



Senior Housing Properties Trust Settles Litigation with HealthSouth

NEWTON, Mass.--Senior Housing Properties Trust (NYSE: SNH) today announced that it has agreed to settle its long running litigation with HealthSouth Corporation (NYSE: HLS).

In January 2002, SNH leased two hospitals in Massachusetts to HealthSouth. In March 2003, a massive financial fraud by prior management at HealthSouth was disclosed. Shortly thereafter SNH commenced a lawsuit alleging that its lease had been induced by HealthSouth's fraud. SNH also subsequently issued a notice of lease termination based upon HealthSouth's failure to provide timely and accurate financial reports, and HealthSouth sued SNH seeking to prevent the lease termination. During this litigation, the trial court has ruled that HealthSouth's lease was properly terminated and a new hospital tenant, Five Star Quality Care, Inc. (AMEX: FVE), has begun to operate the hospitals effective October 1, 2006. Until the settlement announced today, HealthSouth was appealing the trial court's decision terminating HealthSouth's lease. The issue of how much rent HealthSouth owed for the period it operated the hospitals also was still being litigated, until today's settlement.

Under the terms of the settlement announced today, HealthSouth has agreed to pay an increased rent for the period it operated the SNH owned hospitals and all appeals and pending litigation between SNH and HealthSouth and their various affiliates will be dismissed. Also, HealthSouth will reimburse certain transition costs in connection with the transfer of the hospital lease from HealthSouth to Five Star.

As a result of this settlement, SNH expects to report non-recurring rental income in the fourth quarter of approximately \$5.7 million, or \$0.08 per share. SNH's fourth quarter will also include rent from Five Star for the hospitals as well as final legal costs to conclude this dispute.

David J. Hegarty, President of SNH, made the following statement when this settlement was announced:

"Everyone at SNH is pleased to bring our litigation with HealthSouth to a conclusion. During the three month period ended September 30, 2006, SNH incurred approximately \$700,000, or \$0.01/share in litigation costs. Obviously, we are pleased to stop the distraction and expense of this matter, and we are very pleased with our continuing lease arrangements for these hospitals with Five Star."

Senior Housing Properties Trust is a real estate investment trust which owns hospitals, nursing homes, independent and assisted living facilities and senior housing properties throughout the United States. SNH is headquartered in Newton, MA.

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