



Five Star Quality Care, Inc. Completes Acquisition of LTA Holdings, Inc.

NEWTON, Mass.--Five Star Quality Care, Inc. (AMEX: FVE) announced today that it has completed the previously announced acquisition of 100% of the capital stock of LTA Holdings, Inc. ("LTA") (formerly known as LifeTrust America, Inc.) for approximately \$211 million. The purchase price was adjusted from the previously announced amount of \$208 million as a result of changes in LTA's working capital, pursuant to contract terms.

The acquisition includes 47 senior living communities with 2,636 independent and assisted living units. Along with these 47 communities acquired from LTA, FVE has reached a separate agreement to manage an additional 12 assisted living communities that LTA historically operated for third party owners. The combined 59 communities include 3,593 independent and assisted living units, with locations in eight states. As of September 30, 2004, these 59 communities were 87% occupied, and 100% of the revenues at these communities were paid by residents from their private resources.

In conjunction with this acquisition, FVE today completed a \$148.2 million sale leaseback transaction with Senior Housing Properties Trust (NYSE: SNH) for 31 of the LTA communities. FVE also today entered into a short term loan with SNH for \$16.8 million, which is secured by four of the LTA communities and another community of FVE. This loan can be prepaid at anytime without penalty by FVE. Until May 2, 2005, FVE has the right to add the four LTA communities to the sale leaseback transaction with SNH at an aggregate sales price of \$16.8 million.

After giving effect to the sale leaseback transaction and loan, the balance of the purchase price for LTA was funded using cash on hand, by assuming HUD insured long-term mortgage debt and by assuming a lease for four communities from Health Care Property Investors (NYSE: HCP).

Evrett W. Benton, President of FVE, made the following statement concerning the closing of this transaction.

"On behalf of the management and employees of Five Star, I welcome the people of LTA to our company. Through the concerted efforts of many people at both companies, we were able to close this transaction on an expedited basis. I am also very pleased that Five Star will be able to assume LTA's role as manager of 12 assisted living communities. Providing management services to these third party owned communities expands Five Star's capabilities as a full-service senior living care provider. As previously stated, Five Star believes it has paid a full and fair price for these high quality properties and expects that this acquisition will become accretive to earnings beginning sometime in the second half of 2005."

Five Star Quality Care, Inc. is a senior living operating company, which owns, leases and operates 160 senior living communities which offer independent living apartments, assisted living accommodations, including specialized care for Alzheimer residents, and skilled nursing services.

WARNING REGARDING FORWARD LOOKING STATEMENTS

THE FOREGOING PRESS RELEASE CONTAINS FORWARD LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND THE FEDERAL SECURITIES LAWS. THESE FORWARD LOOKING STATEMENTS ARE BASED UPON FVE'S PRESENT BELIEFS AND EXPECTATIONS, BUT, FOR MANY DIFFERENT REASONS, THESE FORWARD LOOKING STATEMENTS MAY NOT OCCUR. FOR EXAMPLE, MR. BENTON STATES FVE'S BELIEF THAT THE ACQUISITION OF LTA WILL BECOME FINANCIALLY BENEFICIAL OR ACCRETIVE TO FVE'S EARNINGS IN THE SECOND HALF OF 2005. THE ACQUISITION OF A HEALTHCARE OPERATING COMPANY INVOLVES NUMEROUS RISKS. THE CHANGE OF CONTROL MAY RESULT IN STAFF TURNOVER, RESIDENT DEPARTURES, FAILURES OF OPERATING SYSTEMS TO BE PROPERLY INTEGRATED OR OTHER OPERATING DIFFICULTIES. AS A RESULT, FVE'S ACQUISITION OF LTA MAY CREATE OPERATING LOSSES AND THESE OPERATING LOSSES MAY CONTINUE THROUGH 2005 AND FOR EXTENDED PERIODS THEREAFTER. INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE UPON FORWARD LOOKING STATEMENTS.

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