



SNH Announces Revised Lease Terms with HEALTHSOUTH

Newton, MA (January 2, 2002): Senior Housing Properties Trust (NYSE: SNH) today announced that it has revised lease terms with HEALTHSOUTH Corporation (NYSE: HRC), as follows:

Background:

HEALTHSOUTH became a tenant of SNH for five nursing homes when HEALTHSOUTH acquired Horizon/CMS Healthcare Corporation in 1997. Shortly thereafter, HEALTHSOUTH transferred operating responsibilities for these five properties to Integrated Health Services. In 2000, Integrated filed for bankruptcy and HEALTHSOUTH resumed control of these properties. In September 2001, HEALTHSOUTH advised SNH that it would cease operations at one of these properties. Although HEALTHSOUTH continued to pay rents due SNH, SNH advised HEALTHSOUTH that its cessation of operations was a lease default. Since September 2001, SNH and HEALTHSOUTH have negotiated.

Revised Terms:

The revised lease terms are as follows:

(i) Ownership of the five nursing homes owned by SNH will be exchanged for ownership of two rehabilitation hospitals owned by HEALTHSOUTH. The two hospitals will be leased by HEALTHSOUTH. The five nursing homes have 762 licensed beds. The two rehabilitation hospitals have 364 licensed beds and offer outpatient rehabilitation services. The two rehabilitation hospitals are Braintree Rehabilitation Hospital and New England Rehabilitation Hospital; both are located in Massachusetts.

(ii) The lease for the five nursing homes expired in four years, on January 1, 2006. That lease included renewal and tenant purchase options, but, because these nursing home operations were not profitable, SNH did not expect that HEALTHSOUTH would exercise these options. The revised lease will be for 10 years through December 31, 2011, plus renewal and purchase options thereafter. Based upon the profitable historical operations of these hospitals, SNH currently expects that these options may be exercised by HEALTHSOUTH.

(iii) The rent to SNH for the five nursing homes was \$10 million per year. The rent to SNH for the two hospitals will be \$8.7 million per year.

(iv) The property exchange and revised lease terms were effective on January 2, 2002; and

(v) The lease will remain a full recourse obligation of HEALTHSOUTH and the other lease terms will remain substantially unchanged.

Commentary by SNH Management:

David J. Hegarty, President of SNH, made the following comments concerning these revised lease terms:

"I am pleased that SNH and HEALTHSOUTH were able to resolve their differences. The two hospitals which SNH is acquiring have been strong performers for HEALTHSOUTH and their historical operations more than cover the pro-forma rent. SNH management believes that the properties exchanged were of equivalent values and that the extended lease term and the increased rent coverage from historical operations is fair compensation for the reduced rent."

SNH is a real estate investment trust which owns and leases senior housing and healthcare properties located throughout the United States.

THE FOREGOING PRESS RELEASE CONTAINS FORWARD LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE FORWARD LOOKING STATEMENTS INCLUDE REFERENCES TO THE LIKELIHOOD THAT RENEWAL OR PURCHASE OPTIONS MAY OR MAY NOT BE EXERCISED AND

THE IMPLICATION THAT HISTORICAL OPERATING PROFITABILITY OF THE LEASED PROPERTIES MAY CONTINUE. SUCH FORWARD LOOKING STATEMENTS ARE BASED UPON SNH'S CURRENT BELIEFS AND EXPECTATIONS, BUT THEY ARE NOT GUARANTEED TO OCCUR. FOR EXAMPLE, HEALTHSOUTH MAY DECIDE NOT TO EXERCISE RENEWAL OR PURCHASE OPTIONS, THE OPERATING PROFITS OF THE REHABILITATION HOSPITALS WHICH HAVE BEEN ACQUIRED BY SNH MAY DECLINE OR THOSE OPERATIONS MAY BECOME UNPROFITABLE. THESE PRESENTLY UNEXPECTED RESULTS COULD OCCUR FOR A NUMBER OF REASONS, SOME OF WHICH, SUCH AS A CHANGE IN MEDICARE RATE POLICIES FOR REHABILITATION HOSPITALS, ARE BEYOND THE CONTROL OF SNH AND ITS TENANT. INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE UPON FORWARD LOOKING STATEMENTS.