, which is included in the effective interest rates shown above, was ($164,000), $135,000 and $136,000 in 2000, 1999 and 1998, respectively. The Trust is exposed to credit loss in the event of nonperformance by the counterparties to the interest rate swap agreements. These counterparties are major financial institutions and the Trust does not anticipate nonperformance by the counterparties which are rated A or better by Moody's Investors Service. Termination of the interest rate swaps at December 31, 2000 would have resulted in payments to the counterparties to the Trust of approximately $532,000. The fair value of the interest rate swap agreements at December 31, 2000 reflects the estimated amounts that the Trust would pay or receive to terminate the contracts and are based on quotes from the counterparties.

Results of Operations

Total revenues increased 14% or $3.5 million to $27.3 million in 2000 as compared to 1999 and 3% or $631,000 to $23.9 million in 1999 as compared to $23.2 million in 1998. The $3.5 million increase during 2000 over 1999 was due primarily to a $3.3 million increase in base rentals from non-related parties resulting primarily from revenues generated from the Sheffield Medical Building, the Orthopaedic Specialists of Nevada Building, the medical office building located in Danbury, Connecticut as well as the Southern Crescent II medical office building, all of which were acquired/opened during or subsequent to the fourth quarter of 1999. The $631,000 increase during 1999 over 1998 was due primarily to a $451,000 increase in base rentals from non-related parties and a $170,000 increase in interest income. The $451,000 increase in base rentals from non-related parties resulted primarily from the revenues generated from the Sheffield Medical

Building, and the Orthopaedic Specialists of Nevada Building, both of which were acquired during the fourth quarter of 1999 and an increase in the base rentals of Tri-State Rehabilitation Hospital resulting from the June 1, 1999 lease amendment which increased the minimum rent and eliminated the additional rent provision. The $170,000 increase in interest income is primarily due to the interest earned on short-term loans advanced to three separate LLCs (in which the Trust has ownership interests), all of which were repaid to the Trust by June 30, 1999.

Interest expense increased $2.1 million or 53% in 2000 as compared to 1999 and $514,000 or 15% in 1999 as compared to 1998 due primarily to the additional borrowings used to finance additional investments during 2000 and 1999. Also contributing to the increase in interest expense in 2000 as compared to 1999 was an increase in the effective rate on the Trust's revolving credit facility which, including commitment fees and interest rate swap expense, increased to 7.1% in 2000 as compared to 6.2% in 1999.

Depreciation and amortization expense increased $604,000 or 16% in 2000 as compared to 1999 and decreased slightly in 1999 as compared to 1998. The increase in 2000 as compared to 1999 was due primarily to the depreciation expense related to various acquisitions made in 2000 and 1999.

Other operating expenses increased $1.0 million or 57% in 2000 as compared to 1999 primarily due to the expenses related to acquisitions made in 2000 and 1999. Other operating expenses decreased $115,000 or 6% in 1999 as compared to 1998 primarily due to a favorable expense reserve adjustment recorded in the third quarter of 1999, relating to Lakeshore Hospital, which was sold during the third quarter of 1999 for net cash proceeds of $998,000. Included in the Trust's other operating expenses were expenses related to the medical office buildings, in which the Trust has a controlling ownership interest which totaled $2.1 million in 2000 and $1.0 million in both 1999 and 1998. A portion of the expenses associated with the medical office buildings are passed on directly to the tenants and are included as revenues in the Trust's statements of income.

During the third quarter of 1999, the Trust sold the real estate assets of Lakeshore Hospital for net cash proceeds of $998,000. Since the book value of this facility was reduced to zero in a prior year, the net cash proceeds received were recorded as a gain and netted against the provision for investment loss. Also during the third quarter of 1999, a provision for investment loss of $2.6 million was recorded on Meridell Achievement Center, Inc., a behavioral health services facility operated by, and leased to, a wholly-owned subsidiary of UHS, pursuant to the terms of a lease that expired in December, 2000. In measuring the provision for investment loss during the third quarter of 1999, the Trust estimated fair value by discounting (using the Trust's internal hurdle rate) expected future cash flows, consisting of estimated future rental payments and residual value. During the second quarter of 2000, the wholly-owned subsidiary of UHS exercised its option pursuant to the lease to purchase the leased property upon the December 31, 2000 expiration of the initial lease. Pursuant to the terms of the lease agreement, three appraisal were obtained to determine the fair market value of the property and accordingly, the sale price was determined to be $5,450,000. This sale was completed in December, 2000 resulting in a gain of approximately $1.9 million which is included in the Trust's 2000 results of operations. Additionally, during the fourth quarter of 2000, the Trust recorded a provision for investment loss of $1.1 million to reflect its share of an asset impairment charge recorded at a limited liability company (in which the Trust owns a 60% non-controlling interest) resulting from recent declines in the performance of a medical office complex located in Phoenix, Arizona. In measuring the provision for investment loss of the limited liability company, management of the Trust concluded that the estimated fair value of the real property (calculated by discounting expected future cash flows, consisting of estimated future rental payments and residual value) did not exceed the mortgage held on the property by a third-party lending institution. Accordingly, the $1.1 million charge was recorded during the fourth quarter of 2000 to reduce the Trust's investment in this limited liability company to zero.

Included in the Trust's financial results was $2.9 million in 2000, $2.6 million in 1999 and $1.5 million in 1998, of income generated from the Trust's ownership in limited liability companies which own medical office buildings in Arizona, California, Kentucky, New Mexico, Nevada and Maine (Note 8 of the financial statements).

Net income for 2000 was $16.3 million or $1.81 per basic and diluted share compared to $14.0 million or $1.56 per basic and diluted share in 1999 and $14.3 million or $1.60 per basic and diluted share in 1998.

Funds from operations ("FFO"), which is the sum of net income plus depreciation expense for consolidated and unconsolidated investments, amortization of interest rate cap expense and equity in provision for investment loss of LLC minus gain on sale of real property totaled $22.9 million in 2000, $21.8 million in 1999 and $19.9 million in 1998. FFO may not be calculated in the same manner for all companies, and accordingly, may not be comparable to similarly titled measures by other companies. FFO does not represent cash flows from operations as defined by generally accepted accounting principles and should not be considered as an alternative to net income as an indicator of the Trust's operating performance or to cash flows as a measure of liquidity.

General

The average occupancy rate of a hospital is affected by a number of factors, including the number of physicians using the hospital, changes in the number of beds, the composition and size of the population of the community in which the hospital is located, general and local economic conditions, variations in local medical and surgical practices and the degree of outpatient use of the hospital services. The Trust's hospital facilities continue to experience a shift in payor mix resulting in an increase in revenues attributable to managed care payors and unfavorable general industry trends which include pressures to control healthcare costs. In general, the operators of the Trust's facilities expect to continue to experience an increase in business from managed care programs, including health maintenance organizations ("HMOs) and preferred provider organizations ("PPOs"). The consequent growth in managed care networks and the resulting impact of these networks on the operating results of the Trust's facilities vary among the markets in which the Trust's facilities operate.

Outpatient treatment and diagnostic facilities, outpatient surgical centers, and freestanding ambulatory surgical centers also impact the healthcare marketplace. Many of the Trust's facilities continue to experience an increase in outpatient revenues which is primarily the result of advances in medical technologies and pharmaceutical improvements, which allow more services to be provided on an outpatient basis, and increased pressure from Medicare, Medicaid, HMOs, PPOs and insurers to reduce hospital stays and provide services, where possible, on a less expensive outpatient basis. The hospital industry in the United States, as well as the Trust's hospital facilities, continue to have significant unused capacity which has created substantial competition for patients. Inpatient utilization continues to be negatively affected by payor-required, pre-admission authorization and by payor pressure to maximize outpatient and alternative healthcare delivery services for less acutely ill patients. The Trust expects its hospital facilities to continue to experience increased competition and admission constraints.

The Medicare program reimburses the operators of the Trust's hospitals primarily based on established rates by a diagnosis related group for acute care hospitals and by cost based formula for behavioral health facilities. Historically, rates paid under Medicare's prospective payment system ("PPS") for inpatient services have increased, however, these increases have been less than cost increases. Pursuant to the terms of BBA-97, there were no increases in the rates paid to hospitals for inpatient care through September 30, 1998 and reimbursement for bad debt expense and capital costs as well as other items were reduced. During the fourth quarter of 2000, Congress passed the Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 ("BIPA") which, among other things, increased Medicare and Medicaid payments to health care providers by $35 billion over 5 years with approximately $12 billion of this amount targeted for hospitals and $11 billion for managed care payors. These increased reimbursements to hospitals pursuant to the terms of BIPA will commence in April, 2001 and for the period of April 1, 2001 through September 30, 2001, the additional reimbursements will be remitted to hospitals at twice the scheduled amounts. BBA-97 established the annual update for Medicare at market basket minus 1.1% in both fiscal years 2001 (October 1, 2000 through September 30, 2001) and 2002 and BIPA revised the update at the full market basket in fiscal year 2001 and market basket minus .55% in fiscal years 2002 and 2003. Additionally, BBA-97 reduced reimbursement to hospitals for Medicare bad debts to 55% and BIPA increased the reimbursement to 70%, with an effective date for the Trust's hospital facilities leased to subsidiaries of UHS of January 1, 2001.

A large portion of the Trust's non-hospital properties consist of medical office buildings which are located either close to or on the campuses of hospital facilities. These properties are either directly or indirectly affected by the factors discussed above as well as general real estate factors such as the supply and demand of office space and market rental rates.

Market Risks Associated with Financial Instruments

The Trust's interest expense is sensitive to changes in the general level of domestic interest rates. To mitigate the impact of fluctuations in domestic interest rates, a portion of the Trust's debt is fixed rate accomplished by entering into interest rate swap agreements. The interest rate swap agreements are contracts that require the Trust to pay a fixed and receive a floating interest rate over the life of the agreements. The floating-rates are based on LIBOR and the fixed-rates are determined upon consummation of the swap agreements. The interest rate swap agreements do not constitute positions independent of the underlying exposures. The Trust does not hold or issue derivative instruments for trading purposes and is not a party to any instruments with leverage features. The Trust is exposed to credit losses in the event of non-performance by the counterparties to its financial instruments. The counterparties are creditworthy financial institutions, rated A or better by Moody's Investor Services and the Trust anticipates that the counterparties will be able to fully satisfy their obligations under the contracts. For the years ended December 31, 2000, 1999 and 1998, the Trust received a weighted average rate of 6.8%, 6.09% and 5.24%, respectively, and paid a weighted average rate on its interest rate swap agreements of 6.02%, 6.02% and 6.94%, respectively.

The table below presents information about the Trust's derivative financial instruments and other financial instruments that are sensitive to changes in interest rates, including interest rate swaps as of December 31, 2000. For debt obligations, the table presents principal cash flows and related weighted-average interest rates by contractual maturity dates. For interest rate swap agreements, the table presents notional amounts by expected maturity date and weighted average interest rates based on rates in effect at December 31, 2000.

(Dollars in thousands)	Maturity Date, Fiscal Year Ending December 31 2001	2002	2003	2004	2005	There-after	Total
Long-term debt:							
Fixed rate	$1,441	$89	$97	$105	$114	$3,985	$5,831
Average interest rates	6.5%	8.3%	8.3%	8.3%	8.3%	8.3%	
Variable rate long-term debt			$76,200				$76,200
Interest rate swaps:							
Pay fixed/receive variable notional amounts	$1,580	$4,000	$0	$10,000(a)	$0	$20,000 (b)	$35,580
Average pay rate	6.80%	6.6025%		5.65%		6.02%	
Average receive rate	3 month LIBOR	6 month LIBOR		3 month LIBOR		3 month LIBOR	

(a) The counterparty has the right to cancel this SWAP early on May 17, 2002.
(b) The counterparty has the right to cancel a $10 million SWAP on November 3, 2003.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Trust's Balance Sheets and its Statements of Income, Changes in Shareholders' Equity and Cash Flows, together with the report of Arthur Andersen LLP, independent public accountants, are included elsewhere herein. Reference is made to the "Index to Financial Statements and Schedules."

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

There is hereby incorporated by reference the information to appear under the caption "Election of Trustees" in the Trust's definitive Proxy Statement to be filed with the Securities and Exchange Commission within 120 days after December 31, 2000. See also "Executive Officers of the Registrant" appearing in Part I hereof.

Item 11. EXECUTIVE COMPENSATION

There is hereby incorporated by reference the information under the caption "Executive Compensation" and "Compensation Pursuant to Plans" in the Trust's definitive Proxy Statement to be filed with the Securities and Exchange Commission within 120 days after December 31, 2000.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

There is hereby incorporated by reference the information under the caption "Security Ownership of Certain Beneficial Owners and Management" in the Trust's definitive Proxy Statement to be filed with the Securities and Exchange Commission within 120 days after December 31, 2000.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There is hereby incorporated by reference the information under the caption "Transactions With Management and Others" in the Trust's definitive Proxy Statement to be filed with the Securities and Exchange Commission within 120 days after December 31, 2000.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Financial Statements and Financial Statement Schedules:

1) Report of Independent Public Accountants

2) Financial Statements

Consolidated Balance Sheets - December 31, 2000 and December 31, 1999
Consolidated Statements of Income - Years Ended December 31, 2000, 1999 and 1998
Consolidated Statements of Shareholders' Equity - Years Ended December 31, 2000, 1999 and 1998
Consolidated Statements of Cash Flows - Years Ended December 31, 2000, 1999 and 1998
Notes to Consolidated Financial Statements - December 31, 2000

(3) Schedules
Schedule II - Valuation and Qualifying Accounts - Years Ended December 31, 2000, 1999 and 1998
Schedule III - Real Estate and Accumulated Depreciation - December 31, 2000
Notes to Schedule III - December 31, 2000

(b) Reports on Form 8-K:
No reports on Form 8-K were filed during the last quarter of the year ended December 31, 2000

(c) Exhibits:

3.1 Declaration of Trust, dated as of August 1986, previously filed as Exhibit 3.1 Amendment No. 3 of the Registration Statement on Form S-11 and Form S-2 of Universal Health Services, Inc. and the Trust (Registration No. 33-7872), is incorporated herein by reference.

3.2 Amendment to Declaration of Trust, dated as of June 23, 1993, previously filed as Exhibit 3.2 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1993, is incorporated herein by reference.

3.3 Amended and restated bylaws, filed as Exhibit 10.1 to the Trust's Form 10-Q for the quarter ended March 31, 1998, is incorporated herein by reference.

10.1 Advisory Agreement, dated as of December 24, 1986, between UHS of Delaware, Inc. and The Trust, previously filed as Exhibit 10.2 to the Trust's Current Report on Form 8-K dated December 24, 1986, is incorporated herein by reference.

10.2 Agreement effective January 8, 2001, to renew Advisory Agreement dated as of December 24, 1986 between Universal Health Realty Income Trust and UHS of Delaware, Inc.

10.3 Contract of Acquisition, dated as of August 1986, between the Trust and certain subsidiaries of Universal Health Services, Inc., previously filed as Exhibit 10.2 to Amendment No. 3 of the Registration Statement on Form S-11 and S-2 of Universal Health Services, Inc. and the Trust (Registration No. 33-7872), is incorporated herein by reference.

10.4 Form of Leases, including Form of Master Lease Document Leases, between certain subsidiaries of Universal Health Services, Inc. and the Trust, previously filed as Exhibit 10.3 to Amendment No. 3 of the Registration Statement on Form S-11 and Form S-2 of Universal Health Services, Inc. and the Trust (Registration No. 33-7872), is incorporated herein by reference.

10.5 Share Option Agreement, dated as of December 24, 1986, between the Trust and Universal Health Services, Inc., previously filed as Exhibit 10.4 to the Trust's Current Report on Form 8-K dated December 24, 1986, is incorporated herein by reference.

10.6 Corporate Guaranty of Obligations of Subsidiaries Pursuant to Leases and Contract of Acquisition, dated December 1986, issued by Universal Health Services, Inc. in favor of the Trust, previously filed as Exhibit 10.5 to the Trust's Current Report on Form 8-K dated December 24, 1986, is incorporated herein by reference.

10.7 Key Employees' Restricted Share Purchase Plan approved by the Trustees on December 1, 1988 which authorized the issuance of up to 50,000 common shares, previously filed as Exhibit 10.11 to the Trust's Annual Report on form 10-K for the year ended December 31, 1988, is incorporated herein by reference.

10.8 Share Compensation Plan for Outside Trustees, previously filed as Exhibit 10.12 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1991, is incorporated herein by reference.

10.9 1988 Non-Statutory Stock Option Plan, as amended, previously filed as Exhibit 10.13 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1991, is incorporated herein by reference.

10.10 Lease dated December 22, 1993, between Universal Health Realty Income Trust and THC-Chicago, Inc. as lessee, previously filed as Exhibit 10.14 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1993, is incorporated herein by reference.

10.11 Universal Health Realty Income Trust 1997 Incentive Plan, previously filed as Exhibit 10.1 to the Trust's Form 10-Q for the quarter ended September 30, 1997, is incorporated herein by reference.

10.12 Amendment No. 1 to Lease, made as of July 31, 1998, between Universal Health Realty Income Trust, a Maryland real estate investment trust ("Lessor"), and Inland Valley Regional Medical Center, Inc., a California Corporation ("Lessee"), previously filed as Exhibit 10.1 to the Trust's Form 10-Q for the quarter ended September 30, 1998, is incorporated herein by reference.

10.13 Amendment No. 1 to Lease, made as of July 31, 1998, between Universal Health Realty Income Trust, a Maryland real estate investment trust ("Lessor"), and McAllen Medical Center, L.P. (f/k/a Universal Health Services of McAllen, Inc.), a Texas Limited Partnership

("Lessee"), amends the lease, made as of December 24, 1986, between Lessor and Lessee, previously filed as Exhibit 10.2 to the Trust's Form 10-Q for the quarter ended September 30, 1998, is incorporated herein by reference.

10.14 Amendment to REVOLVING CREDIT AGREEMENT as of April 30, 1999 among (i) UNIVERSAL HEALTH REALTY INCOME TRUST, a real estate investment trust organized under the laws of the State of Maryland and having its principal place of business at 367 South Gulph Road, King of Prussia, Pennsylvania 19406, (ii) VARIOUS FINANCIAL INSTITUTIONS and (iii) FIRST UNION NATIONAL BANK, as administrative agent for the Banks, previously filed as exhibit 10.1 to the Trusts' Form 10-Q for the quarter ended March 31, 1999, is incorporated herein by reference.

10.15 Dividend Reinvestment and Share Purchase Plan is hereby incorporated by reference from Registration Statement Form S-3, Registration No. 333-81763, as filed on June 28, 1999.

10.16 Sale agreement, dated October 26, 1999, by and among FB Sheffield Partners, LLC, a Georgia limited liability company having an office at 1827 Powers Ferry Road, Building 13, Atlanta, Georgia 30339, Health America Realty Group, LLC, a Georgia limited liability company and Universal Health Realty Income Trust, having an office at 367 South Gulph Road, King of Prussia, Pennsylvania 19406, previously filed as exhibit 10.23 to Trusts' Form 10-K for the year ended December 31, 1999, is incorporated herein by reference.

23 Consent of Independent Public Accountants

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 15, 2001

UNIVERSAL HEALTH REALTY INCOME TRUST
(Registrant)

By: /s/ Alan B. Miller

Alan B. Miller, Chairman of the Board
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date	Signature and Title
March 15, 2001	/s/ Alan B. Miller Alan B. Miller, Chairman of the Board and Chief Executive Officer
March 15, 2001	/s/ Kirk E. Gorman Kirk E. Gorman, President, Chief Financial Officer, Secretary and Trustee
March 16, 2001	/s/ James E. Dalton, Jr. James E. Dalton, Jr., Trustee
March 19, 2001	/s/ Myles H. Tanenbaum Myles H. Tanenbaum, Trustee
March 15, 2001	/s/ Daniel M. Cain Daniel M. Cain, Trustee
March 15, 2001	/s/ Miles L. Berger Miles L. Berger, Trustee
March 16, 2001	/s/ Elliot J. Sussman Elliot J. Sussman, M.D., M.B.A., Trustee

INDEX TO FINANCIAL STATEMENTS AND SCHEDULES

Report of Independent Public Accountants

To The Shareholders and Board of Trustees of
Universal Health Realty Income Trust:

We have audited the accompanying consolidated balance sheets of Universal Health Realty Income Trust and Subsidiaries (a Maryland real estate investment trust) as of December 31, 2000 and 1999 and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2000. These consolidated financial statements and the schedules referred to below are the responsibility of the Trust's management. Our responsibility is to express an opinion on these consolidated financial statements and schedules based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Universal Health Realty Income Trust and Subsidiaries, as of December 31, 2000 and 1999 and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Schedules on Page F-1 are presented for the purpose of complying with the Securities and Exchange Commission's rules and are not a required part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

Arthur Andersen LLP

Philadelphia, Pennsylvania
January 18, 2001

Universal Health Realty Income Trust
Consolidated Balance Sheets
(amounts in thousands, except share data)

Assets:	December 31, 2000	December 31, 1999
Real Estate Investments:		
Buildings & improvements	$ 159,243	$ 154,792
Accumulated depreciation	(39,080)	(37,800)
	120,163	116,992
Land	22,929	23,128
Construction in progress	16	1,247
Net Real Estate Investments	143,108	141,367
Investments in limited liability companies ("LLCs")	39,164	35,748
Other Assets:		
Cash	294	852
Bonus rent receivable from UHS	796	723
Rent receivable from non-related parties	208	67
Deferred charges and other assets, net	88	64
	$ 183,658	$ 178,821
Liabilities and Shareholders' Equity:		
Liabilities:		
Bank borrowings	$ 80,672	$ 75,600
Note payable to UHS	1,359	1,289
Accrued interest	392	411
Accrued expenses & other liabilities	1,459	1,367
Tenant reserves, escrows, deposits and prepaid rents	459	404
Minority interest	60	75
Shareholders' Equity:		
Preferred shares of beneficial interest, $.01 par value; 5,000,000 shares authorized; none outstanding	--	--
Common shares, $.01 par value; 95,000,000 shares authorized; issued and outstanding: 2000 - 8,980,064 1999 - 8,990,825	90	90
Capital in excess of par value	129,110	129,255
Cumulative net income	156,686	140,430
Cumulative dividends	(186,629)	(170,100)
Total Shareholders' Equity	99,257	99,675
	$ 183,658	$ 178,821

The accompanying notes are an integral part of these financial statements.

Universal Health Realty Income Trust
Consolidated Statements of Income
(amounts in thousands, except per share amounts)

	Year ended December 31, 2000	1999	1998
Revenues (Note 2):			
Base rental - UHS facilities	$ 14,082	$ 13,828	$ 13,764
Base rental - Non-related parties	10,169	6,844	6,393
Bonus rental	3,064	2,912	2,966
Interest	--	281	111
	27,315	23,865	23,234
Expenses:			
Depreciation & amortization	4,461	3,857	3,879
Interest expense	6,114	4,004	3,490
Advisory fees to UHS (Note 2)	1,349	1,214	1,161
Other operating expenses	2,804	1,789	1,904
Provision for investment loss, net	--	1,583	--
	14,728	12,447	10,434
Income before equity in LLCs and gain on sale of real property	12,587	11,418	12,800
Equity in income of LLCs	2,913	2,554	1,537
Equity in provision for investment loss of LLC	(1,139)	--	--
Gain on sale of real property to UHS	1,895	--	--
Net Income	$ 16,256	$ 13,972	$ 14,337
Net Income Per Share - Basic	$ 1.81	$ 1.56	$ 1.60
Net Income Per Share - Diluted	$ 1.81	$ 1.56	$ 1.60
Weighted average number of shares outstanding - Basic	8,981	8,956	8,952
Weighted average number of share equivalents	22	21	22
Weighted average number of shares and equivalents outstanding - Diluted	9,003	8,977	8,974

The accompanying notes are an integral part of these financial statements.

Universal Health Realty Income Trust
Consolidated Statements of Shareholders' Equity
For the Years Ended December 31, 2000, 1999 and 1998
(amounts in thousands, except per share amounts)

	Common Shares Number of Shares	Common Shares Amount	Capital in excess of par value	Cumulative net income	Cumulative dividends
January 1, 1998	8,955	$90	$128,650	$112,121	($138,169)
Net income	--	--	--	14,337	--
Issuance of shares of beneficial interest	1	--	35	--	--
Dividends ($1.755/share)	--	--	--	--	(15,716)
January 1, 1999	8,956	90	128,685	126,458	(153,885)
Net income	--	--	--	13,972	--
Issuance of shares of beneficial interest	35	--	570	--	--
Dividends ($1.810/share)	--	--	--	--	(16,215)
January 1, 2000	8,991	90	129,255	140,430	(170,100)
Net income	--	--	--	16,256	--
Repurchase shares of beneficial interest	(12)	--	(181)	--	--
Issuance of shares of beneficial interest	1	--	36	--	--
Dividends ($1.840/share)	--	--	--	--	(16,529)
December 31, 2000	8,980	$90	$129,110	$156,686	($186,629)

The accompanying notes are an integral part of these financial statements.

Universal Health Realty Income Trust
Consolidated Statements of Cash Flows
(amounts in thousands)

	Year ended December 31,		
	2000	1999	1998
Cash flows from operating activities:			
Net income	$ 16,256	$ 13,972	$ 14,337
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation & amortization	4,461	3,857	3,879
Amortization of interest rate cap	--	62	124
Gain on sale of real property sold to UHS	(1,895)	--	--
Equity in provision for investment loss of LLC	1,139	--	--
Provision for investment loss, net	--	1,583	--
Changes in assets and liabilities:			
Rent receivable	(214)	(85)	28
Accrued expenses & other liabilities	188	150	170
Tenant escrows, deposits & prepaid rents	55	30	106
Accrued interest	(19)	130	64
Deferred charges & other	(1)	(120)	(53)
Net cash provided by operating activities	19,970	19,579	18,655
Cash flows from investing activities:			
Investments in LLCs	(5,888)	(8,713)	(17,912)
Advances received from (made to) LLCs	--	9,980	(9,980)
Acquisitions and additions to land, buildings and CIP	(9,808)	(17,852)	(186)
Proceeds received from sale of assets	5,450	998	--
Cash distributions in excess of income from LLCs	1,333	1,150	863
Net cash used in investing activities	(8,913)	(14,437)	(27,215)
Cash flows from financing activities:			
Borrowings from mortgage notes payable	4,539	--	--
Net borrowings on line of credit	600	10,800	23,600
Repayments of long-term debt	(67)	--	--
Dividends paid	(16,529)	(16,215)	(15,716)
Repurchase shares of beneficial interest	(181)	--	--
Issuance of shares of beneficial interest	23	553	10
Net cash (used in) provided by financing activities	(11,615)	(4,862)	7,894
(Decrease) increase in cash	(558)	280	(666)
Cash, beginning of period	852	572	1,238
Cash, end of period	$ 294	$ 852	$ 572
Supplemental disclosures of cash flow information:			
Interest paid	$ 6,063	$ 3,739	$ 3,232

The accompanying notes are an integral part of these financial statements.

Universal Health Realty Income Trust
Notes to the Consolidated Financial Statements
December 31, 2000

(1) Summary of Significant Accounting Policies

Nature of Operations

Universal Health Realty Income Trust and Subsidiaries (the "Trust") is organized as a Maryland real estate investment trust. As of December 31, 2000 the Trust had investments in forty facilities located in fifteen states consisting of investments in healthcare and human service related facilities including acute care hospitals, behavioral healthcare facilities, rehabilitation hospitals, sub-acute care facilities, surgery centers, childcare centers and medical office buildings. Six of the Trust's hospital facilities and three medical office buildings are leased to subsidiaries of Universal Health Services, Inc., ("UHS").

Federal Income Taxes

No provision has been made for federal income tax purposes since the Trust qualifies as a real estate investment trust under Sections 856 to 860 of the Internal Revenue Code of 1986, and intends to continue to remain so qualified. As such, the Trust is exempt from Federal Income Taxes and it is required to distribute at least 95% of its real estate investment taxable income to its shareholders.

The Trust is subject to a federal excise tax computed on a calendar year basis. The excise tax equals 4% of the excess, if any, of 85% of the Trust's ordinary income plus 95% of any capital gain income for the calendar year over cash distributions during the calendar year, as defined. No provision for excise tax has been reflected in the financial statements as no tax was due.

Earnings and profits, which will determine the taxability of dividends to shareholders, will differ from net income reported for financial reporting purposes due to the differences for federal tax purposes in the cost basis of assets and in the estimated useful lives used to compute depreciation and the recording of provision for investment losses.

Real Estate Properties

The Trust records acquired real estate at cost and uses the straight-line method to calculate depreciation expense for buildings and improvements over their estimated useful lives of 25 to 45 years.

It is the Trust's policy to review the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Measurement of the impairment loss is based on the fair value of the asset. Generally, the estimated fair value will be determined using valuation techniques such as the present value of expected future cash flows. In assessing the carrying value of the Trust's real estate investments for possible impairment, management reviews estimates of future cash flows expected from each of its facilities and evaluates the creditworthiness of its lessees based on their current operating performance and on current industry conditions.

The Trust invests primarily in healthcare related facilities which comprised 72% of net revenues in 2000, and therefore, is subject to certain industry risk factors, which directly impact the operating results of its lessees. In recent years, an increasing number of legislative initiatives have been introduced or proposed in Congress and in state legislatures that would effect major changes in the healthcare system, either nationally or at the state level. In addition, the healthcare industry has been characterized in recent years by increased competition and consolidation.

During the third quarter of 1999, the Trust sold the real estate assets of Lakeshore Hospital for net cash proceeds of $998,000. Since the book value of this facility was reduced to zero in a prior year, the net cash proceeds received were recorded as a gain and netted against the provision for investment loss. Also during the third quarter of 1999, a provision for investment loss of $2.6 million was recorded on Meridell Achievement Center, Inc., a behavioral health services facility operated by, and leased to, a wholly-owned subsidiary of UHS, pursuant to the terms of a lease that expired in December, 2000. In measuring the provision for investment loss during the third quarter of 1999, the Trust estimated fair value by discounting (using the Trust's internal hurdle rate) expected future cash flows, consisting of estimated future rental payments and residual value. During the second quarter of 2000, the wholly-owned subsidiary of UHS exercised its option pursuant to the lease to purchase the leased property upon the December 31, 2000 expiration of the initial lease. Pursuant to the terms of the lease agreement, three appraisals were obtained to determine the fair market value of the property and accordingly, the sale price was determined to be $5,450,000. This sale was completed in December, 2000 resulting in a gain of approximately $1.9 million which is included in the Trust's 2000 results of operations.

Management of the Trust is unable to predict the effect, if any, that the industry factors discussed above will have on the operating results of its lessees or on their ability to meet their obligations under the terms of their leases with the Trust. In addition, management of the Trust cannot predict whether any of the leases will be renewed on their current terms or at all. As a result, management's estimate of future cash flows from its leased properties could be materially affected in the near term, if certain of the leases are not renewed at the end of their lease terms.

Investments in Limited Liability Companies ("LLCs")

The consolidated financial statements of the Trust include the accounts of its controlled investments. In accordance with the American Institute of Certified Public Accountants' Statement of Position 78-9 "Accounting for Investments in Real Estate Ventures" and Emerging Issues Task Force Issue 96-16, "Investor's Accounting for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights", the Trust accounts for its investment in LLCs which it does not control using the equity method of accounting. These investments, which represent 33% to 99% non-controlling ownership interests, are recorded initially at the Trust's cost and subsequently adjusted for the Trust's net equity in the net income, cash contributions and distributions of the investments.

During the fourth quarter of 2000, the Trust recorded a provision for investment loss of LLC of $1.1 million to reflect its share of an asset impairment charge recorded at a LLC resulting from recent declines in the performance of a medical office complex located in Phoenix, Arizona. In measuring the provision for investment loss of the limited liability company (in which the Trust owns a 60% non-controlling interest), management of the Trust concluded that the estimated fair value of the real property (calculated by discounting expected future cash flows, consisting of estimated future rental payments and residual value) did not exceed the mortgage held on the property by a third-party lending institution. Accordingly, the $1.1 million charge was recorded during the fourth quarter of 2000 to reduce the Trust's investment in this LLC to zero.

Earnings Per Share

Basic earnings per share are based on the weighted average number of common shares outstanding during the year. Diluted earnings per share are based on the weighted average number of common shares during the year adjusted to give effect to common stock equivalents.

Stock-Based Compensation

Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" encourages a fair value based method of accounting for employee stock options and similar equity instruments, which generally would result in the recording of additional compensation expense in the Trust's financial statements. The Statement also allows the Trust to continue to account for stock-based employee compensation using the intrinsic value-based method of accounting as prescribed by Accounting Principals Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." The Trust has adopted the disclosure-only provisions of SFAS No. 123. Accordingly, no compensation cost has been recognized for the stock option plans in the accompanying financial statements.

Statements of Cash Flows

For purposes of the Consolidated Statements of Cash Flows, the Trust considers all highly liquid investment instruments with original maturities of three months or less to be cash equivalents.

Interest Rate Protection Agreements

In managing interest rate exposure, the Trust at times enters into interest rate swap agreements and interest rate cap agreements. When interest rates change, the differential to be paid or received under the Trust's interest rate swap agreements is accrued as interest expense. Premiums paid for purchased interest rate cap agreements are amortized to interest expense over the terms of the caps. Unamortized premiums are included in deferred charges in the accompanying balance sheet.

Fair Value of Financial Instruments

The fair value of the Trust's interest rate swap agreements and investments are based on quoted market prices. The carrying amounts reported in the balance sheet for cash, accrued liabilities, and short-term borrowings approximate their fair values due to the short-term nature of these instruments. Accordingly, these items have been excluded from the fair value disclosures included elsewhere in these notes to consolidated financial statements.

Comprehensive Income

Net income as reported by the Trust reflects total comprehensive income for the years ended December 31, 2000, 1999 and 1998.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting for Derivative Instruments and Hedging Activities

The Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", which established accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The statement requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allow a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting.

The Trust has adopted SFAS No. 133 effective January 1, 2001. The adoption of this new standard will result in a cumulative effect of an accounting change of approximately $532,000 in other comprehensive income to recognize at fair value all derivatives that are designated as cash flow hedging instruments.

The Trust believes that its hedges are highly effective with changes in effectiveness expected to be reported in other comprehensive income. Changes in any ineffectiveness will be reported in current earnings.

(2) Related Party Transactions

UHS of Delaware, Inc. (the "Advisor"), a wholly-owned subsidiary of UHS, serves as Advisor to the Trust under an Advisory Agreement dated December 24, 1986 between the Advisor and the Trust (the "Advisory Agreement"). Under the Advisory Agreement, the Advisor is obligated to present an investment program to the Trust, to use its best efforts to obtain investments suitable for such program (although it is not obligated to present any particular investment opportunity to the Trust), to provide administrative services to the Trust and to conduct the Trust's day-to-day affairs. In performing its services under the Advisory Agreement, the Advisor may utilize independent professional services, including accounting, legal and other services, for which the Advisor is reimbursed directly by the Trust. The Advisory Agreement expires on December 31 of each year; however, it is renewable by the Trust, subject to a determination by the Independent Trustees that the Advisor's performance has been satisfactory. The Advisory

Agreement may be terminated for any reason upon sixty days written notice by the Trust or the Advisor. The Advisory Agreement has been renewed for 2001. All transactions with UHS must be approved by the Independent Trustees.

The Advisory Agreement provides that the Advisor is entitled to receive an annual advisory fee equal to .60% of the average invested real estate assets of the Trust, as derived from its consolidated balance sheet from time to time. In addition, the Advisor is entitled to an annual incentive fee of 20% of the amount by which cash available for distribution to shareholders, as defined in the Advisory Agreement, for each year exceeds 15% of the Trust's equity as shown on its balance sheet, determined in accordance with accounting principles generally accepted in the United States, without reduction for return of capital dividends. No incentive fees were paid during 2000, 1999 and 1998. The advisory fee is payable quarterly, subject to adjustment at year end based upon the audited consolidated financial statements of the Trust.

Pursuant to the terms of the leases with UHS, the lessees have rights of first refusal to: (i) purchase the respective leased facilities during and for 180 days after the lease terms at the same price, terms and conditions of any third-party offer, or; (ii) renew the lease on the respective leased facility at the end of, and for 180 days after, the lease term at the same terms and conditions pursuant to any third-party offer. The leases also grant the lessees options, exercisable on at least six months notice, to purchase the respective leased facilities at the end of the lease term or any renewal term at the facility's then fair market value. The terms of the leases also provide that in the event UHS discontinues operations at the leased facility for more than one year, or elects to terminate its lease prior to the expiration of its term for prudent business reasons, UHS is obligated to offer a substitution property. If the Trust does not accept the substitution property offered, UHS is obligated to purchase the leased facility back from the Trust at a price equal to the greater of its then fair market value or the original purchase price paid by the Trust.

For the years ended December 31, 2000, 1999 and 1998, 63%, 70% and 71%, respectively, of the Trust's revenues were earned under the terms of the leases with wholly-owned subsidiaries of UHS. Including 100% of the revenues generated at the unconsolidated LLCs in which the Trust has various non-controlling equity interests ranging from 33% to 99%, the UHS leases accounted for 35% in 2000, 39% in 1999 and 46% in 1998 of the combined consolidated and unconsolidated revenues. The leases to subsidiaries of UHS are guaranteed by UHS and cross-defaulted with one another.

Revenues received from UHS and non-related parties were as follows:

	(000s) Year Ended December 31,		
	2000	1999	1998
Base rental - UHS facilities	$14,082	$13,828	$13,764
Base rental - Non-related parties	10,169	6,844	6,393
Total base rental	24,251	20,672	20,157
Bonus rental - UHS facilities	3,064	2,817	2,737
Bonus rental - Non-related parties	--	95	229
Total bonus rental	3,064	2,912	2,966
Interest - Non-related parties	--	281	111
Total revenues	$27,315	$23,865	$23,234

At December 31, 2000, approximately 8.5% of the Trust's outstanding shares of beneficial interest were held by UHS. The Trust has granted UHS the option to purchase Trust shares in the future at fair market value to enable UHS to maintain a 5% interest in the Trust.

During the third quarter of 1999, a provision for investment loss of $2.6 million was recorded on Meridell Achievement Center, Inc., a behavioral health services facility operated by, and leased to, a wholly-owned subsidiary of UHS, pursuant to the terms of a lease that expired in December, 2000. In measuring the provision for investment loss during the third quarter of 1999, the Trust estimated fair value by discounting (using the Trust's internal hurdle rate) expected future cash flows, consisting of estimated future rental payments and residual value. During the second quarter of 2000, the wholly-owned subsidiary of UHS exercised its option pursuant to the lease to purchase the leased property upon the December 31, 2000 expiration of the initial lease. Pursuant to the terms of the lease agreement, three appraisal were obtained to determine the fair market value of the property and accordingly, the sale price was determined to be $5,450,000. This sale was completed in December, 2000 resulting in a gain of approximately $1.9 million which is included in the Trust's 2000 results of operations.

Also during 2000, the Trust invested $2.0 million to acquire a 98% interest in a LLC that purchased the Summerlin Hospital Medical Office Building II which is connected to the Summerlin Hospital Medical Center in Las Vegas, Nevada. This medical office building was purchased from a LLC in which UHS holds a 72% ownership interest. The purchase price paid for the property to the UHS majority-owned LLC was $10.5 million. The Trust made a cash investment of $2.0 million, and the LLC, which is majority-owned by the Trust, obtained a $9.8 million third-party, non-recourse mortgage to fund the balance of the purchase price and finance tenant improvements.

During 1999, the Trust paid $5.0 million to acquire a 98% interest in a LLC that purchased the Summerlin Hospital Medical Office Building, which is connected to the Summerlin Hospital Medical Center in Las Vegas, Nevada. This medical office building was purchased from a LLC in which UHS holds a 72% ownership interest. The total purchase price paid for the property to the UHS majority-owned LLC was $13.0 million consisting of the $5.0 of cash invested by the Trust and a $8.0 million third-party, non-recourse mortgage obtained by the LLC which is majority-owned by the Trust.

Also during 1999, the Trust acquired the Orthopaedic Specialists of Nevada Building in Las Vegas, Nevada for $1.6 million. The ground lease on this medical office building is based upon an agreement between Valley Health Systems, LLC (a UHS 72% owned subsidiary) and the Trust.

During the third quarter of 1998, wholly-owned subsidiaries of UHS exercised five-year renewal options on four hospitals owned by the Trust which were scheduled to expire in 1999 through 2001 (Virtue Street Pavilion, The Bridgeway, Inland Valley Regional Medical Center and Wellington Regional Medical Center). The leases on these facilities were renewed at the same lease rates and terms as the initial leases. As part of the renewal agreement, the Trust also agreed to grant additional fixed rate renewal options to a wholly-owned subsidiary of UHS commencing in 2022 on the real property of McAllen Medical Center. Management of the Trust can not predict whether the leases with subsidiaries of UHS, which have renewal options at existing lease rates, or any of the Trust's other leases, will be renewed at the end of their initial term or first five-year renewal term.

During December of 1993, UHS, the former lessee and operator of Belmont Community Hospital, sold the operations of the facility to THC-Chicago, Inc., an indirect wholly-owned subsidiary of Community Psychiatric Centers ("CPC"). Concurrently, the Trust purchased certain related real property from UHS for $1 million in cash and a note payable with a carrying value of $1.4 million (including accrued interest) at December 31, 2000. The note payable has a face value of $1 million and is due on December 31, 2001. The amount of interest payable on this note is contingent upon the financial performance of this leased facility and its estimated fair value at the end of the initial lease term. The Trust has estimated the total amount payable under the terms of this note and has discounted the payments to their net present value using a 6% rate.

The Trust's officers are all employees of UHS and as of December 31, 2000, the Trust had no salaried employees. In 1999, 2000 and 2001 the Trustees awarded a $50,000 bonus to Mr. Kirk E. Gorman, President, Chief Financial Officer, Secretary and Trustee of the Trust. Also, in 1999, 2000 and 2001 UHS agreed to a $50,000 reduction in the advisory fee paid by the Trust.

(3) Acquisitions and Dispositions

2000 - During 2000, the Trust added four new investments to its portfolio consisting of the following: (i) the purchase of a medical office building located in Danbury, Connecticut ($1.9 million of cash invested by the Trust in addition to a $4.5 million third-party, non-recourse mortgage obtained by the Trust); (ii) the purchase of a 95% equity interest in a LLC that owns and operates Skypark Professional Medical Building located in Torrance, California ($1.8 million of cash invested by the Trust in the LLC which also obtained a $4.3 million third-party, non-recourse mortgage); (iii) the purchase of a 98% equity interest in a LLC that owns and operates the Centinela Medical Building Complex located in Inglewood, California ($2.0 million of cash invested by the Trust in the LLC which also obtained a $7.5 million third-party, non-recourse mortgage), and; (iv) the purchase of a 98% equity interest in a LLC that owns and operates the Summerlin Hospital Medical Office Building II ($2.0 million of cash invested by the Trust in the LLC which also obtained a $9.8 million third-party, non-recourse mortgage).

Additionally, during 2000, the Trust committed to invest $1.9 million in exchange for a 74% equity interest in a LLC that will construct and own the Mid-Coast Hospital Medical Office Building located in Brunswick, Maine (the LLC will obtain a $8.9 million third-party, non-recourse mortgage) and also committed to invest $1.9 million in exchange for a 75% equity interest in a LLC that will construct and own the Thunderbird Paseo Medical Plaza II located in Glendale, Arizona (the LLC will obtain a $3.4 million third-party, non-recourse mortgage).

Additionally, during 2000, Meridell Achievement Center, Inc., a subsidiary of UHS, exercised its option pursuant to the lease to purchase the leased property. This sale was completed in 2000, resulting in a gain of $1.9 million which is included in the Trust's 2000 results of operations.

1999 - During 1999, the Trust added five new investments to its portfolio consisting of the following: (i) the purchase of a 95% equity interest in a LLC that owns the Santa Fe Professional Plaza located in Scottsdale, Arizona ($1.2 million of cash invested by the Trust in the LLC which also obtained a $1.9 million third-party, non-recourse mortgage); (ii) the purchase of a 98% equity interest in a LLC that owns the Summerlin Hospital Medical Office Building located in Las Vegas, Nevada ($5.0 million of cash invested by the Trust in the LLC which also obtained a $8.3 million third-party, non-recourse mortgage); (iii) the purchase of a 75% equity interest in a LLC that owns the East Mesa Medical Center located in Mesa, Arizona ($1.6 million of cash invested by the Trust in the LLC which also obtained a $4.2 million third-party, non-recourse mortgage); (iv) the purchase of the single-tenant the Orthopaedic Specialists of Nevada Building ($1.6 million of cash invested by the Trust), and; (v) the purchase of a multi-tenant medical office building located in Atlanta, Georgia ($11.5 million of cash invested by the Trust).

1998 - During 1998, the Trust added five new investments to its portfolio consisting of the following: (i) the purchase of a 99% equity interest in a LLC that owns Desert Springs Medical Plaza located in Las Vegas, Nevada ($10.1 million of cash invested by the LLC which also obtained a $6.0 million third-party, non-recourse mortgage); (ii) the purchase of a 95% equity interest in a LLC that owns the Edwards Medical Plaza located in Phoenix, Arizona ($3.8 million of cash invested by the Trust in the LLC which also obtained a $7.6 million third-party, non-recourse mortgage); (iii) the purchase of a 95% equity interest in a LLC that owns the Pacifica Palms Medical Plaza located in Torrance, California ($1.7 million of cash invested by the Trust in a LLC which also obtained a $3.0 million third-party, non-recourse mortgage); (iv) the purchase of a 48% equity interest in a LLC that owns the St. Jude Heritage Health Complex located in Fullerton, California ($1.4 million of cash invested by the Trust in the LLC which also obtained a $4.9 million third-party, non-recourse mortgage), and; (v) the purchase of an 80% equity interest in a LLC that owns the Rio Rancho Medical Center, a medical office building located in Rio Rancho, New Mexico ($900,000 of cash invested by the Trust in the LLC which also obtained a $2.0 million third-party, non-recourse mortgage). In connection with the purchase of equity interest in LLCs that own the Pacifica Palms Medical Plaza, the St. Jude Heritage Health Complex and the Rio Rancho Medical Center, the Trust advanced a total of $10.0 million of short term loans to three separate LLCs. The loans, which earned interest at a weighted average annual rate of 9% during 1998, were fully repaid to the Trust during 1999.

(4) Leases

All of the Trust's leases are classified as operating leases with initial terms ranging from 5 to 15 years with up to six five-year renewal options. Under the terms of the leases, the Trust earns fixed monthly base rents and may earn periodic additional rents (see Note 2). The additional rent payments are generally computed as a percentage of the facility's net patient revenue or Consumer Price Index increase in excess of a base amount. The base year amount is typically net patient revenue for the first full year of the lease. The Trust records these additional rents on a pro rata basis over the annual lease period if the achievement of the specific net patient revenue target amounts is probable.

Minimum future base rents on non-cancelable leases are as follows (000s):

2001	$ 21,991
2002	14,961
2003	14,028
2004	12,329
2005	8,355
Later Years	18,070
Total Minimum Base Rents	$ 89,734

Under the terms of the hospital leases, the lessees are required to pay all operating costs of the properties including property insurance and real estate taxes. Tenants of the medical office buildings generally are required to pay their pro-rata share of the property's operating costs above a stipulated amount.

(5) Debt

The Trust has an unsecured, non-amortizing $100 million revolving credit agreement (the "Agreement"), which expires on June 24, 2003. The Agreement provides for interest at the Trust's option, at the certificate of deposit rate plus .625% to 1.125%, the Eurodollar rate plus .50% to 1.125% or the prime rate. A fee of .175% to .375% is paid on the unused portion of this commitment. The margins over the certificate of deposit rate, Eurodollar rate and the commitment fee are based upon the Trust's debt to total capital ratio as defined by the Agreement. At December 31, 2000 the applicable margin over the certificate of deposit and Eurodollar rates were 1.0% and .875%, respectively, and the commitment fee was .25%. There are no compensating balance requirements. The Agreement contains a provision whereby the commitments will be reduced by 50% of the proceeds generated from any new equity offering. The Trust had $6.5 million of letters of credit outstanding against the Agreement. At December 31, 2000, the Trust had approximately $17 million of available borrowing capacity. The book value of the amounts borrowed approximate fair market value.

Covenants relating to the revolving credit facility require the maintenance of a minimum tangible net worth and specified financial ratios, limit the Trust's ability to incur additional debt, limit the aggregate amount of mortgage receivables and limit the Trust's ability to increase dividends in excess of 95% of cash available for distribution, unless additional distributions are required to comply with the applicable section of the Internal Revenue Code and related regulations governing real estate investment trusts. The Company is in compliance with all their covenants at December 31, 2000.

The Trust has one mortgage with an outstanding balance of $4,472,000 at December 31, 2000. The mortgage is non-recourse to the Trust and is secured by the Medical Center of Western Connecticut. The rate on the mortgage is 8.3% and it matures on February 1, 2010.

The Trust has entered into interest rate swap agreements which are designed to reduce the impact of changes in interest rates on its floating rate revolving credit notes. At December 31, 2000, the Trust had five outstanding swap agreements for notional principal amounts of $35,580,000 which mature from May, 2001 through November, 2006. These swap agreements effectively fix the interest rate on $35,580,000 of variable rate debt at 6.89% including the revolver spread of

.875%. The interest rate swap agreements were entered into in anticipation of certain borrowing transactions made by the Trust. The effective rate on the Trust's revolving credit notes including commitment fees and interest rate swap expense was 7.10%, 6.2% and 6.7% during 2000, 1999 and 1998, respectively. Additional interest expense/(income) recorded as a result of the Trust's hedging activity, which is included in the effective interest rates shown above, was ($164,000), $135,000 and $136,000 in 2000, 1999 and 1998, respectively. The Trust is exposed to credit loss in the event of nonperformance by the counterparties to the interest rate swap agreements. These counterparties are major financial institutions and the Trust does not anticipate nonperformance by the counterparties which are rated A or better by Moody's Investors Service. Termination of the interest rate swaps at December 31, 2000 would have resulted in payments from the counterparties to the Trust of approximately $532,000. The fair value of the interest rate swap agreements at December 31, 2000 reflects the estimated amounts that the Trust would pay or receive to terminate the contracts and are based on quotes from the counterparties.

(6) Dividends

Dividends of $1.84 per share were declared and paid in 2000, of which $1.694 per share was ordinary income and $.146 per share was a return of capital distribution. Dividends of $1.81 per share were declared and paid in 1999, of which $1.4664 per share was ordinary income and $.3436 per share was a return of capital distribution. Dividends of $1.755 per share were declared and paid in 1998, of which $1.682 per share was ordinary income and $.073 per share was a return of capital distribution.

(7) Incentive Plans

In 1991, the Trustees adopted a share compensation plan for Trustees who are neither employees nor officers of the Trust ("Outside Trustees"). Pursuant to the plan, each Outside Trustee may elect to receive, in lieu of all or a portion of the quarterly cash compensation for services as a Trustee, shares of the Trust based on the closing price of the shares on the date of issuance. As of December 31, 2000 no shares have been issued under the terms of this plan.

During 1992 and 1993, the Trust granted options pursuant to the 1988 Non-Statutory Stock Option Plan. Pursuant to the terms of this plan, which expired in December of 1998, the granted options vested ratably 25% per year beginning one year after the date of grant and expired ten years from the grant date. As of December 31, 2000, 58,024 options were outstanding and exercisable at an aggregate purchase price of $973,137 or $16.77 per share.

During 1997, the Trust's Board of Trustees approved the Universal Health Realty Income Trust 1997 Incentive Plan ("The Plan"), which is a newly created stock option and dividend equivalents rights plan for employees of the Trust, including officers and directors. There are 400,000 shares reserved for issuance under The Plan. All stock options were granted with an exercise price equal to the fair market value on the date of the grant. The options granted vest ratably at 25% per year beginning one year after the date of grant, and expire in ten years. Dividend equivalent rights reduce the exercise price of the 1997 Incentive Plan options by an amount equal to the cash or stock dividends distributed subsequent to the date of grant. Since inception through December 31, 2000, there have been 105,000 stock options with dividend equivalent rights granted to officers and trustees of the Trust. The Trust recorded expenses relating to the dividend equivalent rights of $184,000 in 2000, $132,000 in 1999 and $123,000 in 1998. As of December 31, 2000, there were 53,750 options exercisable under The Plan with an average exercise price, adjusted to give effect to the dividend equivalent rights, of $12.62 per share.

SFAS No. 123 requires the Trust to disclose pro-forma net income and pro-forma earnings per share as if compensation expense were recognized for options granted beginning in 1995. Using this approach, the Trust's net income and net income per share would have been the pro forma amounts indicated below:

	(000s except per share amounts)		
Year Ended December 31,	2000	1999	1998
Net Income:			
As Reported	$16,256	$13,972	$14,337
Pro Forma	$16,077	$13,833	$14,201
Earnings Per Share:			
As Reported:			
Basic	$ 1.81	$ 1.56	$ 1.60
Diluted	$ 1.81	$ 1.56	$ 1.60
Pro Forma:			
Basic	$ 1.79	$ 1.54	$ 1.59
Diluted	$ 1.79	$ 1.54	$ 1.58

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following range of assumptions used for the four option grants that occurred during 2000 and 1998. No options were granted during 1999, therefore the following table is not applicable ("N/A") for the year ended December 31, 1999:

Year Ended December 31,	2000	1999	1998
Volatility	14%-15%	N/A	15%
Interest rate	5%-7%	N/A	5% - 6%
Expected life (years)	8.0	N/A	7.9
Forfeiture rate	2%	N/A	2%

Stock-based compensation costs on a pro forma basis would have reduced net income by $179,000 in 2000, $139,000 in 1999 and $136,000 in 1998. Because the SFAS No. 123 method of accounting has not been applied to options granted prior to January 1, 1995, the resulting pro forma disclosures may not be representative of that to be expected in future years.

Stock options to purchase shares of beneficial interest have been granted to officers and directors of the Trust under various plans. Information with respect to these options is summarized as follows:

Outstanding Options	Number of Shares	Average Option Price	Range (High-Low)
Balance, January 1, 1998	128,024	$17.79	$18.625/$16.125
Granted	10,000	$19.45	$21.4375/$18.375
Exercised	(625)	$18.625	$18.625
Cancelled	(4,375)	$18.625	$18.625
Balance, January 1, 1999	133,024	$17.88	$21.4375/$16.125
Granted	0	N/A	N/A
Exercised	0	N/A	N/A
Cancelled	0	N/A	N/A
Balance, January 1, 2000	133,024	$17.88	$21.4375/$16.1250
Granted	25,000	$14.75	$14.75
Exercised	0	N/A	N/A
Cancelled	0	N/A	N/A
Balance, December 31, 2000	158,024	$17.38	$21.4375/$14.75

(8) Summarized Financial Information of Equity Affiliates

The following table represents summarized unaudited financial information of the limited liability companies ("LLCs") accounted for by the equity method. Amounts presented include investments in the following LLCs as of December 31, 2000:

Name of LLC	Property Owned by LLC
DSMB Properties	Desert Samaritan Hospital MOBs
DVMC Properties	Desert Valley Medical Center MOBs
Parkvale Properties	Maryvale Samaritan Hospital MOBs
Suburban Properties	Suburban Medical Center MOBs
Litchvan Investments	Samaritan West Valley Medical Center
Paseo Medical Properties II	Thunderbird Paseo Medical Plaza
Willetta Medical Properties	Edwards Medical Plaza
DesMed	Desert Springs Medical Plaza
PacPal Investments	Pacifica Palms Medical Plaza
RioMed Investments	Rio Rancho Medical Center
West Highland Holdings	St. Jude Heritage Health Complex
Santa Fe Scottsdale	Santa Fe Professional Plaza
Bayway Properties	East Mesa Medical Center
653 Town Center Drive	Summerlin Hospital Medical Office Building
575 Hardy Investors	Centinela Medical Building Complex
653 Town Center Phase II	Summerlin Hospital Medical Office Building II
23560 Madison	Skypark Professional Medical Building
Brunswick Associates (a.)	Mid Coast Hospital Medical Office Building
Paseo Medical Properties II (b.)	Thunderbird Paseo Medical Plaza II

(a.) As of December 31, 2000, the Trust has not yet invested any funds in this project, however, the Trust has committed to invest $1.9 million in exchange for a 74% non-controlling interest in a LLC that will construct and own a medical office building in Brunswick, Maine.

(b.) As of December 31, 2000, the Trust has not yet invested any funds in this project, however, the Trust has committed to invest $1.9 million in exchange for a 75% non-controlling interest in a LLC that will construct and own a medical office building in Glendale, Arizona.

	December 31, 2000	December 31, 1999
	(amounts in thousands)	
Net property	$141,120	$116,599
Other assets	13,095	6,701
Liabilities and third-party debt	105,732	82,456
Equity	45,721	40,844
UHT's share of equity	39,164	35,748

	For the Year Ended December 31, 2000	1999	1998
	(amounts in thousands)		
Revenues	$22,227	$18,387	$12,942
Operating expenses	7,976	6,772	4,677
Depreciation & amortization	4,155	3,385	2,450
Interest, net	6,797	5,436	4,133
Net income	3,299	2,794	1,682
UHT's share of net income before investment loss of LLC	2,913	2,554	1,537
Provision for investment loss of LLC	(1,139)	--	--
UHT's share of net income after investment loss of LLC	1,774	2,554	1,537

As of December 31, 2000, these LLCs had $98.8 million of non-recourse debt payable to third-party lending institutions. Aggregate maturities of non-recourse debt payable to third-parties is as follows (000s):

2001	$2,266
2002	2,343
2003	4,853
2004	14,088
2005	9,181
Later	66,066
Total	$98,797

(9) Quarterly Results (unaudited - amounts in thousands, except per share amounts)

2000	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenues	$6,685	$6,728	$6,901	$7,001	$27,315
Net Income	$3,916	$3,800	$3,866	$4,674	$16,256
Earnings Per Share-Basic	$0.44	$0.42	$0.43	$0.52	$1.81
Earnings Per Share-Diluted	$0.44	$0.42	$0.43	$0.52	$1.81

A wholly-owned subsidiary of UHS exercised its option pursuant to the lease to purchase the leased property of a behavioral health care facility upon the December 31, 2000 expiration of the initial lease. This sale was completed in December, 2000 for cash proceeds to the Trust of $5,450,000 resulting in a gain of approximately $1.9 million, or $.21 per basic and diluted share, which is included in the Trust's fourth quarter of 2000 results of operations. Additionally, during the fourth quarter of 2000, the Trust recorded a provision for investment loss of $1.1 million, or $.13 per basic and diluted share, to reflect its share of an asset impairment charge recorded at a LLC which owns a medical office complex located in Phoenix, Arizona.

1999	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenues	$6,056	$5,885	$5,782	$6,142	$23,865
Net Income	$3,928	$3,811	$2,266	$3,967	$13,972
Earnings Per Share-Basic	$0.44	$0.43	$0.25	$0.44	$1.56
Earnings Per Share-Diluted	$0.44	$0.42	$0.25	$0.44	$1.56

During the third quarter of 1999, the Trust recorded a net provision for investment loss of $1.6 million or $.18 per share, (basic and diluted). Included in the provision for investment loss was a non-cash asset impairment charge of $2.6 million to reduce the carrying-value of a behavioral health services facility which was sold to UHS during the fourth quarter of 2000, as mentioned above. The provision for investment loss was partially offset by a $1.0 million cash gain realized on the sale of Lakeshore Hospital.

Universal Health Realty Income Trust
Schedule II - Valuation and Qualifying Accounts

(amounts in thousands)

Description	Balance at beginning of period	Charged to costs and expenses		Other		Balance at end of period
Reserve for Investment Losses:						
Year ended December 31, 2000	-	-		-		-
Year ended December 31, 1999	$116	$1,583	(b)	($1,699)	(a)	-
Year ended December 31, 1998	$89	$300		($273)	(a)	$116

(a) Amounts charged against the reserve.

(b) Consists of the following:

Provision for investment loss recorded on Behavioral Health Services facility	$2,581
Cash proceeds generated from sale of Lake Shore Hospital	(998)
	$1,583

Schedule III
Universal Health Realty Income Trust
Real Estate and Accumulated Depreciation - December 31, 2000
(amounts in thousands)

Description	Initial Cost to Universal Health Realty Income Trust: Land	Initial Cost to Universal Health Realty Income Trust: Building & Improv.	Net Cost capitalized/divested subsequent to acquisition: Land & Improv.	Gross amount at which carried at close of period: Land	Gross amount at which carried at close of period: Building & Improv.	Gross amount at which carried at close of period: Total	Accumulated Depreciation as of Dec. 31, 2000	Date of construction or most recent significant expansion or renovation	Date Acquired	Average Depreciable Life
Virtue Street Pavilion	$1,825	$9,445	-	$1,770	$9,445	$11,215	$3,784	1975	1986	35 Years
Chalmette Medical Center Chalmette, Louisiana	2,000	7,473	$3,148	2,000	10,621	12,621	2,917	1999	1988	34 Years
Inland Valley Regional Medical Center Wildomar, California	2,050	10,701	2,868	2,050	13,569	15,619	3,785	1986	1986	43 Years
McAllen Medical Center McAllen, Texas	4,720	31,442	10,188	6,281	40,069	46,350	11,153	1994	1986	42 Years
Wellington Regional Medical Center West Palm Beach, Florida	1,190	14,652	4,822	1,663	19,001	20,664	5,249	1986	1986	42 Years
The Bridgeway North Little Rock, Arkansas	150	5,395	499	150	5,894	6,044	2,342	1983	1986	35 Years
Tri-State Rehabilitation Hospital Evansville, Indiana	500	6,945	1,062	500	8,007	8,507	2,225	1993	1989	40 Years
Vencor Hospital - Chicago Chicago, Illinois	158	6,404	1,837	158	8,241	8,399	4,218	1993	1986	25 Years
Fresno-Herndon Medical Plaza Fresno, California	1,073	5,266	24	1,073	5,290	6,363	716	1992	1994	45 Years
Family Doctor's Medical Office Building Shreveport, Louisiana	54	1,526	494	54	2,020	2,074	236	1991	1995	45 Years
Kelsey-Seybold Clinic at King's Crossing	439	1,618	6	439	1,624	2,063	189	1995	1995	45 Years
Professional Center at King's Crossing Kingwood, Texas	439	1,837	43	439	1,880	2,319	212	1995	1995	45 Years
Chesterbrook Academy Audubon, Pennsylvania	307	996	-	307	996	1,303	103	1996	1996	45 Years
Carefree Learning Center New Britain, Pennsylvania	250	744	-	250	744	994	77	1991	1996	45 Years
Carefree Learning Center Uwchlan, Pennsylvania	180	815	-	180	815	995	84	1992	1996	45 Years
Carefree Learning Center Newtown, Pennsylvania	195	749	-	195	749	944	78	1992	1996	45 Years
The Southern Crescent Center	1,130	5,092	21	1,130	5,113	6,243	514	1994	1996	45 Years
The Southern Crescent Center II Riverdale, Georgia	-	-	5,218	806	4,412	5,218	80	1998	1998	35 Years
The Cypresswood Professional Center Spring, Texas	573	3,842	187	573	4,029	4,602	404	1997	1997	35 Years
Orthopaedic Specialists of Nevada Building Las Vegas, Nevada	-	1,579	-	-	1,579	1,579	79	1999	1999	25 Years
Sheffield Medical Building Atlanta, Georgia	1,760	9,766	$159	1,760	9,925	11,685	461	1999	1999	25 Years
Medical Center of Western Connecticut - Building 73 Danbury, Connecticut	1,151	5,176	$44	1,151	5,220	6,371	174	2000	2000	30 Years
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TOTALS	$20,144	$131,463	$30,620	$22,929	$159,243	$182,172	$39,080
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Universal Health Realty Income Trust
Notes to Schedule III
December 31, 2000
(amount in thousands)

(1) Reconciliation of Real Estate Properties

The following table reconciles the Real Estate Properties from January 1, 1998 to December 31, 2000:

	2000	1999	1998
Balance at January 1	$177,920	$163,932	$163,855
Additions and acquisitions	9,702	16,639	158
SFAS 121 asset write-down	--	(2,581)	--
Reclasses from construction in progress	1,240	--	--
Dispositions	(6,690)	(70)	(81)
Balance at December 31	$182,172	$177,920	$163,932

(2) Reconciliation of Accumulated Depreciation

The following table reconciles the Accumulated Depreciation from January 1, 1998 to December 31, 2000:

	2000	1999	1998
Balance at January 1	$37,800	$34,006	$30,280
Current year depreciation expense	4,414	3,832	3,807
Dispositions	(3,134)	(38)	(81)
Balance at December 31	$39,080	$37,800	$34,006

The aggregate cost basis and net book value of the properties for Federal income tax purposes at December 31, 2000 are approximately $167,000,000 and $128,000,000, respectively.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 10-K, into the Trust's previously filed Registration Statements on Forms S-8 and S-3: 1988 Non-Statutory Stock Option Plan, Share Compensation Plan for Outside Trustees, 1997 Incentive Plan (File No. 333-57815) and Dividend Reinvestment Plan for Shareholders (File No. 333-81763).

ARTHUR ANDERSEN LLP

Philadelphia, PA
March 26, 2001