DIVERSIFIED HEALTHCARE TRUST

2025 Annual Report

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2025

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 1-15319

DIVERSIFIED HEALTHCARE TRUST
(Exact Name of Registrant as Specified in Its Charter)

Maryland	**04-3445278**
(State of Organization)	(I.R.S. Employer Identification No.)

Two Newton Place, 255 Washington Street, Suite 300, Newton, MA 02458-1634
(Address of Principal Executive Offices) (Zip Code)

617-796-8350
(Registrant's Telephone Number, Including Area Code)

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

Title Of Each Class	Trading Symbol(s)	Name Of Each Exchange On Which Registered
Common Shares of Beneficial Interest	DHC	The Nasdaq Stock Market LLC
5.625% Senior Notes due 2042	DHCNI	The Nasdaq Stock Market LLC
6.25% Senior Notes due 2046	DHCNL	The Nasdaq Stock Market LLC

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities 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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-Accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting common shares of beneficial interest, $.01 par value, or common shares, of the registrant held by non-affiliates was approximately $776.9 million based on the $3.58 closing price per common share on The Nasdaq Stock Market LLC on June 30, 2025. For purposes of this calculation, an aggregate of 24,403,883 common shares held directly by, or by affiliates of, the trustees and the executive officers of the registrant have been included in the number of common shares held by affiliates.

Number of the registrant's common shares outstanding as of February 20, 2026: 242,121,025

References in this Annual Report on Form 10-K to the Company, DHC, we, us or our mean Diversified Healthcare Trust and its consolidated subsidiaries unless otherwise expressly stated or the context indicates otherwise.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required by Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K is incorporated by reference to our definitive Proxy Statement for the 2026 Annual Meeting of Shareholders, to be filed with the Securities and Exchange Commission within 120 days after the fiscal year ended December 31, 2025.

Warning Concerning Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws that are subject to risks and uncertainties. These statements may include words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “estimate”, “will”, “may” and negatives or derivatives of these or similar expressions. These forward-looking statements include, among others, statements about: our efforts to manage costs and our expectations regarding occupancy and average monthly rates at our Senior Housing Operating Portfolio, or SHOP, communities; market demand and supply for healthcare services for older adults and senior living communities; demand for medical office and life science leased space; our future leasing activity; our leverage; the sufficiency of our liquidity; our liquidity needs and sources; our capital expenditure plans and commitments; our property acquisitions and dispositions; our redevelopment, repositioning and construction activities and plans; and the amount and timing of future distributions.

Forward-looking statements reflect our current expectations, are based on judgments and assumptions, are inherently uncertain and are subject to risks, uncertainties and other factors, which could cause our actual results, performance or achievements to differ materially from expected future results, performance or achievements expressed or implied in those forward-looking statements. Some of the risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, but are not limited to, the following:

- The impact of unfavorable market and commercial real estate industry conditions due to possible reduced demand for healthcare related space and senior living communities, uncertainties surrounding interest rates, wage and commodity price inflation, supply chain disruptions, volatility in the public debt and equity markets, changing tariffs and trade policies and related uncertainty, geopolitical instability and tensions, pandemics, any U.S. government shutdown, economic downturns or a possible recession, labor market conditions or changes in real estate utilization, among other things, on us and our managers and other operators and tenants,
- Our senior living operators’ abilities to successfully and profitably operate the communities they manage for us,
- The continuing impact of changing market practices on us and our managers and other operators and tenants, such as delayed recovery of the senior housing industry, reduced demand for leased medical office, life science and other space of ours and residencies at senior living communities and increased operating costs,
- The financial strength of our managers and other operators and tenants,
- Whether the aging U.S. population and increasing life spans of seniors will increase the demand for senior living communities and other medical and healthcare related properties and healthcare services,
- Whether our tenants will renew or extend their leases or whether we will obtain replacement tenants on terms as favorable to us as our prior leases,
- The likelihood that our tenants and residents will pay rent or be negatively impacted by continuing unfavorable market and commercial real estate industry conditions,
- Our managers’ abilities to increase or maintain rates charged to residents of our senior living communities and manage operating costs for those communities,
- Our ability to increase or maintain occupancy at our properties on terms desirable to us,
- Our ability to increase rents when our leases expire or renew,
- Costs we incur and concessions we grant to lease our properties,
- Risk and uncertainties regarding the costs and timing of development, redevelopment and repositioning activities, including as a result of inflation, cost overruns, tariffs, supply chain challenges, labor shortages, construction delays or inability to obtain necessary permits or volatility in the commercial real estate markets,

- Our ability to manage our capital expenditures and other operating costs effectively and to maintain and enhance our properties and their appeal to tenants and residents,
- Our ability to effectively raise and balance our use of debt and equity capital,
- Our ability to purchase cost effective interest rate caps,
- Our ability to comply with the financial covenants under our debt agreements,
- Our ability to make required payments on our debt,
- Our ability to maintain sufficient liquidity, including the availability of borrowings under our revolving credit facility, and otherwise manage leverage,
- Our credit ratings,
- Our ability to sell properties at prices or returns we target, and the timing of such sales,
- Our ability to sell additional equity interests in, or contribute additional properties to, our existing joint ventures, or enter into additional real estate joint ventures or to attract co-venturers and benefit from our existing joint ventures or any real estate joint ventures we may enter into,
- Our ability to acquire, develop, redevelop or reposition properties that realize our targeted returns,
- Our ability to pay distributions to our shareholders and to maintain or increase the amount of such distributions,
- The ability of The RMR Group LLC, or RMR, to successfully manage us,
- Competition in the real estate industry, particularly in those markets in which our properties are located,
- Government regulations affecting Medicare and Medicaid reimbursement rates and operational requirements,
- Compliance with, and changes to, federal, state and local laws and regulations, accounting rules, tax laws and similar matters,
- Exposure to litigation and regulatory and government proceedings due to the nature of the senior living and other health and wellness related service businesses,
- Actual and potential conflicts of interest with our related parties, including our Managing Trustees, RMR, ABP Trust and others affiliated with them,
- Limitations imposed by and our ability to satisfy complex rules to maintain our qualification for taxation as a real estate investment trust, or REIT, for U.S. federal income tax purposes,
- Acts of terrorism, war or other hostilities, outbreaks of pandemics or other public health safety events or conditions, global climate change or other manmade or natural disasters beyond our control, and
- Other matters.

These risks, uncertainties and other factors are not exhaustive and should be read in conjunction with other cautionary statements that are included in our periodic filings. The information contained elsewhere in this Annual Report on Form 10-K or in our other filings with the Securities and Exchange Commission, or SEC, including under the caption "Risk Factors", or incorporated herein or therein, identifies other important factors that could cause differences from our forward-looking statements. Our filings with the SEC are available on the SEC's website at www.sec.gov.

You should not place undue reliance upon our forward-looking statements.

Except as required by law, we do not intend to update or change any forward-looking statements as a result of new information, future events or otherwise.

Statement Concerning Limited Liability

The Amended and Restated Declaration of Trust establishing Diversified Healthcare Trust, dated September 20, 1999, as amended and supplemented, as filed with the State Department of Assessments and Taxation of Maryland, provides that no trustee, officer, shareholder, employee or agent of Diversified Healthcare Trust shall be held to any personal liability, jointly or severally, for any obligation of, or claim against, Diversified Healthcare Trust. All persons dealing with Diversified Healthcare Trust in any way shall look only to the assets of Diversified Healthcare Trust for the payment of any sum or the performance of any obligation.

DIVERSIFIED HEALTHCARE TRUST

2025 FORM 10-K ANNUAL REPORT

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PART I

Item 1. Business.

Our Company

We are a real estate investment trust, or REIT, that was organized under Maryland law in 1998. We primarily own senior living communities, medical office and life science properties and other healthcare related properties throughout the United States. As of December 31, 2025, we owned 298 properties, including 13 properties classified as held for sale, located in 33 states and Washington, D.C.

As of December 31, 2025, we owned an equity interest in each of two unconsolidated joint ventures that own medical office and life science properties located in five states with an aggregate of approximately 2.2 million rentable square feet that were 99% leased with an average (by annualized rental income) remaining lease term of 14.2 years.

Our principal executive offices are located at Two Newton Place, 255 Washington Street, Suite 300, Newton, Massachusetts 02458-1634, and our telephone number is (617) 796-8350.

Our Business Strategy

The healthcare industry remains one of the most resilient commercial real estate sectors, in part due to the scale of the U.S. healthcare market, which collectively represents approximately 18% of the U.S. gross domestic product, or GDP, according to the Centers for Medicare and Medicaid Services, or CMS. The healthcare sector's continued expansion has been driven by rising standards of care, increasing life expectancies and other demographic trends, as well as funding from both public and private sources.

We believe that the aging of the U.S. population benefits our portfolio of healthcare real estate. According to U.S. Census data, by 2030, more than 20% of the total U.S. population will be age 65 or older, with that demographic projected to grow thereafter by the equivalent of 10,000 people per day. According to the U.S. Census Bureau, the age 75+ demographic is projected to be among the fastest growing age cohorts in the United States with an average annual growth of 4% between 2025 and 2035. The U.S. Census Bureau projects that the age 75+ demographic as a percentage of the total U.S. population will increase from an estimated 8.1% in 2025 to 11.1% in 2035. Also, as a result of medical advances, seniors are living longer, and CMS reports that healthcare spending is projected to grow at an average rate of 5.8% per year, and as a result, health spending as a percentage of GDP is projected to exceed 20% by 2033. We believe that this will increase demand for our senior living communities (including active adult communities) and for healthcare services and products supplied by the tenants in our medical office and life science properties.

We believe there is a favorable mix of increased demand and limited supply for senior living communities, which we expect will benefit us and our existing portfolio of senior living communities in the future. As a result of elevated financing and construction costs over recent years, inventory growth for senior living communities has been historically low. According to The National Investment Center for Seniors Housing and Care, or NIC, annual inventory growth was 0.5% across primary and secondary markets during the fourth quarter of 2025. Additionally, annual absorption was 2.8% for the fourth quarter of 2025, according to NIC. We expect improving market fundamentals and constrained supply to continue to result in increased occupancy at our senior living communities.

We plan to seek to profit from this demand in the future by, over time, investing in our properties, acquiring additional properties and entering into management and lease arrangements with qualified managers, operators and tenants which enhance our cash flow and generate returns that exceed our operating and capital costs to us, including structuring leases that provide for or permit periodic rent increases.

We also seek to selectively sell properties from time to time when we determine our continued ownership or ongoing required capital expenditures will not achieve desired returns, when we believe there is an opportunity to reduce leverage, when we believe we have maximized returns or when we believe we can successfully pursue more desirable opportunities than retaining these properties. We also may use future sales proceeds to invest in our properties and to acquire new properties that we believe will help us reduce the overall average age of our properties, increase our weighted average lease term, if applicable, reduce our ongoing capital requirements and/or increase our distributions to shareholders. Additionally, we seek to selectively develop, redevelop or reposition our properties when we believe the returns will be satisfactory.

Senior Living Communities

Independent Living Communities. Independent living communities provide high levels of privacy to residents and require residents to be capable of relatively high degrees of independence. An independent living community usually bundles several services as part of a regular monthly charge. For example, an independent living community may include one or two meals per day in a central dining room, daily or weekly maid service or social programming in the base charge. Additional services are generally available from staff employees on a fee for service basis. In some of our independent living communities, separate parts of the property are dedicated to assisted living, memory care and/or nursing services. We also own an active adult community, which we have classified as an independent living community.

Assisted Living Communities. Assisted living communities typically have one bedroom or studio units which include private bathrooms and efficiency kitchens. Services bundled within one charge usually include three meals per day in a central dining room, daily housekeeping, laundry, medical reminders and 24 hour availability of assistance with the activities of daily living, such as dressing and bathing. Professional nursing and healthcare services are usually available at the property on call or at regularly scheduled times. In some of our assisted living communities, separate parts of the property are dedicated to independent living and/or nursing services.

Memory Care Communities. Memory care communities are a specialized assisted living option designed for individuals with memory loss, such as dementia or Alzheimer's disease. Services provided include a secure environment with tailored support for activities of daily living, medication management, specially trained staff to manage behavioral challenges and promote cognitive engagement through structured activities and family support. Bundled services are typically consistent with those offered at standard assisted living communities but provide additional frequency of housekeeping and laundry services. Apartments are generally studio units, with occasional one bedroom or shared companion units. Rates at memory care communities are typically higher as they include a base level of care and medication management, with additional levels of care available for a higher fee.

Skilled Nursing Facilities. Skilled nursing facilities, or SNFs, generally provide extensive nursing and healthcare services similar to those available in hospitals, without the high costs associated with operating rooms, emergency rooms or intensive care units. A typical purpose built SNF includes mostly rooms with one or two beds, a separate bathroom and shared dining facilities. Licensed nursing professionals staff SNFs 24 hours per day.

Medical Office and Life Science Portfolio

Our portfolio of medical office and life science properties, or our Medical Office and Life Science Portfolio, consists of commercial properties constructed for use or operated as medical office space for physicians and other healthcare personnel and other businesses in medical related fields, including clinics and life science or laboratory uses. Some of our office properties are occupied as administrative facilities, such as hospitals and healthcare insurance companies or similar uses. As our lease expirations approach, we will seek to renew our leases with existing tenants or to enter into new leases with new tenants, in both circumstances at rental rates equal to or higher than current rental rates for the same space. Our ability to renew leases with our existing tenants or to enter into new leases with new tenants and the rents we are able to charge will depend in large part upon market and economic conditions, which are beyond our control.

Wellness Centers

Wellness centers typically have exercise classes, strength and cardiovascular equipment areas, tennis and racquet sports facilities, pools, spas and children's centers. Professional sports training and therapist services are often available. Wellness centers often market themselves as clubs for which members may pay monthly fees plus additional fees for specific services.

Other Types of Real Estate

In the past, we have considered investing in real estate different from our existing property types and some properties located outside the United States. We may explore these or other alternative investments in the future.

Lease Terms

Our medical office and life science property leases primarily include both "triple net" leases, where the tenant is generally responsible for the payment of property operating expenses and capital expenditures during the lease term, and "net" and "modified gross" leases, where we are responsible for operating and maintaining the properties and we charge the tenants for some or all of the property operating expenses. A portion of our medical office and life science property leases are "full service" leases where we receive fixed rent from the tenants and do not charge the tenants for any property operating expenses. Our leases for wellness centers and senior living communities are "triple net" leases.

Senior Housing Operating Portfolio Management Agreements

Because we are a REIT for U.S. federal income tax purposes, we generally may not operate our senior living communities. For nearly all of our senior living communities, we use a taxable REIT subsidiary, or TRS, structure authorized by the REIT Investment Diversification and Empowerment Act. Under this structure, we lease certain of our communities to our TRSs, and our TRSs enter into management agreements with third parties for the operation of such communities. These management agreements generally provide the managers with a management fee, which is a percentage of the gross revenues realized at the communities, plus reimbursement for the managers' direct costs and expenses related to the communities. The managers may also receive an annual incentive fee equal to a percentage of the amount by which the annual earnings before interest, taxes, depreciation and amortization, or EBITDA, of the applicable communities exceeds the target EBITDA for the applicable communities.

Our managed senior living communities are operated by third parties pursuant to management agreements. Beginning in September 2025, we transitioned the management of 116 of our senior living communities previously managed by Five Star Senior Living, or Five Star, which was an operating division of AlerisLife Inc., or AlerisLife, to seven different third party managers in connection with AlerisLife's sale of all of its assets and the wind-down of its business. As of December 31, 2025, we completed the transition of all of the Five Star managed senior living communities to these managers. As of December 31, 2025, our 212 senior living communities were managed by 14 new and existing third party managers. We lease nearly all of our senior living communities to our TRSs. The senior living communities in our SHOP segment managed by Sinceri Senior Living, Discovery Senior Living, Tutera Senior Living, Charter Senior Living and Phoenix Senior Living represented 30.8%, 23.7%, 8.9%, 7.0% and 5.7%, respectively, of our gross real estate value as of December 31, 2025.

We rely on our third party managers to perform substantially all operational functions at our senior living communities. Under the terms of our management agreements, these managers are responsible for hiring, training and supervising personnel; implementing and maintaining technology platforms and systems for managing financial performance, sales and resident retention; and setting rents and related resident fees in accordance with market conditions and our strategic objectives. As a result, our ability to achieve desired operational and financial outcomes is dependent on the expertise, performance and integrity of these third party managers. We monitor their activities through regular reporting and oversight, but we do not directly control day-to-day operations at our communities.

Our management agreements with third party managers generally include provisions that allow us to terminate the agreements under certain circumstances, including if a community does not meet specified financial performance thresholds after a stabilization period. These rights provide us with flexibility to address underperforming communities and to ensure alignment with our operational and financial objectives.

Terminating our management agreements and transitioning to new managers would result in additional costs, including potential termination fees and expenses associated with the transition process.

For more information about the terms of the management agreements with our managers, see Note 6 to our Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

Our Investment and Operating Policies

Our investment objectives include increasing cash flows from operations from dependable and diverse sources in order to make distributions to our shareholders. To achieve these objectives, we seek to: maintain a strong capital base of shareholders' equity; invest in properties with strong market fundamentals and high credit quality managers and tenants; use leverage to fund additional investments which increase cash flow from operations because of positive spreads between our cost of capital and investment yields; make structured investments, including joint venture arrangements, which generate a minimum return and provide an opportunity to participate in operating growth at our properties; when market conditions permit, refinance maturing debt with new debt or equity; and pursue diversification so that our cash flow from operations comes from diverse properties and tenants.

Our Board of Trustees may change our investment and operating policies at any time without a vote of, or notice to, our shareholders.

Our Acquisition Policies

Our acquisition strategy is to seek to acquire additional properties primarily for income and secondarily for appreciation potential. We may purchase individual properties or multiple properties in one portfolio. In implementing this acquisition strategy, we consider a range of factors relating to each proposed acquisition, including, but not limited to:

- our cost of capital compared to projected returns we may realize by owning the property;
- the use and size of the property;
- the location of the property;
- the price at which the property may be acquired as compared to the estimated replacement cost of the property;
- the existing or proposed management or lease terms;
- the existence of alternative sources, uses or needs for our capital and our leverage;
- the availability and reputation of experienced and financially qualified managers, tenants or guarantors;
- the historical and projected cash flows from the operations of the property;
- the expected capital expenditures that may be needed at the property;
- the competitive market environment of the property;
- the construction quality, physical condition and design of the property, including various environmental sustainability factors;
- the growth, tax and regulatory environments of the market in which the property is located;
- the price segment and payment sources in which the property is operated;
- the strategic fit of the property with the rest of our portfolio; and
- the level of permitted services and regulatory history of the property and its historical managers and tenants.

An important part of our acquisition strategy is to identify and select qualified, experienced and financially stable managers and tenants.

Our Disposition Policies

We plan to selectively sell certain properties from time to time to manage our leverage and improve our liquidity, to strategically update, rebalance and reposition our investment portfolio and to fund future acquisitions with a goal of (1) reducing our leverage, (2) improving the asset quality of our portfolio by reducing the overall average age of our properties and increasing the weighted average term of our leases and the likelihood of retaining both our residents and tenants and (3) increasing our distributions to shareholders.

Other than as described, we generally consider ourselves to be a long term owner of properties and are more interested in the long term earnings potential of our properties and stability of our portfolio than selling properties for short term gains. However, from time to time, we may consider the sale of all or a stake in one or more of our properties or other investments. We make disposition decisions based on a number of factors, including, but not limited to, the following:

- our ability to operate or lease the affected property on terms acceptable to us or have the affected property managed with our realizing acceptable returns;
- the existence of alternative sources, uses or needs for our capital and our leverage;
- the manager's or tenant's desire to dispose of or cease operating the affected property;
- the estimated value and returns we may receive by selling the property;
- the remaining length of the lease relating to the property and its other terms;
- our evaluation of future cash flows which may be achieved from the property;
- the strategic fit of the property or investment with the rest of our portfolio;
- the age and capital required to maintain the property;
- our intended use of the proceeds we may realize from the sale of a property;
- the expected benefits that can be achieved from contributing additional properties to our existing or any new joint ventures; and
- the tax implications to us and our shareholders.

Our Investment Policies

We have no policies which specifically limit the percentage of our assets that may be invested in any individual property, in any one type of property, in properties leased to any one tenant or to an affiliated group of tenants or in properties operated by any one manager or tenant or by an affiliated group of managers or tenants or in securities of one or more persons.

Since February 2024, we, together with our applicable TRS, have owned approximately 34.0% of the outstanding AlerisLife common shares and ABP Trust owns the remaining approximate 66.0% of AlerisLife.

On February 14, 2025, AlerisLife paid an aggregate cash dividend of $50.0 million to its stockholders. Our pro rata share of this cash dividend was $17.0 million.

On July 15, 2025, AlerisLife paid an aggregate cash dividend of $10.0 million to its stockholders. Our pro rata share of this cash dividend was $3.4 million. In connection with AlerisLife's sale of all of its assets and the wind-down of its business, on January 9, 2026, AlerisLife paid an aggregate cash dividend of $80.0 million to its stockholders. Our pro rata share of this cash dividend was $27.2 million.

We may in the future acquire additional common shares or securities of other entities, including entities engaged in real estate activities. We may invest in the securities of other entities for the purpose of exercising control, or otherwise, make loans to other persons or entities, engage in the sale of investments, offer securities in exchange for property or repurchase or reacquire our securities.

Historically, we have primarily owned wholly owned investments in fee interests. However, circumstances may arise in which we may invest in leaseholds, joint ventures, mortgages and other real estate interests. We may invest or enter into additional real estate joint ventures if we conclude that by doing so we may benefit from the participation of joint venture partners or that our opportunity to participate in the investment is contingent on the use of a joint venture structure. As of December 31, 2025, we owned a 10% equity interest in an unconsolidated joint venture that owns a life science property located in Boston, Massachusetts, or the Seaport JV, and a 20% equity interest in an unconsolidated joint venture for 10 medical office and life science properties, or the LSMD JV. Further, we may acquire interests in joint ventures as part of an acquisition of properties or entities or we may contribute properties into our existing or new joint ventures. We also may invest in participating, convertible or other types of mortgages if we conclude that by doing so, we may benefit from the cash flow or appreciation in the value of a property which is not available for purchase.

Subject to the discussions below under the heading "Material United States Federal Income Tax Considerations—REIT Qualification Requirements" included in Part I, Item 1 of this Annual Report on Form 10-K, we have no limitations on the amount or percentage of our total assets that may be invested in any one property, in any one type of property, or in properties managed by or leased by any one entity, and no limits on the concentration of investments in any one location. However, we believe it is prudent to seek portfolio diversification, not concentration.

Our Board of Trustees may change our investment policies at any time without a vote of, or notice to, our shareholders.

Our Financing Policies

Although there are no limitations in our organizational documents on the amount of indebtedness we may incur, our credit agreement and senior notes indentures and their supplements contain covenants which, among other things, restrict our ability to incur debts and generally require us to maintain certain financial ratios.

We may seek additional capital through secured or unsecured debt financing or refinancing transactions, sales of properties or equity interests in properties, retention of cash flows in excess of distributions to shareholders, equity offerings or a combination of these methods or other transactions. We may seek to obtain lines of credit or to issue securities senior to our common shares, including preferred shares or debt securities, some of which may be convertible into our common shares or be accompanied by warrants to purchase our common shares. We may also finance acquisitions by assuming debt, through an exchange of properties or through the issuance of equity or other securities. The proceeds from any of our financings may be used to pay distributions, to make investments in our properties, to refinance existing indebtedness or to finance acquisitions, development, redevelopment or repositionings.

For more information regarding our financing sources and activities, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Our Financing Liquidity and Resources" in Part II, Item 7 of this Annual Report on Form 10-K.

Our Board of Trustees may change our financing policies at any time without a vote of, or notice to, our shareholders.

Our Manager

The RMR Group Inc., or RMR Inc., is a holding company and substantially all of its business is conducted by its majority owned subsidiary, The RMR Group LLC, or RMR. The Chair of our Board of Trustees and one of our Managing Trustees, Adam D. Portnoy, is the sole trustee, an officer and the controlling shareholder of ABP Trust, which is the controlling shareholder of RMR Inc., chair of the board of directors, a managing director and the president and chief executive officer of RMR Inc. and an officer and employee of RMR and the sole director of AlerisLife. Christopher J. Bilotto, our other Managing Trustee and President and Chief Executive Officer is also an executive of RMR Inc., Matthew C. Brown, our Chief Financial Officer and Treasurer, is also an executive vice president and the chief financial officer and treasurer of RMR Inc. and an officer of ABP Trust, and each of our officers is also an officer and employee of RMR. Jennifer B. Clark, our former Managing Trustee and former Secretary, also served as a managing director and the executive vice president, general counsel and secretary of RMR Inc., an officer and employee of RMR and an officer of ABP Trust until her retirement on December 31, 2025. Our day to day operations are conducted by RMR. RMR originates and presents investment and divestment opportunities to our Board of Trustees and provides management and administrative services to us. RMR has a principal place of business at Two Newton Place, 255 Washington Street, Suite 300, Newton, Massachusetts, 02458-1634, and its telephone number is (617) 796-8390.

RMR is an alternative asset management company that is focused on both residential and commercial real estate and related businesses. RMR or its subsidiaries also act as a manager to other publicly traded real estate companies, privately held real estate funds and real estate related operating businesses. In addition, RMR provides management services to joint ventures, including our existing joint ventures. As of February 23, 2026, the executive officers of RMR are: Adam D. Portnoy, president and chief executive officer; Christopher J. Bilotto, executive vice president; Matthew C. Brown, executive vice president, chief financial officer and treasurer; Yael Duffy, executive vice president; Lindsey A. Getz, executive vice president, general counsel and secretary; Matthew P. Jordan, executive vice president and chief operating officer; Jeffrey C. Leer, executive vice president; and John G. Murray, executive vice president. Mr. Bilotto also serves as our President and Chief Executive Officer and a managing trustee and officer of another company managed by RMR. Mr. Brown also serves as our Chief Financial Officer and Treasurer and an officer of another company managed by a subsidiary of RMR. Additionally, our Vice President, Anthony Paula, serves as a vice president of RMR. Other officers of RMR also serve as officers of other companies to which RMR or its subsidiaries provide management services.

Government Regulation and Reimbursement

The senior living and healthcare industries are subject to extensive, frequently changing federal, state and local laws and regulations. Although most of these laws and regulations affect the manner in which our managers and tenants operate our properties, some of them also impact us and the values of our properties. Some of the laws that impact or may impact us or our managers or tenants include: state and local licensure laws; laws protecting consumers against deceptive practices; laws relating to the operation of our properties and how our managers and tenants conduct their operations, such as health, safety and fire laws and standards; federal and state laws relating to the privacy and security of personal information and health information; federal and state laws affecting assisted living communities that participate in Medicaid and federal and state laws affecting SNFs, clinics and other healthcare facilities that participate in both Medicaid and Medicare that mandate allowable costs, pricing, reimbursement procedures and limitations, quality of services and care, food service and physical plants; resident rights laws (including abuse and neglect laws) and fraud laws; anti-kickback and physician referral laws; the Americans with Disabilities Act, or ADA, and similar state and local laws; and safety and health standards set by the federal Occupational Safety and Health Administration, or OSHA. Medicaid funding is available in some, but not all, states for assisted living services. State licensure standards for assisted living communities, SNFs, clinics and other healthcare facilities typically address facility policies, staffing, quality of services and care, resident rights, infection control, emergency preparedness, fire safety and physical plant matters, and related matters; there have also been recent, ongoing legislative and regulatory efforts to increase federal oversight of assisted living and SNF operations, including a federal minimum staffing rule for SNFs published on May 10, 2024. Changes in the regulatory framework could have a material adverse effect on the ability of our tenants to pay us rent, the profitability of our managed senior living communities and the values of our properties.

State and local health and social service agencies and other regulatory authorities regulate and license many senior living communities. State health authorities regulate and license clinics and other healthcare facilities. In most states in which we own properties, we and our managers and tenants are prohibited from providing certain services without first obtaining appropriate licenses. In addition, some states require a certificate of need, or CON, before an entity may open an assisted living community or SNF or expand services at an existing facility. In addition, some states that have eliminated CON laws have retained other means of limiting development of facilities, including moratoria, licensing laws and limitations upon participation in the state Medicaid program. Senior living communities and certain other healthcare facilities must also comply with applicable state and local building, zoning, fire and food service codes before licensing or Medicare and Medicaid certification are granted. These laws and regulatory requirements could affect our ability and that of our managers and tenants to expand into new markets or to expand communities in existing markets.

In addition, government authorities have been subjecting healthcare facilities such as those that we own to increasing numbers of inspections, surveys, investigations, audits and other potential enforcement actions. We and our managers and tenants expend considerable resources to respond to such actions. Unannounced inspections or surveys may occur annually or biannually, or even more regularly, such as following a regulatory body's receipt of a complaint about a facility. From time to time in the ordinary course of business, we and our managers and tenants receive deficiency reports from state regulatory bodies resulting from those inspections and surveys. We and our managers and tenants seek to resolve most inspection deficiencies through a plan of corrective action relating to the affected facility's operations. If we or our managers or tenants fail to comply with any applicable legal requirements, or are unable to cure deficiencies, certain sanctions may be imposed and, if imposed, may adversely affect the ability of our tenants to pay their rent to us, the profitability of our managed senior living communities and the values of our properties. In addition, government agencies typically have the authority to take or seek further action against a licensed or certified facility, including the ability to impose civil money penalties or fines; suspend, modify, or revoke a license or Medicare or Medicaid participation; suspend or deny admissions of residents; deny payments in full or in part; institute state oversight, temporary management or receivership; and impose criminal penalties. Loss, suspension or modification of a license or certification or the imposition of other sanctions or penalties could adversely affect the values of our properties, the ability of our tenants to pay their rents and the profitability of our managed senior living communities.

CMS of the U.S. Department of Health and Human Services, or HHS, has increased its oversight of state survey agencies in recent years, focusing its enforcement efforts on SNFs and chains of SNF operators with findings of substandard care or repeat and continuing deficiencies and violations. Moreover, state Attorneys General typically enforce consumer protection laws relating to senior living services, clinics and other healthcare facilities. In addition, state Medicaid fraud control agencies may investigate and prosecute assisted living communities and SNFs, clinics and other healthcare facilities under fraud and patient abuse and neglect laws.

Current state laws and regulations allow enforcement officials to make determinations as to whether the care provided by our managers or by or on behalf of our tenants at our facilities exceeds the level of care for which a particular facility is licensed, which could result in closure of the community and the immediate discharge and transfer of residents, which could adversely affect the ability of that tenant to pay rent to us, the profitability of our managed senior living communities and the values of our properties. Citations or revocation of a license could impact the ability for us or our managers to obtain new licenses or certifications or maintain or renew existing licenses and certifications which would trigger defaults under management agreements and leases with us and adversely affect our ability to operate. Furthermore, some states and the federal government allow certain citations of one facility to impact other facilities owned or operated by the same entity or a related entity, including facilities in other states. Revocation of a license or certification at one facility could therefore impact our or a tenant's or manager's ability to obtain new licenses or certifications or to maintain or renew existing licenses at other facilities, which could adversely affect the ability of that tenant to pay rent to us, the profitability of that manager, the profitability and values of our properties and trigger defaults under our managers' management agreements and tenants' leases and our or our managers' or tenants' credit arrangements, or adversely affect our or our managers' or tenants' ability to obtain financing in the future. In addition, an adverse finding by state officials could serve as the basis for lawsuits by private plaintiffs and lead to investigations under federal and state laws, which could result in civil and/or criminal penalties against the facility as well as a related entity.

For the year ended December 31, 2025, substantially all of our net operating income, or NOI, from our senior living communities was generated from properties where a majority of the revenues are derived from our tenants' and residents' private resources, and a small amount of our NOI was generated from our senior living communities where a majority of the revenue is dependent upon Medicare and Medicaid programs. Our managers and tenants operate facilities in many states and they and we participate in federal and state healthcare payment programs, including the federal Medicare and state Medicaid benefit programs for services in SNFs and other similar facilities and state Medicaid programs for services in assisted living communities.

Government Payers. Reimbursement levels under the Medicare and Medicaid programs may not remain at levels comparable to present levels or may not be sufficient to cover the costs allocable to residents eligible for reimbursement. Medicare reimbursement for skilled nursing services is subject to fixed payments under the Medicare prospective payment systems. In accordance with Medicare laws, CMS makes annual adjustments to Medicare payment rates.

Medicaid reimbursement rates for many of our assisted living and memory care communities also are based upon fixed payment systems. Generally, these rates are adjusted annually for inflation. However, those adjustments may not reflect actual increases of the cost of providing healthcare services. In addition, Medicaid reimbursement can be impacted negatively by state budgetary pressures, which may lead to reduced reimbursement or delays in receiving payments. On July 4, 2025, the U.S. government enacted Public Law No. 119-21, commonly known as the One Big Beautiful Bill Act, which, among other things, included significant funding cuts and policy changes to Medicaid, which could have a material adverse effect on the ability of our tenants to pay us rent, the profitability of our managed senior living communities and the values of our properties.

It is unclear whether any adjustments in Medicare and Medicaid rates will compensate for the increased costs our managers and tenants may incur for services to residents whose services are paid for by Medicare and Medicaid. Current and future programmatic changes to Medicaid eligibility and rates may also impact us.

Enforcement. Federal and state efforts to target false claims, fraud and abuse and violations of anti-kickback, and physician referral laws by providers under Medicare, Medicaid and other public and private programs have increased in recent years, as have civil monetary penalties, treble damages, repayment requirements and criminal sanctions for noncompliance, loss of licensure, termination of government payments, exclusion from any government health care program and damage assessments. The federal False Claims Act, as amended and expanded by the Fraud Enforcement and Recovery Act of 2009 and the Patient Protection and Affordable Care Act of 2010, or the ACA, provides significant civil monetary penalties and treble damages for false claims and authorizes individuals to bring claims on behalf of the federal government for false claims and earn a percentage of the government's recovery should the government intervene. These incentives have led to a steady increase in whistleblower actions. The federal Civil Monetary Penalties Law authorizes the Secretary of HHS to impose substantial civil penalties, treble damages and program exclusions administratively for false claims or violations of the federal anti-kickback statute. In addition, the ACA increased penalties under federal sentencing guidelines between 20% and 50% for healthcare fraud offenses involving more than $1.0 million.

Government authorities are devoting increasing attention and resources to the prevention, detection and prosecution of healthcare fraud and abuse. CMS contractors are also expanding the retroactive audits of Medicare claims submitted by SNFs and other providers and recouping alleged overpayments for services determined by auditors not to have been appropriately billed (e.g., not medically necessary or not meeting Medicare coverage criteria). State Medicaid programs and other third party payers are conducting similar medical necessity and compliance audits. The ACA facilitates the Department of Justice's, or the DOJ's, ability to investigate allegations of wrongdoing or fraud at healthcare facilities, in part because of increased cooperation and data sharing among CMS, HHS, Office of the Inspector General, or the OIG, the DOJ and the states.

In addition, the ACA requires all states to terminate the Medicaid participation of any provider that has been terminated under Medicare or any Medicaid state plan. We and our managers and tenants expend significant resources to comply with these laws and regulations.

Data Privacy and Security. Federal and state laws designed to protect the confidentiality and security of individually identifiable information apply to us, our managers and our tenants. Under the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, and the Health Information Technology for Economic and Clinical Health Act, or the HITECH Act, we, our managers and our tenants that are covered entities or business associates within the meaning of HIPAA must comply with rules adopted by HHS governing the privacy, security, use and disclosure of individually identifiable information, including financial information and protected health information, or PHI, and also with security rules for electronic PHI. There may be both civil monetary penalties and criminal sanctions for noncompliance with such federal laws. HIPAA enforcement efforts have increased considerably over the past few years, with HHS, through its Office for Civil Rights, or OCR, entering into several multi-million dollar HIPAA settlements in prior years. OCR has also demonstrated a continuing commitment to enforce the obligation to provide individuals with timely access to their health information upon request. Finally, OCR and other regulatory bodies have become increasingly focused on cybersecurity risks, including the emerging threat of ransomware and similar cyberattacks. The increasing sophistication of cybersecurity threats presents challenges to the entire healthcare industry.

In addition, many states have enacted their own security and privacy laws relating to individually identifiable information and consumer health information, including the California Consumer Privacy Act, the Maryland Online Data Privacy Act and the New York SHIELD Act. Failure to comply with these laws could result in the imposition of fines and penalties. A number of other states have enacted similar laws related to the protection and security of individually identifiable information and consumer health information, and we expect additional federal and state legislative and regulatory efforts to regulate consumer privacy in the future. These laws generally create consumer rights protections and impose obligations on businesses to which they apply, including requirements to conduct data processing risk assessments, to enter into data processing agreements with vendors and other third-parties with whom a business shares personal information, and to make detailed disclosures to residents of those states about the business' data collection, use and sharing practices. Some states have also enacted laws that are specific to the protection of "consumer health data": Washington state enacted the My Health, My Data Act, a health-focused consumer privacy law, which took effect in March 2024; Connecticut and Nevada have also enacted similar consumer health data privacy laws. These laws impose obligations related to the collection and sharing of certain health-related information that is not subject to HIPAA and that does not fall within certain other exceptions in the law. To the extent these state laws are applicable to our business and operations, they may increase compliance costs and potential liability with respect to other personal information we maintain about residents of these states. These legislative and regulatory developments will continue to influence the design and operation of our business and our privacy and security efforts.

Other Matters. We require our managers and tenants to comply with all laws that regulate the operation of our senior living communities. The costs to comply with these laws may adversely affect the profitability of our managed senior living communities and the ability of our tenants to pay their rent to us. If we, our managers or any of our tenants were subject to an action alleging violations of such laws or to any adverse determination concerning any of our or our managers' or tenants' licenses or eligibility for Medicare or Medicaid reimbursement or any substantial penalties, repayments or sanctions, these actions could materially and adversely affect the ability of our tenants to pay rent to us, the profitability of our managed senior living communities and the values of our properties. If our managers or any of our tenants becomes unable to operate our properties, or if any of our tenants becomes unable to pay its rent because it has violated government regulations or payment laws, we may experience difficulty in finding a substitute tenant or manager or selling the affected property at a price that provides us with a desirable return, and the value of the affected property may decline materially.

Federal, state and local agencies regulate our medical office and life science property tenants that provide healthcare services. Many states require medical clinics, ambulatory surgery centers, clinical laboratories and other outpatient healthcare facilities to be licensed and inspected for compliance with licensure regulations concerning professional staffing, services, patient rights and physical plant requirements, among other matters. Our tenants must comply with the ADA and similar state and local laws to the extent that such facilities are "public accommodations" as defined in those statutes. The obligation to comply with the ADA and similar laws is an ongoing obligation, and our tenants expend significant resources to comply with such laws.

Healthcare providers and suppliers, including physicians and other licensed medical practitioners, that receive federal or state reimbursement under Medicare, Medicaid or other federal or state programs must comply with the requirements for their participation in those programs. Our tenants that are healthcare providers or suppliers are subject to reimbursement rates that are increasingly subject to cost control pressures and may be reduced or may not be increased sufficiently to cover their increasing costs, including our rents. Further, healthcare providers are experiencing heightened scrutiny under antitrust laws in the United States as integration and consolidation of health care delivery increase and affect competition. In addition, there has been a movement toward increased scrutiny of private equity and REIT interest in the healthcare industry, including the long-term care sector. For example, CMS issued a final rule, effective January 16, 2024, that requires SNFs and Medicaid-participating nursing facilities to disclose certain additional data on their owners, operators and management in an effort to increase transparency of nursing facility ownership and to promote competition among nursing facilities by allowing patients to choose facilities based on publicly available data of their owners and operators. Further, federal legislation has been introduced that, if enacted, would impose significant transparency requirements, federal oversight, and restrictions on private equity and REIT investment in the health care space, including the ability of federal regulators to review and block certain transactions. Similar laws in some states have also recently been enacted. To the extent these laws apply to our business, they may impact our ability to enter into transactions involving the sale or acquisition of our properties.

The United States Food and Drug Administration, or FDA, and other federal, state and local authorities extensively regulate our biotechnology laboratory tenants that develop, manufacture, market or distribute new drugs, biologicals or medical devices for human use. The FDA and such other authorities regulate the clinical development, testing, manufacture, quality control, safety, effectiveness, labeling, storage, record keeping, advertising and promotion of those products. Before a new pharmaceutical product or medical device may be marketed and distributed in the United States, the FDA must approve it as safe and effective for human use. Preclinical and clinical studies and documentation in connection with FDA approval of new pharmaceuticals or medical devices involve significant time, expense and risks of failure. Once a product is approved, the FDA maintains oversight of the product and its developer and can withdraw its approval, recall products or suspend their production, impose or seek to impose civil or criminal penalties on the developer or take other actions for the developer's failure to comply with regulatory requirements, including anti-fraud, false claims, anti-kickback or physician referral laws. Other concerns affecting our biotechnology laboratory tenants include the potential for subsequent discovery of safety concerns and related litigation, ensuring that the product qualifies for reimbursement under Medicare, Medicaid or other federal or state programs, cost control initiatives of payment programs, the potential for litigation over the validity or infringement of intellectual property rights related to the product, the eventual expiration of relevant patents and the need to raise additional capital. The cost of compliance with these regulations and the risks described in this paragraph, among others, could adversely affect the ability of our biotechnology laboratory tenants to pay rent to us. In addition, if these laws and regulations are altered, additional regulatory risks may arise. Depending upon what aspects of the laws and regulations are altered, the ability of our biotechnology laboratory tenants to pay rent to us could be adversely and materially affected.

Competition

Owning and operating senior living communities, medical office and life science properties and other healthcare related properties is a highly competitive business. We compete against other REITs, numerous financial institutions, individuals and other public and private companies that are actively engaged in this business. Also, we compete for tenants and residents and for investments based on a number of factors including location, rents, rates, financings offered, underwriting criteria and reputation. Our ability to successfully compete is also impacted by current economic and industry conditions, demographic trends, availability of attractive investment opportunities, our ability to negotiate beneficial investment terms, the availability and cost of capital and new and existing laws and regulations. Some of our competitors are dominant in selected geographic or property markets, including in markets we operate. Some of our competitors may have greater financial and other resources than we have. We believe the quality and diversity of our investments, the financial strength of many of our tenants and the experience and capabilities of our managers may afford us some competitive advantages and allow us to operate our business successfully despite the competitive nature of our business.

Our managers and tenants compete on a local and regional basis with operators of facilities that provide comparable services. Operators compete for residents and patients based on quality of care, reputation, physical appearance of properties, services offered, family preferences, physicians, staff, price and location. We and our managers and tenants also face competition from other healthcare facilities for qualified personnel, such as physicians and other healthcare providers that provide comparable facilities and services.

For additional information on competition and the risks associated with our business, see "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K.

Corporate Sustainability

Our manager, RMR, periodically publishes its Sustainability Report, which summarizes the environmental, social and governance, or ESG, initiatives employed by RMR and its client companies, including us. RMR's Sustainability Report may be accessed on the RMR Inc. website at www.rmrgroup.com/corporate-sustainability/default.aspx. The information on or accessible through RMR Inc.'s website is not incorporated by reference into this Annual Report on Form 10-K.

We believe corporate sustainability is a strategic part of our focus on operational practices, enhancing our competitive position, development and redevelopment efforts and economic performance. Our sustainability practices, which align with those of our manager, RMR—minimizing our impact on the environment, embracing the communities where we operate and attracting top professionals—are critical elements supporting our long-term success.

We recognize our responsibility to minimize the impact of our business on the environment and seek to preserve natural resources and maximize efficiencies in order to reduce the impact our properties have on the planet. Our environmental sustainability strategies and best practices help to mitigate our properties' environmental footprint, optimize operational efficiency and enhance our competitiveness in the marketplace. Our sustainability and community engagement strategies focus on a complementary set of objectives, including the following:

- **Responsible Investment.** We seek to invest capital in our properties that both improves environmental performance and enhances asset value. During the property acquisition due diligence and annual budgeting processes, RMR assesses, among other things, environmental sustainability opportunities and physical and policy driven climate related risks.
- **Environmental Stewardship.** We seek to improve the environmental footprint of our properties, including by reducing carbon emissions, energy consumption and water usage, especially when doing so may reduce operating costs and exposure to policies that call for a carbon tax or other emissions-based penalties and enhance the properties' competitive position. Our existing business practices are intended to align with the Task Force on Climate Related Financial Disclosures framework across both the physical and transition risks and opportunities. With respect to our development and redevelopment activities, RMR considers how to best incorporate sustainability goals as part of the overall goal of any development or redevelopment project at our properties.

We and our manager, RMR, drive value, manage risk and benchmark the performance of our properties by effectively capturing and managing data through real-time energy monitoring, or RTM. RTM facilitates advanced data analytics and access to detect faults and inefficiencies in equipment operations faster while enhancing building system control in a cost-effective and scalable way. RMR's RTM program captures 14 of our properties and generated $4.5 million in cumulative savings to date, of which $0.9 million was generated in 2025.

Furthermore, properties that reach specified levels of sustainability and energy efficiency may receive potential environmental designations and certifications, such as Leadership in Energy and Environmental Design, or LEED®, designations and/or "ENERGY STAR" certifications. LEED® designations are administered by the U.S. Green Building Council. The ENERGY STAR program is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy which is focused on promoting energy efficient products and properties. The U.S. Government's "green lease" policies permit government tenants to require LEED® designation in selecting new premises or renewing leases at existing premises and the General Services Administration gives preference to properties for lease that have received an ENERGY STAR certification. Our property manager, RMR, is a member of the ENERGY STAR program. Certain properties are not eligible for ENERGY STAR certification. For example, lab uses, medical office properties and properties less than 50% occupied cannot be ENERGY STAR certified. As of December 31, 2025, our LEED® designations and ENERGY STAR certifications were as follows:

- **LEED®:** 18 of our Medical Office and Life Science Portfolio properties containing 1.8 million rentable square feet (10.5% and 16.2% of our Medical Office and Life Science Portfolio properties and rentable square feet, respectively).
- **Building Owners and Managers Association (BOMA) 360:** 9 of our properties containing approximately 0.8 million rentable square feet (9.9% and 13.5% of our eligible properties and eligible rentable square feet, respectively).
- **ENERGY STAR:** 24 of our properties containing 3.6 million square feet (12.5% and 18.2% of our eligible properties and rentable square feet, respectively).

For more information, see "Risk Factors—Risks Related to Our Business—Ownership of real estate is subject to environmental risks and liabilities" and "Risk Factors—Risks Related to Our Business—We are subject to risks from adverse weather, natural disasters and adverse impacts from global climate change, and we incur significant costs and invest significant amounts with respect to these matters" in Part I, Item 1A of this Annual Report on Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Impact of Climate Change" in Part II, Item 7 of this Annual Report on Form 10-K.

Environmental Matters

Ownership of real estate is subject to risks associated with environmental hazards. Under various laws, owners as well as tenants and operators of real estate may be required to investigate and clean up or remove hazardous substances present at or migrating from properties they own, lease or operate and may be held liable for property damage or personal injuries that result from hazardous substances. These laws also expose us to the possibility that we may become liable to government agencies or third parties for costs and damages they incur in connection with hazardous substances. In addition, these laws also impose various requirements regarding the operation and maintenance of properties and recordkeeping and reporting requirements relating to environmental matters that require us or the managers or tenants of our properties to incur costs to comply with.

We reviewed environmental surveys of the properties we own prior to their purchase. Based upon those surveys, other studies we may have since reviewed and our understanding of the operations of these properties by our managers and tenants, we do not believe that there are environmental conditions at any of our properties that have had or will have a material adverse effect on us. However, we cannot be sure that conditions are not present at our properties or that costs we may be required to incur in the future to remediate contamination will not have a material adverse effect on our business or financial condition or results of operations.

When adverse weather, natural disasters and adverse impacts from global climate change, such as hurricanes, floods or wildfires, occur near our properties, we, our managers or our tenants may relocate the residents at our senior living properties to alternative locations for their safety and we, our managers or our tenants may close or limit the operations of the impacted senior living community or office property until the event has ended and the property is then ready for operation. We or the managers or tenants of our properties may incur significant costs and losses as a result of these activities, both in terms of operating, preparing and repairing our properties in anticipation of, during and after adverse weather, natural disasters and adverse impacts from global climate change and in terms of potential lost business due to the interruption in operating our properties. Our insurance and our managers' and tenants' insurance may not adequately compensate us or them for these costs and losses.

Concerns about climate change have resulted in various treaties, laws and regulations that are intended to limit carbon emissions and address other environmental concerns. These and other laws may cause energy or other costs at our properties to increase. We do not expect the direct impact of these increases to be material to our results of operations, because the increased costs either would be the responsibility of our tenants directly or in the longer term, passed through and paid by tenants of our leased properties and residents at our managed senior living communities. Although we do not believe it is likely in the foreseeable future, laws enacted to mitigate climate change may make some of our buildings obsolete or cause us to make material investments in our properties, which could materially and adversely affect our financial condition or the financial condition of our managers or tenants and their ability to pay rent or returns to us. For more information regarding climate change and other environmental matters and their possible adverse impacts on us, see "Risk Factors—Risks Related to Our Business—Ownership of real estate is subject to environmental risks and liabilities" and "Risk Factors—Risks Related to Our Business—We are subject to risks from adverse weather, natural disasters and adverse impacts from global climate change, and we incur significant costs and invest significant amounts with respect to these matters" in Part I, Item 1A of this Annual Report on Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Impact of Climate Change" in Part II, Item 7 of this Annual Report on Form 10-K.

Investments in Human Capital

We have no employees. We rely on our manager, RMR, to hire, train and develop a workforce that meets the needs of our business, contributes positively to our society and helps reduce our impact on the natural environment.

Corporate Citizenship

We seek to be a responsible corporate citizen and to strengthen the communities in which we own properties. Our manager, RMR, regularly encourages its employees to engage in a variety of charitable and community programs, including participation in a company-wide service day and a charitable giving matching program.

Diversity and Inclusion

As of December 31, 2025, our Board of Trustees was comprised of seven Trustees, of which five were independent trustees. Our Board of Trustees is comprised of 43% women and approximately 29% members of marginalized minorities.

Insurance

We or our tenants are generally responsible for the costs of insurance coverage for our properties and the operations conducted on them, including for casualty, liability, fire, extended coverage and rental or business interruption losses. Either we purchase the insurance ourselves and, except in the case of our managed senior living communities, our tenants are required to reimburse us, or the tenants buy the insurance directly and are required to list us as an insured party.

Internet Website

Our internet website address is www.dhcreit.com. Copies of our governance guidelines, our code of business conduct and ethics, or our Code of Conduct, and the charters of our audit, compensation and nominating and governance committees are posted on our website and also may be obtained free of charge by writing to our Secretary, Diversified Healthcare Trust, Two Newton Place, 255 Washington Street, Suite 300, Newton, Massachusetts 02458-1634. We also have a policy outlining procedures for handling concerns or complaints about accounting, internal accounting controls or auditing matters and a governance hotline accessible on our website that shareholders can use to report concerns or complaints about accounting, internal accounting controls or auditing matters or violations or possible violations of our Code of Conduct. We make available, free of charge, through the "Investors" section of our website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, as soon as reasonably practicable after these forms are filed with, or furnished to, the Securities and Exchange Commission, or SEC. Any material we file with or furnish to the SEC is also maintained on the SEC website, www.sec.gov. Security holders may send communications to our Board of Trustees or individual Trustees by writing to the party for whom the communication is intended at c/o Secretary, Diversified Healthcare Trust, Two Newton Place, 255 Washington Street, Suite 300, Newton, Massachusetts 02458-1634 or by email at secretary@dhcreit.com. Our website address is included several times in this Annual Report on Form 10-K as a textual reference only. The information on or accessible through our website is not incorporated by reference into this Annual Report on Form 10-K or other documents we file with, or furnish to, the SEC. We intend to use our website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Those disclosures will be included on our website in the "Investors" section. Accordingly, investors should monitor our website, in addition to following our press releases, SEC filings and public conference calls and webcasts.

Segment Information

As of December 31, 2025, we had two reportable segments: SHOP and Medical Office and Life Science Portfolio. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of this Annual Report on Form 10-K and our Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following summary of material United States federal income tax considerations is based on existing law and is limited to investors who own our shares as investment assets rather than as inventory or as property used in a trade or business. The summary does not discuss all of the particular tax considerations that might be relevant to you if you are subject to special rules under federal income tax law, for example if you are:

- a bank, insurance company or other financial institution;
- a regulated investment company or REIT;

- a subchapter S corporation;
- a broker, dealer or trader in securities or foreign currencies;
- a person who marks-to-market our shares for U.S. federal income tax purposes;
- a U.S. shareholder (as defined below) that has a functional currency other than the U.S. dollar;
- a person who acquires or owns our shares in connection with employment or other performance of services;
- a person subject to alternative minimum tax;
- a person who acquires or owns our shares as part of a straddle, hedging transaction, constructive sale transaction, constructive ownership transaction or conversion transaction, or as part of a "synthetic security" or other integrated financial transaction;
- a person who owns 10% or more (by vote or value, directly or constructively under the United States Internal Revenue Code of 1986, as amended, or the IRC) of any class of our shares;
- a U.S. expatriate;
- a non-U.S. shareholder (as defined below) whose investment in our shares is effectively connected with the conduct of a trade or business in the United States;
- a nonresident alien individual present in the United States for 183 days or more during an applicable taxable year;
- a "qualified shareholder" (as defined in Section 897(k)(3)(A) of the IRC);
- a "qualified foreign pension fund" (as defined in Section 897(l)(2) of the IRC) or any entity wholly owned by one or more qualified foreign pension funds;
- a non-U.S. shareholder that is a passive foreign investment company or controlled foreign corporation;
- a person subject to special tax accounting rules as a result of their use of applicable financial statements (within the meaning of Section 451(b)(3) of the IRC); or
- except as specifically described in the following summary, a trust, estate, tax-exempt entity, governmental organization or foreign person.

The sections of the IRC that govern the federal income tax qualification and treatment of a REIT and its shareholders are complex. This presentation is a summary of applicable IRC provisions, related rules and regulations, and administrative and judicial interpretations, all of which are subject to change, possibly with retroactive effect. Future legislative, judicial or administrative actions or decisions could also affect the accuracy of statements made in this summary. We have not received a ruling from the U.S. Internal Revenue Service, or the IRS, with respect to any matter described in this summary, and we cannot be sure that the IRS or a court will agree with all of the statements made in this summary. The IRS could, for example, take a different position from that described in this summary with respect to our acquisitions, operations, valuations, restructurings or other matters, which, if a court agreed, could result in significant tax liabilities for applicable parties. In addition, this summary is not exhaustive of all possible tax considerations and does not discuss any estate, gift, state, local or foreign tax considerations. For all these reasons, we urge you and any holder of or prospective acquiror of our shares to consult with a tax advisor about the federal income tax and other tax consequences of the acquisition, ownership and disposition of our shares. Our intentions and beliefs described in this summary are based upon our understanding of applicable laws and regulations that are in effect as of February 23, 2026. If new laws or regulations are enacted which impact us directly or indirectly, we may change our intentions or beliefs.

Your federal income tax consequences generally will differ depending on whether or not you are a "U.S. shareholder." For purposes of this summary, a "U.S. shareholder" is a beneficial owner of our shares that is:

- an individual who is a citizen or resident of the United States, including an alien individual who is a lawful permanent resident of the United States or meets the substantial presence residency test under the federal income tax laws;

- an entity treated as a corporation for federal income tax purposes that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or, to the extent provided in Treasury regulations, a trust in existence on August 20, 1996 that has elected to be treated as a domestic trust;

whose status as a U.S. shareholder is not overridden by an applicable tax treaty. Conversely, a "non-U.S. shareholder" is a beneficial owner of our shares that is not an entity (or other arrangement) treated as a partnership for federal income tax purposes and is not a U.S. shareholder.

If any entity (or other arrangement) treated as a partnership for federal income tax purposes holds our shares, the tax treatment of a partner in the partnership generally will depend upon the tax status of the partner and the activities of the partnership. Any entity (or other arrangement) treated as a partnership for federal income tax purposes that is a holder of our shares and the partners in such a partnership (as determined for federal income tax purposes) are urged to consult their own tax advisors about the federal income tax consequences and other tax consequences of the acquisition, ownership and disposition of our shares.

Taxation as a REIT

We have elected to be taxed as a REIT under Sections 856 through 860 of the IRC, commencing with our 1999 taxable year. Our REIT election, assuming continuing compliance with the then applicable qualification tests, has continued and will continue in effect for subsequent taxable years. Although we cannot be sure, we believe that from and after our 1999 taxable year we have been organized and have operated, and will continue to be organized and to operate, in a manner that qualified us and will continue to qualify us to be taxed as a REIT under the IRC.

As a REIT, we generally are not subject to federal income tax on our net income distributed as dividends to our shareholders. Distributions to our shareholders generally are included in our shareholders' income as dividends to the extent of our available current or accumulated earnings and profits. Our dividends are not generally entitled to the preferential tax rates on qualified dividend income, but a portion of our dividends may be treated as capital gain dividends or as qualified dividend income, all as explained below. In addition, pursuant to the deduction-without-outlay mechanism of Section 199A of the IRC, our noncorporate U.S. shareholders that meet specified holding period requirements are generally eligible for lower effective tax rates on our dividends that are not treated as capital gain dividends or as qualified dividend income. No portion of any of our dividends is eligible for the dividends received deduction for corporate shareholders. Distributions in excess of our current or accumulated earnings and profits generally are treated for federal income tax purposes as returns of capital to the extent of a recipient shareholder's basis in our shares, and will reduce this basis. Our current or accumulated earnings and profits are generally allocated first to distributions made on our preferred shares, of which there are none outstanding at this time, and thereafter to distributions made on our common shares. To the extent that such distributions exceed the basis of a U.S. shareholder's shares, the U.S. shareholder generally must include such distributions in income as long-term capital gain, or short-term capital gain if the shares have been held for one year or less. For all these purposes, our distributions include cash distributions, any in kind distributions of property that we might make, and deemed or constructive distributions resulting from capital market activities (such as some redemptions), as described below.

Our counsel, Sullivan & Worcester LLP, is of the opinion that we have been organized and have qualified for taxation as a REIT under the IRC for our 1999 through 2025 taxable years, and that our current and anticipated investments and plan of operation will enable us to continue to meet the requirements for qualification and taxation as a REIT under the IRC. Our counsel's opinions are conditioned upon the assumption that our leases, our declaration of trust, and all other legal documents to which we have been or are a party have been and will be complied with by all parties to those documents, upon the accuracy and completeness of the factual matters described in this Annual Report on Form 10-K and upon representations made by us to our counsel as to certain factual matters relating to our organization and operations and our expected manner of operation. If this assumption or a description or representation is inaccurate or incomplete, our counsel's opinions may be adversely affected and may not be relied upon. The opinions of our counsel are based upon the law as it exists today, but the law may change in the future, possibly with retroactive effect. Given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, neither Sullivan & Worcester LLP nor we can be sure that we will qualify as or be taxed as a REIT for any particular year. Any opinion of Sullivan & Worcester LLP as to our qualification or taxation as a REIT will be expressed as of the date issued. Our counsel will have no obligation to advise us or our shareholders of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in the applicable law. Also, the opinions of our counsel are not binding on either the IRS or a court, and either could take a position different from that expressed by our counsel.

Our continued qualification and taxation as a REIT will depend upon our compliance with various qualification tests imposed under the IRC and summarized below. While we believe that we have satisfied and will satisfy these tests, our counsel does not review compliance with these tests on a continuing basis. If we fail to qualify for taxation as a REIT in any year, then we will be subject to federal income taxation as if we were a corporation taxed under subchapter C of the IRC, or a C corporation, and our shareholders will be taxed like shareholders of a regular C corporation, meaning that federal income tax generally will be applied at both the corporate and shareholder levels. In this event, we could be subject to significant tax liabilities, and the amount of cash available for distribution to our shareholders could be reduced or eliminated.

If we continue to qualify for taxation as a REIT and meet the tests described below, then we generally will not pay federal income tax on amounts that we distribute to our shareholders. However, even if we continue to qualify for taxation as a REIT, we may still be subject to federal tax in the following circumstances, as described below:

- We will be taxed at regular corporate income tax rates on any undistributed "real estate investment trust taxable income," including our undistributed ordinary income and net capital gains, if any. We may elect to retain and pay income tax on our net capital gain, as well as on certain amounts attributable to cancellation of indebtedness income, if any. In addition, if we so elect by making a timely designation to our shareholders, a shareholder would be taxed on its proportionate share of our undistributed capital gain and would generally be expected to receive a credit or refund for its proportionate share of the federal corporate income tax we paid on our retained net capital gain.
- If we have net income from the disposition of "foreclosure property," as described in Section 856(e) of the IRC, that is held primarily for sale to customers in the ordinary course of a trade or business or other nonqualifying income from foreclosure property, we will be subject to tax on this income at the highest regular corporate income tax rate.
- If we have net income from "prohibited transactions," that is, dispositions at a gain of inventory or property held primarily for sale to customers in the ordinary course of a trade or business other than dispositions of foreclosure property and other than dispositions excepted by statutory safe harbors, we will be subject to tax on this income at a 100% rate.
- If we fail to satisfy the 75% gross income test or the 95% gross income test discussed below, due to reasonable cause and not due to willful neglect, but nonetheless maintain our qualification for taxation as a REIT because of specified cure provisions, we will be subject to tax at a 100% rate on the greater of the amount by which we fail the 75% gross income test or the 95% gross income test, with adjustments, multiplied by a fraction intended to reflect our profitability for the taxable year.
- If we fail to satisfy any of the REIT asset tests described below (other than a de minimis failure of the 5% or 10% asset tests) due to reasonable cause and not due to willful neglect, but nonetheless maintain our qualification for taxation as a REIT because of specified cure provisions, we will be subject to a tax equal to the greater of $50,000 or the highest regular corporate income tax rate multiplied by the net income generated by the nonqualifying assets that caused us to fail the test.
- If we fail to satisfy any provision of the IRC that would result in our failure to qualify for taxation as a REIT (other than violations of the REIT gross income tests or violations of the REIT asset tests

described below) due to reasonable cause and not due to willful neglect, we may retain our qualification for taxation as a REIT but will be subject to a penalty of $50,000 for each failure.

- If we fail to distribute for any calendar year at least the sum of 85% of our REIT ordinary income for that year, 95% of our REIT capital gain net income for that year and any undistributed taxable income from prior periods, we will be subject to a 4% nondeductible excise tax on the excess of the required distribution over the amounts actually distributed.
- If we acquire a REIT asset where our adjusted tax basis in the asset is determined by reference to the adjusted tax basis of the asset in the hands of a C corporation, under specified circumstances we may be subject to federal income taxation on all or part of the built-in gain (calculated as of the date the property ceased being owned by the C corporation) on such asset. We generally do not expect to sell assets if doing so would result in the imposition of a material built-in gains tax liability; but if and when we do sell assets that may have associated built-in gains tax exposure, then we expect to make appropriate provision for the associated tax liabilities on our financial statements.
- If we acquire a corporation in a transaction where we succeed to its tax attributes, to preserve our qualification for taxation as a REIT we must generally distribute all of the C corporation earnings and profits inherited in that acquisition, if any, no later than the end of our taxable year in which the acquisition occurs. However, if we fail to do so, relief provisions would allow us to maintain our qualification for taxation as a REIT provided we distribute any subsequently discovered C corporation earnings and profits and pay an interest charge in respect of the period of delayed distribution.
- Our subsidiaries that are C corporations, including our "taxable REIT subsidiaries", as defined in Section 856(l) of the IRC, or TRSs, generally will be required to pay federal corporate income tax on their earnings, and a 100% tax may be imposed on any transaction between us and one of our TRSs that does not reflect arm's length terms.
- As discussed below, we are invested in real estate through subsidiaries that we believe qualify for taxation as REITs. If it is determined that one of these entities failed to qualify for taxation as a REIT, we may fail one or more of the REIT asset tests. In such case, we expect that we would be able to avail ourselves of the relief provisions described below, but would be subject to a tax equal to the greater of $50,000 or the highest regular corporate income tax rate multiplied by the net income we earned from this subsidiary.

If we fail to qualify for taxation as a REIT in any year, then we will be subject to federal income tax in the same manner as a regular C corporation. Further, as a regular C corporation, distributions to our shareholders will not be deductible by us, nor will distributions be required under the IRC. Also, to the extent of our current and accumulated earnings and profits, all distributions to our shareholders will generally be taxable as ordinary dividends potentially eligible for the preferential tax rates discussed below under the heading "—Taxation of Taxable U.S. Shareholders" and, subject to limitations in the IRC, will be potentially eligible for the dividends received deduction for corporate shareholders. Finally, we will generally be disqualified from taxation as a REIT for the four taxable years following the taxable year in which the termination of our REIT status is effective. Our failure to qualify for taxation as a REIT for even one year could result in us reducing or eliminating distributions to our shareholders, or in us incurring substantial indebtedness or liquidating substantial investments in order to pay the resulting corporate-level income taxes. Relief provisions under the IRC may allow us to continue to qualify for taxation as a REIT even if we fail to comply with various REIT requirements, all as discussed in more detail below. However, it is impossible to state whether in any particular circumstance we would be entitled to the benefit of these relief provisions.

REIT Qualification Requirements

General Requirements. Section 856(a) of the IRC defines a REIT as a corporation, trust or association:

(1) that is managed by one or more trustees or directors;

(2) the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest;

(3) that would be taxable, but for Sections 856 through 859 of the IRC, as a domestic C corporation;

(4) that is not a financial institution or an insurance company subject to special provisions of the IRC;

(5) the beneficial ownership of which is held by 100 or more persons;

(6) that is not "closely held," meaning that during the last half of each taxable year, not more than 50% in value of the outstanding shares are owned, directly or indirectly, by five or fewer "individuals" (as defined in the IRC to include specified tax-exempt entities); and

(7) that meets other tests regarding the nature of its income and assets and the amount of its distributions, all as described below.

Section 856(b) of the IRC provides that conditions (1) through (4) must be met during the entire taxable year and that condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Although we cannot be sure, we believe that we have met conditions (1) through (7) during each of the requisite periods ending on or before the close of our most recently completed taxable year, and that we will continue to meet these conditions in our current and future taxable years. To help comply with condition (6), our declaration of trust and bylaws restrict transfers of our shares that would otherwise result in concentrated ownership positions. These restrictions, however, do not ensure that we have previously satisfied, and may not ensure that we will in all cases be able to continue to satisfy, the share ownership requirements described in condition (6). If we comply with applicable Treasury regulations to ascertain the ownership of our outstanding shares and do not know, or by exercising reasonable diligence would not have known, that we failed condition (6), then we will be treated as having met condition (6). Accordingly, we have complied and will continue to comply with these regulations, including by requesting annually from holders of significant percentages of our shares information regarding the ownership of our shares. Under our declaration of trust and bylaws, our shareholders are required to respond to these requests for information. A shareholder that fails or refuses to comply with the request is required by Treasury regulations to submit a statement with its federal income tax return disclosing its actual ownership of our shares and other information.

For purposes of condition (6), an "individual" generally includes a natural person, a supplemental unemployment compensation benefit plan, a private foundation, or a portion of a trust permanently set aside or used exclusively for charitable purposes, but does not include a qualified pension plan or profit-sharing trust. As a result, REIT shares owned by an entity that is not an "individual" are considered to be owned by the direct and indirect owners of the entity that are individuals (as so defined), rather than to be owned by the entity itself. Similarly, REIT shares held by a qualified pension plan or profit-sharing trust are treated as held directly by the individual beneficiaries in proportion to their actuarial interests in such plan or trust. Consequently, five or fewer such trusts could own more than 50% of the interests in an entity without jeopardizing that entity's qualification for taxation as a REIT.

The IRC provides that we will not automatically fail to qualify for taxation as a REIT if we do not meet conditions (1) through (6), provided we can establish that such failure was due to reasonable cause and not due to willful neglect. Each such excused failure will result in the imposition of a $50,000 penalty instead of REIT disqualification. This relief provision may apply to a failure of the applicable conditions even if the failure first occurred in a year prior to the taxable year in which the failure was discovered.

Our Wholly Owned Subsidiaries and Our Investments Through Partnerships. Except in respect of a TRS as discussed below, Section 856(i) of the IRC provides that any corporation, 100% of whose stock is held by a REIT and its disregarded subsidiaries, is a qualified REIT subsidiary and shall not be treated as a separate corporation for U.S. federal income tax purposes. The assets, liabilities and items of income, deduction and credit of a qualified REIT subsidiary are treated as the REIT's. We believe that each of our direct and indirect wholly owned subsidiaries, other than the TRSs discussed below (and entities whose equity is owned in whole or in part by such TRSs), will be either a qualified REIT subsidiary within the meaning of Section 856(i)(2) of the IRC or a noncorporate entity that for federal income tax purposes is not treated as separate from its owner under Treasury regulations issued under Section 7701 of the IRC, each such entity referred to as a QRS. Thus, in applying all of the REIT qualification requirements described in this summary, all assets, liabilities and items of income, deduction and credit of our QRSs are treated as ours, and our investment in the stock and other securities of such QRSs will be disregarded.

We have invested and may in the future invest in real estate through one or more entities that are treated as partnerships for federal income tax purposes. In the case of a REIT that is a partner in a partnership, Treasury regulations under the IRC provide that, for purposes of the REIT qualification requirements regarding income and assets described below, the REIT is generally deemed to own its proportionate share, based on respective capital interests (including any preferred equity interests in the partnership), of the income and assets of the partnership (except that for purposes of the 10% value test, described below, the REIT's proportionate share of the partnership's assets is based on its proportionate interest in the equity and specified debt securities issued by the partnership). In addition, for these purposes, the character of the assets and items of gross income of the partnership generally remains the same in the hands of the REIT. In contrast, for purposes of the distribution requirements discussed below, we must take into account as a partner our share of the partnership's income as determined under the general federal income tax rules governing partners and partnerships under Subchapter K of the IRC.

Subsidiary REITs. We indirectly own real estate through subsidiaries that we believe have qualified and will remain qualified for taxation as REITs under the IRC, and we may in the future invest in real estate through one or more other subsidiary entities that are intended to qualify for taxation as REITs. When a subsidiary qualifies for taxation as a REIT separate and apart from its REIT parent, the subsidiary's shares are qualifying real estate assets for purposes of the REIT parent's 75% asset test described below. However, failure of the subsidiary to separately satisfy the various REIT qualification requirements described in this summary or that are otherwise applicable (and failure to qualify for the applicable relief provisions) would generally result in (a) the subsidiary being subject to regular U.S. corporate income tax, as described above, and (b) the REIT parent's ownership in the subsidiary (i) ceasing to be qualifying real estate assets for purposes of the 75% asset test and (ii) becoming subject to the 5% asset test, the 10% vote test and the 10% value test, each as described below, generally applicable to a REIT's ownership in corporations other than REITs and TRSs. In such a situation, the REIT parent's own qualification and taxation as a REIT could be jeopardized on account of the subsidiary's failure cascading up to the REIT parent, all as described below under the heading "—Asset Tests".

We have joined with our subsidiary REITs in filing protective TRS elections, and we may continue to annually make such elections unless and until our ownership of these subsidiaries falls below 10%. Pursuant to these protective TRS elections, we believe that if one of these subsidiaries is not a REIT for some reason, then that subsidiary would instead be considered one of our TRSs, and as such its value would fit within our REIT gross asset tests described below. We expect to make similar protective TRS elections with respect to any other subsidiary REIT that we form or acquire and may implement other protective arrangements intended to avoid a cascading REIT failure if any of our intended subsidiary REITs were not to qualify for taxation as a REIT, but we cannot be sure that such protective elections or other arrangements will be effective to avoid or mitigate the resulting adverse consequences to us. We do not expect protective TRS elections to impact our compliance with the 75% and 95% gross income tests described below, because we do not expect our gains and dividends from a subsidiary REIT's shares to jeopardize compliance with these tests even if for some reason the subsidiary is not a REIT.

Taxable REIT Subsidiaries. As a REIT, we are permitted to own any or all of the securities of a TRS, provided that no more than 20% (25% with respect to taxable years beginning after December 31, 2025) of the total value of our assets, at the close of each quarter, is comprised of our investments in the stock or other securities of our TRSs. Very generally, a TRS is a subsidiary corporation other than a REIT in which a REIT directly or indirectly holds stock and that has made a joint election with such REIT to be treated as a TRS. A TRS is taxed as a regular C corporation, separate and apart from any affiliated REIT. Our ownership of stock and other securities in our TRSs is exempt from the 5% asset test, the 10% vote test and the 10% value test discussed below. Among other requirements, a TRS of ours must:

(1) not directly or indirectly operate or manage a health care facility or lodging facility; and

(2) not directly or indirectly provide to any person, under a franchise, license or otherwise, rights to any brand name under which any health care facility or lodging facility is operated, except that in

limited circumstances a subfranchise, sublicense or similar right can be granted to an independent contractor to operate or manage a health care facility or lodging facility.

In addition, any corporation (other than a REIT and other than a QRS) in which a TRS directly or indirectly owns more than 35% of the voting power or value of the outstanding securities is automatically a TRS (excluding, for this purpose, certain "straight debt" securities). Subject to the discussion below, we believe that we and each of our TRSs have complied with, and will continue to comply with, the requirements for TRS status at all times during which the subsidiary's TRS election is intended to be in effect, and we believe that the same will be true for any TRS that we later form or acquire.

As discussed below, TRSs can perform services for our tenants without disqualifying the rents we receive from those tenants under the 75% gross income test or the 95% gross income test discussed below. Moreover, because our TRSs are taxed as C corporations that are separate from us, their assets, liabilities and items of income, deduction and credit generally are not imputed to us for purposes of the REIT qualification requirements described in this summary. Therefore, our TRSs may generally conduct activities that would be treated as prohibited transactions or would give rise to nonqualified income if conducted by us directly. Additionally, while a REIT is generally limited in its ability to earn qualifying rental income from a TRS, a REIT can earn qualifying rental income from the lease of a qualified health care property to a TRS if an eligible independent contractor operates the property, as discussed more fully below.

Restrictions and sanctions are imposed on TRSs and their affiliated REITs to ensure that the TRSs will be subject to an appropriate level of federal income taxation. For example, if a TRS pays interest, rent or other amounts to its affiliated REIT in an amount that exceeds what an unrelated third party would have paid in an arm's length transaction, then the REIT generally will be subject to an excise tax equal to 100% of the excessive portion of the payment. Further, if in comparison to an arm's length transaction, a third-party tenant has overpaid rent to the REIT in exchange for underpaying the TRS for services rendered, and if the REIT has not adequately compensated the TRS for services provided to or on behalf of the third-party tenant, then the REIT may be subject to an excise tax equal to 100% of the undercompensation to the TRS. A safe harbor exception to this excise tax applies if the TRS has been compensated at a rate at least equal to 150% of its direct cost in furnishing or rendering the service. Finally, the 100% excise tax also applies to the underpricing of services provided by a TRS to its affiliated REIT in contexts where the services are unrelated to services for REIT tenants. We cannot be sure that arrangements involving our TRSs will not result in the imposition of one or more of these restrictions or sanctions, but we do not believe that we or our TRSs are or will be subject to these impositions.

Income Tests. We must satisfy two gross income tests annually to maintain our qualification for taxation as a REIT. First, at least 75% of our gross income for each taxable year must be derived from investments relating to real property, including "rents from real property" within the meaning of Section 856(d) of the IRC, interest and gain from mortgages on real property or on interests in real property, income and gain from foreclosure property, gain from the sale or other disposition of real property (including specified ancillary personal property treated as real property under the IRC), or dividends on and gain from the sale or disposition of shares in other REITs (but excluding in all cases any gains subject to the 100% tax on prohibited transactions). When we receive new capital in exchange for our shares or in a public offering of our five-year or longer debt instruments, income attributable to the temporary investment of this new capital in stock or a debt instrument, if received or accrued within one year of our receipt of the new capital, is generally also qualifying income under the 75% gross income test. Second, at least 95% of our gross income for each taxable year must consist of income that is qualifying income for purposes of the 75% gross income test, other types of interest and dividends, gain from the sale or disposition of stock or securities, or any combination of these. Gross income from our sale of property that we hold primarily for sale to customers in the ordinary course of business, income and gain from specified "hedging transactions" that are clearly and timely identified as such, and income from the repurchase or discharge of indebtedness is excluded from both the numerator and the denominator in both gross income tests. In addition, specified foreign currency gains will be excluded from gross income for purposes of one or both of the gross income tests.

In order to qualify as "rents from real property" within the meaning of Section 856(d) of the IRC, several requirements must be met:

- The amount of rent received generally must not be based on the income or profits of any person, but may be based on a fixed percentage or percentages of receipts or sales.

- Rents generally do not qualify if the REIT owns 10% or more by vote or value of stock of the tenant (or 10% or more of the interests in the assets or net profits of the tenant, if the tenant is not a corporation), whether directly or after application of attribution rules. We generally do not intend to lease property to any party if rents from that property would not qualify as "rents from real property," but application of the 10% ownership rule is dependent upon complex attribution rules and circumstances that may be beyond our control. Our declaration of trust and bylaws generally disallow transfers or purported acquisitions, directly or by attribution, of our shares to the extent necessary to maintain our qualification for taxation as a REIT under the IRC. Nevertheless, we cannot be sure that these restrictions will be effective to prevent our qualification for taxation as a REIT from being jeopardized under the 10% affiliated tenant rule. Furthermore, we cannot be sure that we will be able to monitor and enforce these restrictions, nor will our shareholders necessarily be aware of ownership of our shares attributed to them under the IRC's attribution rules.
- There is a limited exception to the above prohibition on earning "rents from real property" from a 10% affiliated tenant where the tenant is a TRS. If at least 90% of the leased space of a property is leased to tenants other than TRSs and 10% affiliated tenants, and if the TRS's rent to the REIT for space at that property is substantially comparable to the rents paid by nonaffiliated tenants for comparable space at the property, then otherwise qualifying rents paid by the TRS to the REIT will not be disqualified on account of the rule prohibiting 10% affiliated tenants.
- There is an additional exception to the above prohibition on earning "rents from real property" from a 10% affiliated tenant. For this additional exception to apply, a real property interest in a "qualified health care property" must be leased by the REIT to its TRS, and the property must be operated on behalf of the TRS by a person who is an "eligible independent contractor," all as described in Sections 856(d)(8)-(9) and 856(e)(6)(D) of the IRC. As described below, we believe our leases with our TRSs have satisfied and will continue to satisfy these requirements.
- In order for rents to qualify, a REIT generally must not manage the property or furnish or render services to the tenants of the property, except through an independent contractor from whom it derives no income or through one of its TRSs. There is an exception to this rule permitting a REIT to perform customary management and tenant services of the sort that a tax-exempt organization could perform without being considered in receipt of "unrelated business taxable income" as defined in Section 512(b)(3) of the IRC, or UBTI. In addition, a *de minimis* amount of noncustomary services provided to tenants will not disqualify income as "rents from real property" as long as the value of the impermissible tenant services does not exceed 1% of the gross income from the property.
- If rent attributable to personal property leased in connection with a lease of real property is 15% or less of the total rent received under the lease, then the rent attributable to personal property will qualify as "rents from real property;" if this 15% threshold is exceeded, then the rent attributable to personal property will not so qualify. The portion of rental income treated as attributable to personal property is determined according to the ratio of the fair market value of the personal property to the total fair market value of the real and personal property that is rented.
- In addition, "rents from real property" includes both charges we receive for services customarily rendered in connection with the rental of comparable real property in the same geographic area, even if the charges are separately stated, as well as charges we receive for services provided by our TRSs when the charges are not separately stated. Whether separately stated charges received by a REIT for services that are not geographically customary and provided by a TRS are included in "rents from real property" has not been addressed clearly by the IRS in published authorities; however, our counsel, Sullivan & Worcester LLP, is of the opinion that, although the matter is not free from doubt, "rents from real property" also includes charges we receive for services provided by our TRSs when the charges are separately stated, even if the services are not geographically customary. Accordingly, we believe that our revenues from TRS-provided services, whether the charges are separately stated or not, qualify as "rents from real property" because the services satisfy the geographically customary standard, because the services have been provided by a TRS, or for both reasons.

We believe that all or substantially all of our rents and related service charges have qualified and will continue to qualify as "rents from real property" for purposes of Section 856 of the IRC.

Absent the "foreclosure property" rules of Section 856(e) of the IRC, a REIT's receipt of active, nonrental gross income from a property would not qualify under the 75% and 95% gross income tests. But as foreclosure property, the active, nonrental gross income from the property would so qualify. Foreclosure property is generally any real property, including interests in real property, and any personal property incident to such real property:

- that is acquired by a REIT as a result of the REIT having bid on such property at foreclosure, or having otherwise reduced such property to ownership or possession by agreement or process of law, after there was a default or when default was imminent on a lease of such property or on indebtedness that such property secured;
- for which any related loan acquired by the REIT was acquired at a time when the default was not imminent or anticipated; and
- for which the REIT makes a proper election to treat the property as foreclosure property.

Any gain that a REIT recognizes on the sale of foreclosure property held as inventory or primarily for sale to customers, plus any income it receives from foreclosure property that would not otherwise qualify under the 75% gross income test in the absence of foreclosure property treatment, reduced by expenses directly connected with the production of those items of income, would be subject to federal income tax at the highest regular corporate income tax rate under the foreclosure property income tax rules of Section 857(b)(4) of the IRC. Thus, if a REIT should lease foreclosure property in exchange for rent that qualifies as "rents from real property" as described above, then that rental income is not subject to the foreclosure property income tax.

Property generally ceases to be foreclosure property at the end of the third taxable year following the taxable year in which the REIT acquired the property, or longer if an extension is obtained from the IRS. However, this grace period terminates and foreclosure property ceases to be foreclosure property on the first day:

- on which a lease is entered into for the property that, by its terms, will give rise to income that does not qualify for purposes of the 75% gross income test (disregarding income from foreclosure property), or any nonqualified income under the 75% gross income test is received or accrued by the REIT, directly or indirectly, pursuant to a lease entered into on or after such day;
- on which any construction takes place on the property, other than completion of a building or any other improvement where more than 10% of the construction was completed before default became imminent and other than specifically exempted forms of maintenance or deferred maintenance; or
- which is more than 90 days after the day on which the REIT acquired the property and the property is used in a trade or business which is conducted by the REIT, other than through an independent contractor from whom the REIT itself does not derive or receive any income or a TRS.

Other than sales of foreclosure property, any gain that we realize on the sale of property held as inventory or other property held primarily for sale to customers in the ordinary course of a trade or business, together known as dealer gains, may be treated as income from a prohibited transaction that is subject to a penalty tax at a 100% rate. The 100% tax does not apply to gains from the sale of property that is held through a TRS, although such income will be subject to tax in the hands of the TRS at regular corporate income tax rates; we may therefore utilize our TRSs in transactions in which we might otherwise recognize dealer gains. Whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances surrounding each particular transaction. Sections 857(b)(6)(C) and (E) of the IRC provide safe harbors pursuant to which limited sales of real property held for at least two years and meeting specified additional requirements will not be treated as prohibited transactions. However, compliance with the safe harbors is not always achievable in practice. We attempt to structure our activities to avoid transactions that are prohibited transactions, or otherwise conduct such activities through TRSs; but, we cannot be sure whether or not the IRS might successfully assert that we are subject to the 100% penalty tax with respect to any particular transaction. Gains subject to the 100% penalty tax are excluded from the 75% and 95% gross income tests, whereas real property gains that are not dealer gains or that are exempted from the 100% penalty tax on account of the safe harbors are considered qualifying gross income for purposes of the 75% and 95% gross income tests.

We believe that any gain that we have recognized, or will recognize, in connection with our disposition of assets and other transactions, including through any partnerships, will generally qualify as income that satisfies the 75% and 95% gross income tests, and will not be dealer gains or subject to the 100% penalty tax. This is because our general intent has been and is to: (a) own our assets for investment (including through joint ventures) with a view to long-term income production and capital appreciation; (b) engage in the business of developing, owning, leasing and managing our existing properties and acquiring, developing, owning, leasing and managing new properties; and (c) make occasional dispositions of our assets consistent with our long-term investment objectives.

If we fail to satisfy one or both of the 75% gross income test or the 95% gross income test in any taxable year, we may nevertheless qualify for taxation as a REIT for that year if we satisfy the following requirements: (a) our failure to meet the test is due to reasonable cause and not due to willful neglect; and (b) after we identify the failure, we file a schedule describing each item of our gross income included in the 75% gross income test or the 95% gross income test for that taxable year. Even if this relief provision does apply, a 100% tax is imposed upon the greater of the amount by which we failed the 75% gross income test or the amount by which we failed the 95% gross income test, with adjustments, multiplied by a fraction intended to reflect our profitability for the taxable year. This relief provision may apply to a failure of the applicable income tests even if the failure first occurred in a year prior to the taxable year in which the failure was discovered.

Based on the discussion above, we believe that we have satisfied, and will continue to satisfy, the 75% and 95% gross income tests outlined above on a continuing basis beginning with our first taxable year as a REIT.

Asset Tests. At the close of each calendar quarter of each taxable year, we must also satisfy the following asset percentage tests in order to qualify for taxation as a REIT for federal income tax purposes:

- At least 75% of the value of our total assets must consist of "real estate assets," defined as real property (including interests in real property and interests in mortgages on real property or on interests in real property), ancillary personal property to the extent that rents attributable to such personal property are treated as rents from real property in accordance with the rules described above, cash and cash items, shares in other REITs, debt instruments issued by "publicly offered REITs" as defined in Section 562(c)(2) of the IRC, government securities and temporary investments of new capital (that is, any stock or debt instrument that we hold that is attributable to any amount received by us (a) in exchange for our shares or (b) in a public offering of our five-year or longer debt instruments, but in each case only for the one-year period commencing with our receipt of the new capital).
- Not more than 25% of the value of our total assets may be represented by securities other than those securities that count favorably toward the preceding 75% asset test.
- Of the investments included in the preceding 25% asset class, the value of any one non-REIT issuer's securities that we own may not exceed 5% of the value of our total assets. In addition, we may not own more than 10% of the vote or value of any one non-REIT issuer's outstanding securities, unless the securities are "straight debt" securities or otherwise excepted as discussed below. Our stock and other securities in a TRS are exempted from these 5% and 10% asset tests.
- Not more than 20% (25% with respect to taxable years beginning after December 31, 2025) of the value of our total assets may be represented by stock or other securities of our TRSs.
- Not more than 25% of the value of our total assets may be represented by "nonqualified publicly offered REIT debt instruments" as defined in Section 856(c)(5)(L)(ii) of the IRC.

Our counsel, Sullivan & Worcester LLP, is of the opinion that, although the matter is not free from doubt, our investments in the equity or debt of a TRS of ours, to the extent that and during the period in which they qualify as temporary investments of new capital, will be treated as real estate assets, and not as securities, for purposes of the above REIT asset tests.

The above REIT asset tests must be satisfied at the close of each calendar quarter of each taxable year as a REIT. After a REIT meets the asset tests at the close of any quarter, it will not lose its qualification for taxation as a REIT in any subsequent quarter solely because of fluctuations in the values of its assets. This grandfathering rule may be of limited benefit to a REIT such as us that makes periodic acquisitions of both qualifying and nonqualifying REIT assets. When a failure to satisfy the above asset tests results from an acquisition of securities or other property during a quarter, the failure can be cured by disposition of sufficient nonqualifying assets within thirty days after the close of that quarter.

In addition, if we fail the 5% asset test, the 10% vote test or the 10% value test at the close of any quarter and we do not cure such failure within thirty days after the close of that quarter, that failure will nevertheless be excused if (a) the failure is de minimis and (b) within six months after the last day of the quarter in which we identify the failure, we either dispose of the assets causing the failure or otherwise satisfy the 5% asset test, the 10% vote test and the 10% value test. For purposes of this relief provision, the failure will be de minimis if the value of the assets causing the failure does not exceed the lesser of (a) 1% of the total value of our assets at the end of the relevant quarter or (b) $10,000,000. If our failure is not de minimis, or if any of the other REIT asset tests have been violated, we may nevertheless qualify for taxation as a REIT if (a) we provide the IRS with a description of each asset causing the failure, (b) the failure was due to reasonable cause and not willful neglect, (c) we pay a tax equal to the greater of (1) $50,000 or (2) the highest regular corporate income tax rate imposed on the net income generated by the assets causing the failure during the period of the failure, and (d) within six months after the last day of the quarter in which we identify the failure, we either dispose of the assets causing the failure or otherwise satisfy all of the REIT asset tests. These relief provisions may apply to a failure of the applicable asset tests even if the failure first occurred in a year prior to the taxable year in which the failure was discovered.

The IRC also provides an excepted securities safe harbor to the 10% value test that includes among other items (a) "straight debt" securities, (b) specified rental agreements in which payment is to be made in subsequent years, (c) any obligation to pay "rents from real property," (d) securities issued by governmental entities that are not dependent in whole or in part on the profits of or payments from a nongovernmental entity, and (e) any security issued by another REIT. In addition, any debt instrument issued by an entity classified as a partnership for federal income tax purposes, and not otherwise excepted from the definition of a security for purposes of the above safe harbor, will not be treated as a security for purposes of the 10% value test if at least 75% of the partnership's gross income, excluding income from prohibited transactions, is qualifying income for purposes of the 75% gross income test.

We have maintained and will continue to maintain records of the value of our assets to document our compliance with the above asset tests and intend to take actions as may be required to cure any failure to satisfy the tests within thirty days after the close of any quarter or within the six month periods described above.

Based on the discussion above, we believe that we have satisfied, and will continue to satisfy, the REIT asset tests outlined above on a continuing basis beginning with our first taxable year as a REIT.

Our Relationship with AlerisLife. We currently own (directly and indirectly through one of our TRSs) less than 35% of the outstanding common shares of AlerisLife. We have not elected to treat AlerisLife as a TRS, and it is not otherwise an automatic TRS because no TRS of ours owns more than 35% of AlerisLife. This structure for our AlerisLife ownership permitted our prior engagement of a corporate subsidiary of AlerisLife to manage health care properties leased to our TRSs, as described below in greater detail.

Upon concluding its business dispositions, AlerisLife adopted a plan of complete liquidation under Sections 331 and 336 of the IRC. Accordingly, we (and also our TRS that owns common stock of AlerisLife) began to receive liquidating distributions of cash from AlerisLife in 2026. As a result of the foregoing, we may in 2026 or future taxable years receive capital gain income or (via cash distributions from our TRS that owns common stock of AlerisLife) dividend income, both of which are expected to qualify for the 95% gross income test but neither of which will qualify for the 75% gross income test. The amounts involved are not material to our 75% gross income test compliance. As of February 23, 2026, we have received $27.2 million of our pro rata share of cash dividends paid to AlerisLife's stockholders in connection with the wind-down of AlerisLife's business.

For further information regarding our relationship with AlerisLife, see Note 8 to our Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

Our Relationship with Our Taxable REIT Subsidiaries. We currently own properties that we purchased to be leased to our TRSs or which are being leased to our TRSs as a result of modifications to, or expirations of, a prior lease, all as agreed to by applicable parties. For example, in connection with past lease defaults and expirations, we have terminated occupancy of some of our health care properties by the defaulting or expiring tenants and immediately leased these properties to our TRSs and entered into third-party management agreements for these properties. We may from time to time lease additional health care properties to our TRSs.

In lease transactions involving our TRSs, our general intent is for the rents paid to us by the TRS to qualify as "rents from real property" under the REIT gross income tests summarized above. In order for this to be the case, the manager operating the leased property on behalf of the applicable TRS must be an "eligible independent contractor" within the meaning of Section 856(d)(9)(A) of the IRC, and the properties leased to the TRS must be "qualified health care properties" within the meaning of Section 856(e)(6)(D) of the IRC. Qualified health care properties are defined as health care facilities and other properties necessary or incidental to the use of a health care facility.

For these purposes, a contractor qualifies as an "eligible independent contractor" if it is less than 35% affiliated with the REIT and, at the time the contractor enters into the agreement with the TRS to operate the qualified health care property, that contractor or any person related to that contractor is actively engaged in the trade or business of operating qualified health care properties for persons unrelated to the TRS or its affiliated REIT. For these purposes, an otherwise eligible independent contractor is not disqualified from that status on account of (a) the TRS bearing the expenses of the operation of the qualified health care property, (b) the TRS receiving the revenues from the operation of the qualified health care property, net of expenses for that operation and fees payable to the eligible independent contractor, or (c) the REIT receiving income from the eligible independent contractor pursuant to a preexisting or otherwise grandfathered lease of another property.

For 2025 and prior taxable years, we engaged as an intended eligible independent contractor a particular corporate subsidiary of AlerisLife. This contractor and its affiliates were actively engaged in the trade or business of operating qualified health care properties for their own accounts, including pursuant to management contracts among themselves; however, this contractor and its affiliates had few if any management contracts for qualified health care properties with third parties other than us and our TRSs. Based on a plain reading of the statute as well as applicable legislative history, our counsel, Sullivan & Worcester LLP, opined that this intended eligible independent contractor should in fact have so qualified. If the IRS or a court determines that this opinion was incorrect, then the rental income we received from our TRSs in respect of properties managed by this particular contractor would have been nonqualifying income for purposes of the 75% and 95% gross income tests, possibly jeopardizing our past compliance with one or both of these gross income tests. Under those circumstances, however, we expect we would qualify for the gross income tests' relief provision described above, and thereby would preserve our qualification for taxation as a REIT. If the relief provision were to apply to us, we would be subject to tax at a 100% rate upon the greater of the amount by which we failed the 75% gross income test or the amount by which we failed the 95% gross income test, with adjustments, multiplied by a fraction intended to reflect our profitability for the taxable year; even though we had little nonqualifying income from other sources in past taxable years, imposition of this 100% tax in this circumstance would be material because a significant number of the properties leased to our TRSs were managed for the TRSs by this contractor.

As explained above, we will be subject to a 100% tax on the rents paid to us by any of our TRSs if the IRS successfully asserts that those rents exceed an arm's length rental rate. Although there is no clear precedent to distinguish for federal income tax purposes among leases, management contracts, partnerships, financings, and other contractual arrangements, we believe that our leases and our TRSs' management agreements will be respected for purposes of the requirements of the IRC discussed above. Accordingly, we expect that the rental income from our current and future TRSs will qualify as "rents from real property," and that the 100% tax on excessive rents from a TRS will not apply.

Annual Distribution Requirements. In order to qualify for taxation as a REIT under the IRC, we are required to make annual distributions other than capital gain dividends to our shareholders in an amount at least equal to the excess of:

(1) the sum of 90% of our "real estate investment trust taxable income" and 90% of our net income after tax, if any, from property received in foreclosure, over

(2) the amount by which our noncash income (e.g., cancellation of indebtedness income, imputed rental income or income from transactions inadvertently failing to qualify as like-kind exchanges) exceeds 5% of our "real estate investment trust taxable income."

For these purposes, our "real estate investment trust taxable income" is as defined under Section 857 of the IRC and is computed without regard to the dividends paid deduction and our net capital gain and will generally be reduced by specified corporate-level income taxes that we pay (e.g., taxes on built-in gains or foreclosure property income).

Beginning with the calendar taxable year 2018, the IRC generally limits the deductibility of net interest expense paid or accrued on debt properly allocable to a trade or business to 30% of "adjusted taxable income," subject to specified exceptions. For calendar taxable years 2018 through 2021 and beginning with the calendar taxable year 2025, adjusted taxable income was (and is) an amount roughly equivalent to earnings before interest, taxes, depreciation and amortization; provided, however, adjusted taxable income for calendar taxable years 2022 through 2024 was an amount roughly equivalent to earnings before interest and taxes (i.e., an amount after depreciation and amortization). For taxable years beginning after December 31, 2025, the interest deduction limitation generally is calculated prior to the application of any interest capitalization provisions under the IRC. Any deduction in excess of the limitation is carried forward and may be used in a subsequent year, subject to that year's 30% limitation. Provided a taxpayer makes an election (which is irrevocable), the limitation on the deductibility of net interest expense does not apply to a trade or business involving real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing, or brokerage, within the meaning of Section 469(c)(7)(C) of the IRC. Treasury regulations provide that a real property trade or business includes a trade or business conducted by a REIT. We have made an election to be treated as a real property trade or business and accordingly do not expect the foregoing interest deduction limitations to apply to us or to the calculation of our "real estate investment trust taxable income," but the interest deduction limitations could apply to our subsidiary partnerships or REITs that are not eligible for or otherwise do not make the election for electing real property trades or businesses.

Distributions must be paid in the taxable year to which they relate, or in the following taxable year if declared before we timely file our federal income tax return for the earlier taxable year and if paid on or before the first regular distribution payment after that declaration. If a dividend is declared in October, November or December to shareholders of record during one of those months and is paid during the following January, then for federal income tax purposes such dividend will be treated as having been both paid and received on December 31 of the prior taxable year to the extent of any undistributed earnings and profits.

The 90% distribution requirements may be waived by the IRS if a REIT establishes that it failed to meet them by reason of distributions previously made to meet the requirements of the 4% excise tax discussed below. To the extent that we do not distribute all of our net capital gain and all of our "real estate investment trust taxable income," as adjusted, we will be subject to federal income tax at regular corporate income tax rates on undistributed amounts. In addition, we will be subject to a 4% nondeductible excise tax to the extent we fail within a calendar year to make required distributions to our shareholders of 85% of our ordinary income and 95% of our capital gain net income plus the excess, if any, of the "grossed up required distribution" for the preceding calendar year over the amount treated as distributed for that preceding calendar year. For this purpose, the term "grossed up required distribution" for any calendar year is the sum of our taxable income for the calendar year without regard to the deduction for dividends paid and all amounts from earlier years that are not treated as having been distributed under the provision. We will be treated as having sufficient earnings and profits to treat as a dividend any distribution by us up to the amount required to be distributed in order to avoid imposition of the 4% excise tax.

If we do not have enough cash or other liquid assets to meet our distribution requirements, or if we so choose, we may find it necessary or desirable to arrange for new debt or equity financing to provide funds for required distributions in order to maintain our qualification for taxation as a REIT. We cannot be sure that financing would be available for these purposes on favorable terms, or at all.

We may be able to rectify a failure to pay sufficient dividends for any year by paying "deficiency dividends" to shareholders in a later year. These deficiency dividends may be included in our deduction for dividends paid for the earlier year, but an interest charge would be imposed upon us for the delay in distribution. While the payment of a deficiency dividend will apply to a prior year for purposes of our REIT distribution requirements and our dividends paid deduction, it will be treated as an additional distribution to the shareholders receiving it in the year such dividend is paid.

In addition to the other distribution requirements above, to preserve our qualification for taxation as a REIT we are required to timely distribute all C corporation earnings and profits that we inherit from acquired corporations, as described below.

We may elect to retain, rather than distribute, some or all of our net capital gain and certain of our cancellation of indebtedness income, if any, and pay income tax on such retained amounts. In addition, if we so elect by making a timely designation to our shareholders, our shareholders would include their proportionate share of such undistributed capital gain in their taxable income, and they would receive a corresponding credit for their share of the federal corporate income tax that we pay thereon. Our shareholders would then increase the adjusted tax basis of their shares by the difference between (a) the amount of capital gain dividends that we designated and that they included in their taxable income, and (b) the tax that we paid on their behalf with respect to that capital gain.

Acquisitions of C Corporations

We have engaged in and may in the future engage in transactions where we acquire all of the outstanding stock of a C corporation. Upon these acquisitions, except to the extent we have made or do make an applicable TRS election, each of our acquired entities and their various wholly-owned corporate and noncorporate subsidiaries generally became or will become our QRSs. Thus, after such acquisitions, all assets, liabilities and items of income, deduction and credit of the acquired and then disregarded entities have been and will be treated as ours for purposes of the various REIT qualification tests described above. In addition, we generally have been and will be treated as the successor to the acquired (and then disregarded) entities' federal income tax attributes, such as those entities' (a) adjusted tax bases in their assets and their depreciation schedules; and (b) earnings and profits for federal income tax purposes, if any. The carryover of these attributes creates REIT implications such as built-in gains tax exposure and additional distribution requirements, as described below. However, when we make an election under Section 338(g) of the IRC with respect to corporations that we acquire, as we have done from time to time in the past, we generally will not be subject to such attribute carryovers in respect of attributes existing prior to such election.

Built-in Gains from C Corporations. Notwithstanding our qualification and taxation as a REIT, under specified circumstances we may be subject to corporate income taxation if we acquire a REIT asset where our adjusted tax basis in the asset is determined by reference to the adjusted tax basis of the asset as owned by a C corporation. For instance, we may be subject to federal income taxation on all or part of the built-in gain that was present on the last date an asset was owned by a C corporation, if we succeed to a carryover tax basis in that asset directly or indirectly from such C corporation and if we sell the asset during the five year period beginning on the day the asset ceased being owned by such C corporation. To the extent of our income and gains in a taxable year that are subject to the built-in gains tax, net of any taxes paid on such income and gains with respect to that taxable year, our taxable dividends paid in the following year will be potentially eligible for taxation to noncorporate U.S. shareholders at the preferential tax rates for "qualified dividends" as described below under the heading "—Taxation of Taxable U.S. Shareholders". We generally do not expect to sell assets if doing so would result in the imposition of a material built-in gains tax liability; but if and when we do sell assets that may have associated built-in gains tax exposure, then we expect to make appropriate provision for the associated tax liabilities on our financial statements.

Earnings and Profits. Following a corporate acquisition, we must generally distribute all of the C corporation earnings and profits inherited in that transaction, if any, no later than the end of our taxable year in which the transaction occurs, in order to preserve our qualification for taxation as a REIT. However, if we fail to do so, relief provisions would allow us to maintain our qualification for taxation as a REIT, provided we distribute any subsequently discovered C corporation earnings and profits and pay an interest charge in respect of the period of delayed distribution. C corporation earnings and profits that we inherit are, in general, specially allocated under a priority rule to the earliest possible distributions following the event causing the inheritance, and only then is the balance of our earnings and profits for the taxable year allocated among our distributions to the extent not already treated as a distribution of C corporation earnings and profits under the priority rule. The distribution of these C corporation earnings and profits is potentially eligible for taxation to noncorporate U.S. shareholders at the preferential tax rates for "qualified dividends" as described below under the heading "—Taxation of Taxable U.S. Shareholders".

Depreciation and Federal Income Tax Treatment of Leases

Our initial tax bases in our assets will generally be our acquisition cost. We will generally depreciate our depreciable real property on a straight-line basis over forty years and our personal property over the applicable shorter periods. These depreciation schedules, and our initial tax bases, may vary for properties that we acquire through tax-free or carryover basis acquisitions, or that are the subject of cost segregation analyses.

We are entitled to depreciation deductions from our properties only if we are treated for federal income tax purposes as the owner of the properties. This means that the leases of our properties must be classified for U.S. federal income tax purposes as true leases, rather than as sales or financing arrangements, and we believe this to be the case.

Distributions to our Shareholders

As described above, we expect to make distributions to our shareholders from time to time. These distributions may include cash distributions, in kind distributions of property, and deemed or constructive distributions resulting from capital market activities. The U.S. federal income tax treatment of our distributions will vary based on the status of the recipient shareholder as more fully described below under the headings "—Taxation of Taxable U.S. Shareholders," "—Taxation of Tax-Exempt U.S. Shareholders," and "—Taxation of Non-U.S. Shareholders."

Section 302 of the IRC treats a redemption of our shares for cash only as a distribution under Section 301 of the IRC, and hence taxable as a dividend to the extent of our available current or accumulated earnings and profits, unless the redemption satisfies one of the tests set forth in Section 302(b) of the IRC enabling the redemption to be treated as a sale or exchange of the shares. The redemption for cash only will be treated as a sale or exchange if it (a) is "substantially disproportionate" with respect to the surrendering shareholder's ownership in us, (b) results in a "complete termination" of the surrendering shareholder's entire share interest in us, or (c) is "not essentially equivalent to a dividend" with respect to the surrendering shareholder, all within the meaning of Section 302(b) of the IRC. In determining whether any of these tests have been met, a shareholder must generally take into account shares considered to be owned by such shareholder by reason of constructive ownership rules set forth in the IRC, as well as shares actually owned by such shareholder. In addition, if a redemption is treated as a distribution under the preceding tests, then a shareholder's tax basis in the redeemed shares generally will be transferred to the shareholder's remaining shares in us, if any, and if such shareholder owns no other shares in us, such basis generally may be transferred to a related person or may be lost entirely. Because the determination as to whether a shareholder will satisfy any of the tests of Section 302(b) of the IRC depends upon the facts and circumstances at the time that our shares are redeemed, we urge you to consult your own tax advisor to determine the particular tax treatment of any redemption.

Taxation of Taxable U.S. Shareholders

For noncorporate U.S. shareholders, to the extent that their total adjusted income does not exceed applicable thresholds, the maximum federal income tax rate for long-term capital gains and most corporate dividends is generally 15%. For those noncorporate U.S. shareholders whose total adjusted income exceeds the applicable thresholds, the maximum federal income tax rate for long-term capital gains and most corporate dividends is generally 20%. However, because we are not generally subject to federal income tax on the portion of our "real estate investment trust taxable income" distributed to our shareholders, dividends on our shares generally are not eligible for these preferential tax rates, except that any distribution of C corporation earnings and profits and taxed built-in gain items will potentially be eligible for these preferential tax rates. As a result, our ordinary dividends generally are taxed at the higher federal income tax rates applicable to ordinary income (subject to the lower effective tax rates applicable to qualified REIT dividends via the deduction-without-outlay mechanism of Section 199A of the IRC, which is generally available to our noncorporate U.S. shareholders that meet specified holding period requirements). To summarize, the preferential federal income tax rates for long-term capital gains and for qualified dividends generally apply to:

(1) long-term capital gains, if any, recognized on the disposition of our shares;

(2) our distributions designated as long-term capital gain dividends (except to the extent attributable to real estate depreciation recapture, in which case the distributions are subject to a maximum 25% federal income tax rate);

(3) our dividends attributable to dividend income, if any, received by us from C corporations such as TRSs;

(4) our dividends attributable to earnings and profits that we inherit from C corporations; and

(5) our dividends to the extent attributable to income upon which we have paid federal corporate income tax (such as taxes on foreclosure property income or on built-in gains), net of the corporate income taxes thereon.

As long as we qualify for taxation as a REIT, a distribution to our U.S. shareholders that we do not designate as a capital gain dividend generally will be treated as an ordinary income dividend to the extent of our available current or accumulated earnings and profits (subject to the lower effective tax rates applicable to qualified REIT dividends via the deduction-without-outlay mechanism of Section 199A of the IRC, which is generally available to our noncorporate U.S. shareholders that meet specified holding period requirements). Distributions made out of our current or accumulated earnings and profits that we properly designate as capital gain dividends generally will be taxed as long-term capital gains, as discussed below, to the extent they do not exceed our actual net capital gain for the taxable year. However, corporate shareholders may be required to treat up to 20% of any capital gain dividend as ordinary income under Section 291 of the IRC.

If for any taxable year we designate capital gain dividends for our shareholders, then a portion of the capital gain dividends we designate will be allocated to the holders of a particular class of shares on a percentage basis equal to the ratio of the amount of the total dividends paid or made available for the year to the holders of that class of shares to the total dividends paid or made available for the year to holders of all outstanding classes of our shares. We will similarly designate the portion of any dividend that is to be taxed to noncorporate U.S. shareholders at preferential maximum rates (including any qualified dividend income and any capital gains attributable to real estate depreciation recapture that are subject to a maximum 25% federal income tax rate) so that the designations will be proportionate among all outstanding classes of our shares.

We may elect to retain and pay income taxes on some or all of our net capital gain. In addition, if we so elect by making a timely designation to our shareholders:

(1) each of our U.S. shareholders will be taxed on its designated proportionate share of our retained net capital gains as though that amount were distributed and designated as a capital gain dividend;

(2) each of our U.S. shareholders will receive a credit or refund for its designated proportionate share of the tax that we pay;

(3) each of our U.S. shareholders will increase its adjusted basis in our shares by the excess of the amount of its proportionate share of these retained net capital gains over the U.S. shareholder's proportionate share of the tax that we pay; and

(4) both we and our corporate shareholders will make commensurate adjustments in our respective earnings and profits for federal income tax purposes.

Distributions in excess of our current or accumulated earnings and profits will not be taxable to a U.S. shareholder to the extent that they do not exceed the shareholder's adjusted tax basis in our shares, but will reduce the shareholder's basis in such shares. To the extent that these excess distributions exceed a U.S. shareholder's adjusted basis in such shares, they will be included in income as capital gain, with long-term gain generally taxed to noncorporate U.S. shareholders at preferential maximum rates. No U.S. shareholder may include on its federal income tax return any of our net operating losses or any of our capital losses. In addition, no portion of any of our dividends is eligible for the dividends received deduction for corporate shareholders.

If a dividend is declared in October, November or December to shareholders of record during one of those months and is paid during the following January, then for federal income tax purposes the dividend will be treated as having been both paid and received on December 31 of the prior taxable year.

A U.S. shareholder will generally recognize gain or loss equal to the difference between the amount realized and the shareholder's adjusted basis in our shares that are sold or exchanged. This gain or loss will be capital gain or loss, and will be long-term capital gain or loss if the shareholder's holding period in our shares exceeds one year. In addition, any loss upon a sale or exchange of our shares held for six months or less will generally be treated as a long-term capital loss to the extent of any long-term capital gain dividends we paid on such shares during the holding period.

U.S. shareholders who are individuals, estates or trusts are generally required to pay a 3.8% Medicare tax on their net investment income (including dividends on our shares (without regard to any deduction allowed by Section 199A of the IRC) and gains from the sale or other disposition of our shares), or in the case of estates and trusts on their net investment income that is not distributed, in each case to the extent that their total adjusted income exceeds applicable thresholds. U.S. shareholders are urged to consult their tax advisors regarding the application of the 3.8% Medicare tax.

If a U.S. shareholder recognizes a loss upon a disposition of our shares in an amount that exceeds a prescribed threshold, it is possible that the provisions of Treasury regulations involving "reportable transactions" could apply, with a resulting requirement to separately disclose the loss-generating transaction to the IRS. These Treasury regulations are written quite broadly, and apply to many routine and simple transactions. A reportable transaction currently includes, among other things, a sale or exchange of our shares resulting in a tax loss in excess of (a) $10 million in any single year or $20 million in a prescribed combination of taxable years in the case of our shares held by a C corporation or by a partnership with only C corporation partners or (b) $2 million in any single year or $4 million in a prescribed combination of taxable years in the case of our shares held by any other partnership or an S corporation, trust or individual, including losses that flow through pass through entities to individuals. A taxpayer discloses a reportable transaction by filing IRS Form 8886 with its federal income tax return and, in the first year of filing, a copy of Form 8886 must be sent to the IRS's Office of Tax Shelter Analysis. The annual maximum penalty for failing to disclose a reportable transaction is generally $10,000 in the case of a natural person and $50,000 in any other case.

Noncorporate U.S. shareholders who borrow funds to finance their acquisition of our shares could be limited in the amount of deductions allowed for the interest paid on the indebtedness incurred. Under Section 163(d) of the IRC, interest paid or accrued on indebtedness incurred or continued to purchase or carry property held for investment is generally deductible only to the extent of the investor's net investment income. A U.S. shareholder's net investment income will include ordinary income dividend distributions received from us and, only if an appropriate election is made by the shareholder, capital gain dividend distributions and qualified dividends received from us; however, distributions treated as a nontaxable return of the shareholder's basis will not enter into the computation of net investment income.

Taxation of Tax-Exempt U.S. Shareholders

The rules governing the federal income taxation of tax-exempt entities are complex, and the following discussion is intended only as a summary of material considerations of an investment in our shares relevant to such investors. If you are a tax-exempt shareholder, we urge you to consult your own tax advisor to determine the impact of federal, state, local and foreign tax laws, including any tax return filing and other reporting requirements, with respect to your acquisition of or investment in our shares.

We expect that shareholders that are tax-exempt pension plans, individual retirement accounts or other qualifying tax-exempt entities, and that receive (a) distributions from us, or (b) proceeds from the sale of our shares, should not have such amounts treated as UBTI, provided in each case (x) that the shareholder has not financed its acquisition of our shares with "acquisition indebtedness" within the meaning of the IRC, (y) that the shares are not otherwise used in an unrelated trade or business of the tax-exempt entity, and (z) that, consistent with our present intent, we do not hold a residual interest in a real estate mortgage investment conduit or otherwise hold mortgage assets or conduct mortgage securitization activities that generate "excess inclusion" income.

Taxation of Non-U.S. Shareholders

The rules governing the U.S. federal income taxation of non-U.S. shareholders are complex, and the following discussion is intended only as a summary of material considerations of an investment in our shares relevant to such investors. If you are a non-U.S. shareholder, we urge you to consult your own tax advisor to determine the impact of U.S. federal, state, local and foreign tax laws, including any tax return filing and other reporting requirements, with respect to your acquisition of or investment in our shares.

We expect that a non-U.S. shareholder's receipt of (a) distributions from us, and (b) proceeds from the sale of our shares, will not be treated as income effectively connected with a U.S. trade or business and a non-U.S. shareholder will therefore not be subject to the often higher federal tax and withholding rates, branch profits taxes and increased reporting and filing requirements that apply to income effectively connected with a U.S. trade or business. This expectation and a number of the determinations below are predicated on our shares being listed on a U.S. national securities exchange, such as The Nasdaq Stock Market LLC, or Nasdaq. Each class of our shares has been listed on a U.S. national securities exchange; however, we cannot be sure that our shares will continue to be so listed in future taxable years or that any class of our shares that we may issue in the future will be so listed.

Distributions. A distribution by us to a non-U.S. shareholder that is not designated as a capital gain dividend will be treated as an ordinary income dividend to the extent that it is made out of our current or accumulated earnings and profits. A distribution of this type will generally be subject to U.S. federal income tax and withholding at the rate of 30%, or at a lower rate if the non-U.S. shareholder has in the manner prescribed by the IRS demonstrated to the applicable withholding agent its entitlement to benefits under a tax treaty. Because we cannot determine our current and accumulated earnings and profits until the end of the taxable year, withholding at the statutory rate of 30% or applicable lower treaty rate will generally be imposed on the gross amount of any distribution to a non-U.S. shareholder that we make and do not designate as a capital gain dividend. Notwithstanding this potential withholding on distributions in excess of our current and accumulated earnings and profits, these excess portions of distributions are a nontaxable return of capital to the extent that they do not exceed the non-U.S. shareholder's adjusted basis in our shares, and the nontaxable return of capital will reduce the adjusted basis in these shares. To the extent that distributions in excess of our current and accumulated earnings and profits exceed the non-U.S. shareholder's adjusted basis in our shares, the distributions will give rise to U.S. federal income tax liability only in the unlikely event that the non-U.S. shareholder would otherwise be subject to tax on any gain from the sale or exchange of these shares, as discussed below under the heading "—Dispositions of Our Shares." A non-U.S. shareholder may seek a refund from the IRS of amounts withheld on distributions to it in excess of such shareholder's allocable share of our current and accumulated earnings and profits.

For so long as a class of our shares is listed on a U.S. national securities exchange, capital gain dividends that we declare and pay to a non-U.S. shareholder on those shares, as well as dividends to such a non-U.S. shareholder on those shares attributable to our sale or exchange of "United States real property interests" within the meaning of Section 897 of the IRC, or USRPIs, will not be subject to withholding as though those amounts were effectively connected with a U.S. trade or business, and non-U.S. shareholders will not be required to file U.S. federal income tax returns or pay branch profits tax in respect of these dividends. Instead, these dividends will generally be treated as ordinary dividends and subject to withholding in the manner described above.

Tax treaties may reduce the withholding obligations on our distributions. Under some treaties, however, rates below 30% that are applicable to ordinary income dividends from U.S. corporations may not apply to ordinary income dividends from a REIT or may apply only if the REIT meets specified additional conditions. A non-U.S. shareholder must generally use an applicable IRS Form W-8, or substantially similar form, to claim tax treaty benefits. If the amount of tax withheld with respect to a distribution to a non-U.S.

shareholder exceeds the shareholder's U.S. federal income tax liability with respect to the distribution, the non-U.S. shareholder may file for a refund of the excess from the IRS. Treasury regulations also provide special rules to determine whether, for purposes of determining the applicability of a tax treaty, our distributions to a non-U.S. shareholder that is an entity should be treated as paid to the entity or to those owning an interest in that entity, and whether the entity or its owners are entitled to benefits under the tax treaty.

If, contrary to our expectation, a class of our shares was not listed on a U.S. national securities exchange and we made a distribution on those shares that was attributable to gain from the sale or exchange of a USRPI, then a non-U.S. shareholder holding those shares would be taxed as if the distribution was gain effectively connected with a trade or business in the United States conducted by the non-U.S. shareholder. In addition, the applicable withholding agent would be required to withhold from a distribution to such a non-U.S. shareholder, and remit to the IRS, up to 21% of the maximum amount of any distribution that was or could have been designated as a capital gain dividend. The non-U.S. shareholder also would generally be subject to the same treatment as a U.S. shareholder with respect to the distribution (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of a nonresident alien individual), would be subject to fulsome U.S. federal income tax return reporting requirements, and, in the case of a corporate non-U.S. shareholder, may owe the up to 30% branch profits tax under Section 884 of the IRC (or lower applicable tax treaty rate) in respect of these amounts.

Although the law is not entirely clear on the matter, it appears that amounts designated by us as undistributed capital gain in respect of our shares that are held by non-U.S. shareholders generally should be treated in the same manner as actual distributions by us of capital gain dividends. Under this approach, the non-U.S. shareholder would be able to offset as a credit against its resulting U.S. federal income tax liability its proportionate share of the tax paid by us on the undistributed capital gain treated as distributed to the non-U.S. shareholder, and receive from the IRS a refund to the extent its proportionate share of the tax paid by us were to exceed the non-U.S. shareholder's actual U.S. federal income tax liability on such deemed distribution. If we were to designate any portion of our net capital gain as undistributed capital gain, a non-U.S. shareholder should consult its tax advisors regarding taxation of such undistributed capital gain.

Dispositions of Our Shares. If as expected our shares are not USRPIs, then a non-U.S. shareholder's gain on the sale of these shares generally will not be subject to U.S. federal income taxation or withholding. We expect that our shares will not be USRPIs because one or both of the following exemptions will be available at all times.

First, for so long as a class of our shares is listed on a U.S. national securities exchange, a non-U.S. shareholder's gain on the sale of those shares will not be subject to U.S. federal income taxation as a sale of a USRPI. Second, our shares will not constitute USRPIs if we are a "domestically controlled" REIT. We will be a "domestically controlled" REIT if less than 50% of the value of our shares (including any future class of shares that we may issue) is held, directly or indirectly, by non-U.S. shareholders at all times during the preceding five years, after applying specified presumptions regarding the ownership of our shares as described in Section 897(h)(4)(E) of the IRC. For these purposes, we believe that the statutory ownership presumptions apply to validate our status as a "domestically controlled" REIT. Accordingly, we believe that we are and will remain a "domestically controlled" REIT.

If, contrary to our expectation, a gain on the sale of our shares is subject to U.S. federal income taxation (for example, because neither of the above exemptions were then available, *i.e.*, that class of our shares were not then listed on a U.S. national securities exchange and we were not a "domestically controlled" REIT), then (a) a non-U.S. shareholder would generally be subject to the same treatment as a U.S. shareholder with respect to its gain (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals), (b) the non-U.S. shareholder would also be subject to fulsome U.S. federal income tax return reporting requirements, and (c) a purchaser of that class of our shares from the non-U.S. shareholder may be required to withhold 15% of the purchase price paid to the non-U.S. shareholder and to remit the withheld amount to the IRS.

Information Reporting, Backup Withholding, and Foreign Account Withholding

Information reporting, backup withholding, and foreign account withholding may apply to distributions or proceeds paid to our shareholders under the circumstances discussed below. If a shareholder is subject to backup or other U.S. federal income tax withholding, then the applicable withholding agent will be required to withhold the appropriate amount with respect to a deemed or constructive distribution or a distribution in kind even though there is insufficient cash from which to satisfy the withholding obligation. To satisfy this withholding obligation, the applicable withholding agent may collect the amount of U.S. federal income tax required to be withheld by reducing to cash for remittance to the IRS a sufficient portion of the property that the shareholder would otherwise receive or own, and the shareholder may bear brokerage or other costs for this withholding procedure.

Amounts withheld under backup withholding are generally not an additional tax and may be refunded by the IRS or credited against the shareholder's federal income tax liability, provided that such shareholder timely files for a refund or credit with the IRS. A U.S. shareholder may be subject to backup withholding when it receives distributions on our shares or proceeds upon the sale, exchange, redemption, retirement or other disposition of our shares, unless the U.S. shareholder properly executes, or has previously properly executed, under penalties of perjury an IRS Form W-9 or substantially similar form that:

- provides the U.S. shareholder's correct taxpayer identification number;
- certifies that the U.S. shareholder is exempt from backup withholding because (a) it comes within an enumerated exempt category, (b) it has not been notified by the IRS that it is subject to backup withholding, or (c) it has been notified by the IRS that it is no longer subject to backup withholding; and
- certifies that it is a U.S. citizen or other U.S. person.

If the U.S. shareholder has not provided and does not provide its correct taxpayer identification number and appropriate certifications on an IRS Form W-9 or substantially similar form, it may be subject to penalties imposed by the IRS, and the applicable withholding agent may have to withhold a portion of any distributions or proceeds paid to such U.S. shareholder. Unless the U.S. shareholder has established on a properly executed IRS Form W-9 or substantially similar form that it comes within an enumerated exempt category, distributions or proceeds on our shares paid to it during the calendar year, and the amount of tax withheld, if any, will be reported to it and to the IRS.

Distributions on our shares to a non-U.S. shareholder during each calendar year and the amount of tax withheld, if any, will generally be reported to the non-U.S. shareholder and to the IRS. This information reporting requirement applies regardless of whether the non-U.S. shareholder is subject to withholding on distributions on our shares or whether the withholding was reduced or eliminated by an applicable tax treaty. Also, distributions paid to a non-U.S. shareholder on our shares will generally be subject to backup withholding, unless the non-U.S. shareholder properly certifies to the applicable withholding agent its non-U.S. shareholder status on an applicable IRS Form W-8 or substantially similar form. Information reporting and backup withholding will not apply to proceeds a non-U.S. shareholder receives upon the sale, exchange, redemption, retirement or other disposition of our shares, if the non-U.S. shareholder properly certifies to the applicable withholding agent its non-U.S. shareholder status on an applicable IRS Form W-8 or substantially similar form. Even without having executed an applicable IRS Form W-8 or substantially similar form, however, in some cases information reporting and backup withholding will not apply to proceeds that a non-U.S. shareholder receives upon the sale, exchange, redemption, retirement or other disposition of our shares if the non-U.S. shareholder receives those proceeds through a broker's foreign office.

Non-U.S. financial institutions and other non-U.S. entities are subject to diligence and reporting requirements for purposes of identifying accounts and investments held directly or indirectly by U.S. persons. The failure to comply with these additional information reporting, certification and other requirements could result in a 30% U.S. withholding tax on applicable payments to non-U.S. persons, notwithstanding any otherwise applicable provisions of an income tax treaty. In particular, a payee that is a foreign financial institution that is subject to the diligence and reporting requirements described above must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by "specified United States persons" or "United States owned foreign entities" (each as defined in the IRC and administrative guidance thereunder), annually report information about such accounts, and withhold 30% on applicable payments to noncompliant foreign financial institutions and account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States with respect to these requirements may be subject to different rules. The foregoing withholding regime generally applies to payments of dividends on our shares. In general, to avoid withholding, any non-U.S. intermediary through which a shareholder owns our shares must establish its compliance with the foregoing regime, and a non-U.S. shareholder must provide specified documentation (usually an applicable IRS Form W-8) containing information about its identity, its status, and if required, its direct and indirect U.S. owners. Non-U.S. shareholders and shareholders who hold our shares through a non-U.S. intermediary are encouraged to consult their own tax advisors regarding foreign account tax compliance.

Other Tax Considerations

Our tax treatment and that of our shareholders may be modified by legislative, judicial or administrative actions at any time, which actions may have retroactive effect. The rules dealing with federal income taxation are constantly under review by the U.S. Congress, the IRS and the U.S. Department of the Treasury, and statutory changes, new regulations, revisions to existing regulations and revised interpretations of established concepts are issued frequently. Likewise, the rules regarding taxes other than U.S. federal income taxes may also be modified. No prediction can be made as to the likelihood of passage of new tax legislation or other provisions, or the direct or indirect effect on us and our shareholders. Revisions to tax laws and interpretations of these laws could adversely affect our ability to qualify and be taxed as a REIT, as well as the tax or other consequences of an investment in our shares. We and our shareholders may also be subject to taxation by state, local or other jurisdictions, including those in which we or our shareholders transact business or reside. These tax consequences may not be comparable to the U.S. federal income tax consequences discussed above.

ERISA PLANS, KEOGH PLANS AND INDIVIDUAL RETIREMENT ACCOUNTS

General Fiduciary Obligations

The Employee Retirement Income Security Act of 1974, as amended, or ERISA, the IRC and similar provisions to those described below under applicable foreign or state law, individually and collectively, impose certain duties on persons who are fiduciaries of any employee benefit plan subject to Title I of ERISA, or an ERISA Plan, or an individual retirement account or annuity, or an IRA, a Roth IRA, a tax-favored account (such as an Archer MSA, Coverdell education savings account or health savings account), a Keogh plan or other qualified retirement plan not subject to Title I of ERISA, each a Non-ERISA Plan. Under ERISA and the IRC, any person who exercises any discretionary authority or control over the administration of, or the management or disposition of the assets of, an ERISA Plan or Non-ERISA Plan, or who renders investment advice for a fee or other compensation to an ERISA Plan or Non-ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan or Non-ERISA Plan.

Fiduciaries of an ERISA Plan must consider whether:

- their investment in our shares or other securities satisfies the diversification requirements of ERISA;
- the investment is prudent in light of possible limitations on the marketability of our shares;
- they have authority to acquire our shares or other securities under the applicable governing instrument and Title I of ERISA; and
- the investment is otherwise consistent with their fiduciary responsibilities.

Fiduciaries of an ERISA Plan may incur personal liability for any loss suffered by the ERISA Plan on account of a violation of their fiduciary responsibilities. In addition, these fiduciaries may be subject to a civil penalty of up to 20% of any amount recovered by the ERISA Plan on account of a violation. Fiduciaries of any Non-ERISA Plan should consider that the Non-ERISA Plan may only make investments that are authorized by the appropriate governing instrument and applicable law.

Fiduciaries considering an investment in our securities should consult their own legal advisors if they have any concern as to whether the investment is consistent with the foregoing criteria or is otherwise appropriate. The sale of our securities to an ERISA Plan or Non-ERISA Plan is in no respect a representation by us or any underwriter of the securities that the investment meets all relevant legal requirements with respect to investments by the arrangements generally or any particular arrangement, or that the investment is appropriate for arrangements generally or any particular arrangement.

Prohibited Transactions

Fiduciaries of ERISA Plans and persons making the investment decision for Non-ERISA Plans should consider the application of the prohibited transaction provisions of ERISA and the IRC in making their investment decision. Sales and other transactions between an ERISA Plan or a Non-ERISA Plan and disqualified persons or parties in interest, as applicable, are prohibited transactions and result in adverse consequences absent an exemption. The particular facts concerning the sponsorship, operations and other investments of an ERISA Plan or Non-ERISA Plan may cause a wide range of persons to be treated as disqualified persons or parties in interest with respect to it. A non-exempt prohibited transaction, in addition to imposing potential personal liability upon ERISA Plan fiduciaries, may also result in the imposition of an excise tax under the IRC or a penalty under ERISA upon the disqualified person or party in interest. If the disqualified person who engages in the transaction is the individual on behalf of whom an IRA, Roth IRA or other tax-favored account is maintained (or their beneficiary), the IRA, Roth IRA or other tax-favored account may lose its tax-exempt status and its assets may be deemed to have been distributed to the individual in a taxable distribution on account of the non-exempt prohibited transaction, but no excise tax will be imposed. Fiduciaries considering an investment in our securities should consult their own legal advisors as to whether the ownership of our securities involves a non-exempt prohibited transaction.

"Plan Assets" Considerations

The U.S. Department of Labor has issued a regulation defining "plan assets." The regulation, as subsequently modified by ERISA, generally provides that when an ERISA Plan or a Non-ERISA Plan otherwise subject to Title I of ERISA and/or Section 4975 of the IRC acquires an interest in an entity that is neither a "publicly offered security" nor a security issued by an investment company registered under the Investment Company Act of 1940, as amended, the assets of the ERISA Plan or Non-ERISA Plan include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established either that the entity is an operating company or that equity participation in the entity by benefit plan investors is not significant. We are not an investment company registered under the Investment Company Act of 1940, as amended.

Each class of our equity (that is, our common shares and any other class of equity that we may issue) must be analyzed separately to ascertain whether it is a publicly offered security. The regulation defines a publicly offered security as a security that is "widely held," "freely transferable" and either part of a class of securities registered under the Exchange Act, or sold under an effective registration statement under the Securities Act of 1933, as amended, or the Securities Act, provided the securities are registered under the Exchange Act within 120 days after the end of the fiscal year of the issuer during which the offering occurred. Each class of our outstanding shares has been registered under the Exchange Act within the necessary time frame to satisfy the foregoing condition.

The regulation provides that a security is "widely held" only if it is part of a class of securities that is owned by 100 or more investors independent of the issuer and of one another. However, a security will not fail to be "widely held" because the number of independent investors falls below 100 subsequent to the initial public offering as a result of events beyond the issuer's control. Although we cannot be sure, we believe our common shares have been and will remain widely held, and we expect the same to be true of any future class of equity that we may issue.

The regulation provides that whether a security is "freely transferable" is a factual question to be determined on the basis of all relevant facts and circumstances. The regulation further provides that, where a security is part of an offering in which the minimum investment is $10,000 or less, some restrictions on transfer ordinarily will not, alone or in combination, affect a finding that the securities are freely transferable. The restrictions on transfer enumerated in the regulation as not affecting that finding include any restriction on or prohibition against any transfer or assignment that would result in a termination or reclassification for federal or state tax purposes, or would otherwise violate any state or federal law or court order. Additionally, limitations or restrictions on the transfer or assignment of a security that are created or imposed by persons other than the issuer of a security or persons acting for or on behalf of the issuer will ordinarily not prevent the security from being considered freely transferable.

We believe that the restrictions imposed under our declaration of trust and bylaws on the transfer of shares do not result in the failure of our shares to be "freely transferable." In addition, we do not expect or intend to impose in the future, or to permit any person to impose on our behalf, on shares owned by an ERISA Plan or Non-ERISA Plan, any limitations or restrictions on transfer that would not be among the enumerated permissible limitations or restrictions in the regulation and that would otherwise result in the failure of our shares to be "freely transferable". Assuming that each class of our shares will be "widely held" and that no facts and circumstances exist that prevent shares owned by an ERISA Plan or Non-ERISA Plan from being "freely transferable" for purposes of the regulation, our counsel, Sullivan & Worcester LLP, is of the opinion that under the regulation each class of our currently outstanding shares is publicly offered and our assets will not be deemed to be "plan assets" of any ERISA Plan or Non-ERISA Plan that acquires our shares in a public offering. This opinion is conditioned upon certain assumptions and representations, as discussed above under the heading "Material United States Federal Income Tax Considerations—Taxation as a REIT." Also, the opinion of our counsel is not binding on either the Department of Labor or a court, and either could take a position different from that expressed by our counsel.

Item 1A. Risk Factors.

Summary of Risk Factors

Our business is subject to a number of risks and uncertainties. The following is a summary of the principal risk factors described in this section:

- unfavorable market and commercial real estate industry conditions due to, among other things, uncertainties surrounding interest rates and inflation, changing tariffs and trade policies and related uncertainty, supply chain disruptions, volatility in the public debt and equity markets, geopolitical instability and tensions, pandemics, any U.S. government shutdown, economic downturns or a possible recession, labor market conditions, changes in real estate utilization and other conditions beyond our control, have had and may continue to have a material adverse effect on our and our managers', other operators' and tenants' results of operations and financial conditions, and they may be unable to satisfy their obligations to us;

- we are exposed to risks related to our dependence on our managers or other operators for the operation of our senior living communities, and changes and trends in the healthcare industry could negatively impact our managers and other operators and our SHOP segment operating results;
- we and our managers and other operators and tenants face significant competition;
- we are subject to risks related to our debt, including our ability to refinance maturing debt and the cost of any such refinanced debt and our ability to reduce our debt leverage, which may remain at or above current levels. Covenants and conditions contained in our debt agreements may restrict our operations by increasing our interest expense and limiting our ability to make investments in our properties, sell properties securing our debt and pay distributions to our shareholders, which may result in potential downgrades to our credit ratings and other limitations on our ability to access capital at reasonable costs or at all, including the limited availability of debt capital to healthcare REITs generally;
- we may be unable to renew our leases when they expire or lease our properties to new tenants without decreasing rents or incurring significant costs or at all;
- our potential future development or redevelopment projects or sales or acquisitions may not be successful or may not be executed on the terms or within the timing we expect as a result of ongoing market and economic conditions, including capital market disruptions, uncertainties surrounding interest rates and inflation, competition, or otherwise;
- we are subject to risks related to our qualification for taxation as a REIT, including REIT distribution requirements;
- our existing and any future joint ventures may limit our flexibility with jointly owned investments and we may not realize the benefits we expect from these arrangements or our joint ventures could require us to provide additional capital;
- ownership of real estate is subject to environmental risks and liabilities, as well as risks from adverse weather, natural disasters and adverse impacts from global climate change;
- insurance may not adequately cover our losses, and insurance costs may increase;
- we are subject to risks related to our dependence upon RMR to implement our business strategies and manage our day to day operations;
- we are subject to risks related to the security of RMR's or our senior living community managers' or other operators' information technology and RMR's use of artificial intelligence;
- our management structure and agreements with RMR and our relationships with our related parties, including our Managing Trustees, RMR and others affiliated with them, may create conflicts of interest;
- sustainability initiatives, requirements and market expectations may impose additional costs and expose us to new risks;
- we may change our operational, financing and investment policies without shareholder approval;
- our distributions to shareholders may remain at $0.01 per common share per quarter for an indefinite period or be eliminated and the form of payment could change; and
- provisions in our declaration of trust, bylaws and other agreements, as well as certain provisions of Maryland law, may deter, delay or prevent a change in our control or unsolicited acquisition proposals, limit our rights and the rights of our shareholders to take action against our Trustees and officers or limit our shareholders' ability to obtain a favorable judicial forum for certain disputes.

The risks described below may not be the only risks we face but are risks we believe may be material at this time. Other risks of which we are not yet aware, or that we currently believe are not material, may also materially and adversely impact our business operations or financial results. If any of the events or circumstances described below occurs, our business, financial condition, liquidity, results of operations or ability to pay distributions to our shareholders could be adversely impacted and the value of an investment in our securities could decline. Investors and prospective investors should consider the risks described below and the information contained under the caption "Warning Concerning Forward-Looking Statements" and elsewhere in this Annual Report on Form 10-K before deciding whether to invest in our securities. We may update these risk factors in our future periodic reports.

Risks Related to Our Business

Unfavorable market and industry conditions have had and may continue to have a material adverse effect on our results of operations, financial condition and ability to pay distributions to our shareholders.

Our business and operations have been and may continue to be adversely affected by market and economic volatility experienced by the U.S. and global economies, the commercial real estate industry and/or the local economies in the markets in which our properties are located. Unfavorable economic and industry conditions may be due to, among other things, uncertainties surrounding interest rates and inflation, changing tariffs and trade policies and related uncertainty, supply chain disruptions, volatility in the public debt and equity markets, geopolitical instability and tensions, pandemics, any U.S. government shutdown, economic downturns or a possible recession, labor market conditions, catastrophic events such as natural disasters, adverse weather and climate conditions, changes in real estate utilization and other conditions beyond our control. As economic conditions in the United States may affect the demand for healthcare related space and senior living communities, real estate values, occupancy levels and property income, current and future economic conditions in the United States, including slower growth or a possible recession and capital market volatility or disruptions, could have a material adverse impact on our earnings and financial condition. Additionally, although there have been positive trends in the senior living industry, including increases in rates, margins and occupancy in our SHOP segment and favorable supply and demand dynamics in the senior living industry, generally, we cannot be sure that these trends will continue to benefit us and any benefits we do realize may be uneven due to changing market practices, current market and economic conditions. For example, although occupancy in our SHOP segment has increased, the rate of occupancy growth has been slower than previously anticipated and uneven and we continue to experience variability in our operating costs. Additionally, while our senior living operators have increased rates, those rate increases have been impacted by increases in operating costs, putting further pressure on our margins.

Economic conditions may be affected by numerous factors, including, but not limited to, the pace of economic growth and/or recessionary concerns, inflation, increases in the levels of unemployment, energy prices, uncertainty about government fiscal, tax and trade policy, geopolitical events, the regulatory environment, the availability of credit and interest rates. Unfavorable market conditions have negatively impacted our ability to pay distributions to our shareholders and these or other conditions may continue to have similar impacts in the future and on our results of operations and financial condition. It is uncertain what the impact of changing market and economic conditions would be on our and our managers' and other operators' and tenants' businesses. As a result of these uncertainties, our and our managers' and other operators' and tenants' businesses may not successfully operate their businesses, and they may fail to pay amounts owed to us.

We are subject to risks related to our debt, including our ability to refinance maturing debt and the cost of any such refinanced debt.

As of December 31, 2025, our consolidated principal amount of debt was $2.4 billion, and we had $150.0 million available for borrowing under our revolving credit facility.

We are subject to numerous risks associated with our debt, including our ability to refinance maturing debt and the cost of any refinancing, the risk that our liquidity could be insufficient for us to make required payments and risks associated with changing interest rates. There are no limits in our organizational documents on the amount of debt we may incur, and, subject to any limitations in our debt agreements, we may incur additional debt; however, our credit agreement and our senior notes indentures and their supplements contain covenants that restrict our ability to incur debts, including debts secured by mortgages on our properties, in excess of calculated amounts. Our debt may increase our vulnerability to adverse market and economic conditions, limit our flexibility in planning for changes in our business and place us at a disadvantage in relation to competitors that have lower debt levels. Our debt could increase our cost of capital, limit our ability to incur additional debt in the future, and increase our exposure to floating interest rates or expose us to potential events of default (if not cured or waived) under covenants contained in debt instruments that could have a material adverse effect on our business, financial condition and operating results. High interest rates have significantly increased our borrowing costs. Although we have an option to extend the maturity date of certain of our debt upon payment of a fee and meeting other conditions, the applicable conditions may not be met, and we may be required to repay or refinance our existing debt with new debt on less favorable terms. Further, market and economic conditions may impact the cost of government-sponsored enterprise and agency financing that we have access to. Excessive or expensive debt could reduce the available cash flow to fund, or limit our ability to obtain financing for, working capital, capital expenditures, refinancing, lease obligations, acquisitions, development or redevelopment projects or other purposes and hinder our ability to pay distributions to our shareholders.

If we default under any of our debt obligations, we may be in default under other debt agreements of ours that have cross default provisions, including our credit agreement and our senior notes indentures and their supplements. In such case, our lenders or noteholders may demand immediate payment of any outstanding debt and could seek payment from the subsidiary guarantors under our credit agreement and our senior notes indentures, seek to sell any pledged equity interests of certain subsidiaries or mortgaged properties, or we could be forced to liquidate our assets for less than the values we would receive in a more orderly process.

We may fail to comply with the terms of our debt agreements, which could adversely affect our business and prohibit us from paying distributions to our shareholders.

Our debt agreements contain financial and/or operating covenants. These covenants may limit our operational flexibility and acquisition and disposition activities. We may not be able to satisfy all of these conditions or may default on some of these covenants for various reasons, including for reasons beyond our control. If any of the covenants in these debt agreements are breached and not cured within the applicable cure period, we could be required to repay the debt immediately, even in the absence of a payment default, or be prevented from refinancing maturing debt or issuing new debt. As a result, covenants which limit our operational flexibility or a default under applicable debt covenants could have an adverse effect on our business, financial condition and results of operations.

In the future, we may obtain additional debt financing, and the covenants and conditions applicable to that debt may be more restrictive than the covenants and conditions that are contained in our existing debt agreements.

Secured debt exposes us to the possibility of foreclosure, which could result in the loss of our investment in certain of our subsidiaries or in a property or group of properties or other assets that secure that debt.

A significant portion of our debt is secured by properties that we or our joint ventures own or by a pledge of the equity interests of certain of our subsidiaries. Secured debt, including mortgage debt, increases our risk of asset and property losses because defaults on debt secured by our assets may result in foreclosure actions initiated by lenders and ultimately our loss of the property or other assets securing any debts for which we are in default. Any foreclosure on a mortgaged property or group of properties could have a material adverse effect on the overall value of our portfolio of properties and more generally on us. For tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds, which could materially and adversely affect us.

We are limited in our ability to operate our senior living communities and are thus dependent on our managers or other operators.

Because federal income tax laws restrict REITs and their subsidiaries from operating or managing healthcare facilities, we do not operate or manage our senior living communities. Instead, we lease substantially all of our senior living communities to our subsidiaries that qualify as TRSs under the IRC and retain third parties to manage those senior living communities. Our income from our properties may be adversely affected if our managers or other operators fail to provide quality services and amenities to residents. While we monitor the performance of our managers and other operators and apply asset management strategies and discipline, we have limited recourse under our management agreements and leases if we believe that our managers or other operators are not performing adequately. Any failure by our managers or other operators to fully perform the duties agreed to in our management agreements and leases could adversely affect our results of operations. Further, as of December 31, 2025, we completed the transition of 116 of our SHOP communities to different managers, and we may experience temporary disruption, including reductions in our cash flows, as a result of the transition of these communities. In addition, our managers and other operators operate, and, in some cases, own or have invested in, properties that compete with our properties, which may result in conflicts of interest. As a result, our managers and other operators have made, and may in the future make, decisions regarding competing properties or our properties' operations that may not be in our best interests and which may result in a reduction of our returns.

We are exposed to operational risks, liabilities and claims with respect to our SHOP segment that could adversely affect our revenues and operations.

We are exposed to various operational risks with respect to our SHOP segment that may increase our costs or adversely affect our ability to generate revenues. These risks include fluctuations in occupancy experienced during the normal course of business, private pay rates and Medicare and Medicaid reimbursement, if applicable; economic conditions, such as uncertainties surrounding interest rates and inflation, economic downturns or a possible recession and labor market conditions; competition; litigation and regulatory and government proceedings; federal, state, local, and industry-regulated licensure, certification and inspection laws, regulations, and standards; the availability and increases in cost of general and professional liability insurance coverage; increases in property taxes; state regulation and rights of residents related to entrance fees; federal and state housing laws and regulations; the availability and increases in the cost of labor (as a result of unionization or otherwise); and increases in commodity prices, such as the prices of food and construction materials, as a result of, among other things, changing tariffs and trade policies and related uncertainty, supply chain challenges or other market conditions.

Further, we and our managers and other operators have been, are currently and expect in the future to be involved in claims, lawsuits and regulatory and government audits, investigations and proceedings arising in the ordinary course of senior living operations. The defense and resolution of such claims, lawsuits and other proceedings may require our managers or other operators or us to incur significant expenses. In several well publicized instances, private litigation by residents of senior living communities for alleged abuses has resulted in large damage awards against senior living companies. As a result of these conditions, the cost of liability insurance continues to increase.

In addition, we generally hold the applicable healthcare license and enroll in applicable government healthcare programs on behalf of the properties in our SHOP segment. This subjects us to potential liability under various healthcare laws and regulations. Healthcare laws and regulations are wide-ranging, and noncompliance may result in the imposition of civil, criminal, and administrative penalties, including: the loss or suspension of accreditation, licenses or CONs; suspension of or non-payment for new admissions; denial of reimbursement; fines; suspension, decertification, or exclusion from federal and state healthcare programs; or facility closure. We may incur, or be obligated to reimburse our senior living managers or other operators for, compliance related fines, assessments, penalties and returns of government payments (such as Medicare or Medicaid payments) and could have limitations imposed on our healthcare licenses.

Any one or a combination of these operational risks and other factors may adversely affect our revenue and operations.

The trend for seniors to delay moving to senior living communities until they require greater care or to forgo moving to senior living communities altogether could have a material adverse effect on our business, financial condition and results of operations.

Seniors have been increasingly delaying their moves to senior living communities until they require greater care or forgoing moving to senior living communities altogether, and approximately 21% of the senior living communities we own are independent living communities which require residents to be capable of relatively high degrees of independence. These trends may continue and other factors, such as seniors' and their families' concerns regarding the impact on seniors of infectious diseases, virus transmissions or other public health safety conditions, may intensify those trends in the future, as may current economic conditions, such as economic downturns or a possible recession, weak housing market conditions, uncertainties surrounding interest rates and inflation and stock market volatility. Further, rehabilitation therapy and other services are increasingly being provided to seniors on an outpatient basis or in seniors' personal residences in response to market demand and government regulation, which may increase the trend for seniors to delay moving to senior living communities. Such delays may cause decreases in occupancy rates and increases in resident turnover rates at our senior living communities. Moreover, seniors may have greater care needs and require higher acuity services, which may increase costs at our senior living communities, expose our managers or other operators to additional liability or result in lost business and shorter stays at our senior living communities if our managers or other operators are not able to provide the requisite care services or fail to adequately provide those services. Further, if we or our managers or other operators fail to successfully act upon and address these and other trends and changes in seniors' needs and preferences or in the healthcare industry generally, we or they may be unable to offset associated lost revenues by growing other revenue sources, such as by offering new or increased service offerings to seniors, and our senior living communities may become unprofitable and the value of our senior living communities may decline.

Increased labor costs, decreased labor availability and staffing turnover have negatively impacted our managers and our SHOP segment operating results, and these conditions may continue for an extended period.

Wages and employee benefits associated with the operations of our managed senior living communities represent the largest part of our managed senior living communities' operating expenses. Historical periods of low unemployment resulted in increased labor costs, including higher health benefits costs, in the senior living industry. Further, legislation has been enacted and proposed to increase the minimum wage in various jurisdictions in recent years, which has put upward pressure on wages. Moreover, our managers and other operators face a competitive labor market. A periodic or geographic shortage of qualified nurses and other healthcare professionals or care givers or other trained personnel, union activities, wage laws, or general inflationary pressures on wages may require our managers or other operators to enhance pay and benefits packages or to use more expensive contract personnel, and our managers or other operators may be unable to offset these added costs by increasing the rates charged to residents. Staffing turnover at our senior living communities is common, and it increases in a competitive labor market. Heightened levels of staffing turnover at our senior living communities, particularly with respect to key and skilled positions, such as management, regional and executive directors and other skilled and qualified personnel, may disrupt operations, limit or slow the execution of business strategies, and decrease revenues and increase costs at our managed senior living communities. In addition, employee benefit costs, including health insurance and workers' compensation insurance costs, have materially increased in recent years and continue to increase. If these conditions continue, our managers and other operators may increasingly be challenged in fully operating our senior living communities, which may require us to reduce our operations; as a result of these conditions, our revenues and growth may decline and our costs may continue to increase.

Termination of resident agreements within our SHOP segment and resident attrition could adversely affect revenues and earnings at our senior living communities.

Unlike apartment leases that typically have a one-year term, state regulations governing SHOP communities typically require that senior living community residents have the right to terminate their assisted living resident agreements for any reason on reasonable (for example, 30 days') notice. Should a large number of our residents elect to terminate their resident agreements at or around the same time, revenues and earnings at our senior living communities could be materially and adversely affected. In addition, the advanced ages of our senior living residents may result in high resident turnover rates.

Our investments in our properties may not yield the returns we expect and may cost more than expected and take longer to complete.

We invest significant amounts in our properties. However, we may not realize the returns we expect from these investments, and these investments may cost more than we expect. For example, in recent years, the global economy, including the U.S. economy, experienced supply chain disruptions which reduced the availability of goods and materials, which caused price inflation and increased the time from order to receipt of goods and materials. We cannot assure that there will not be future, similar supply chain disruptions, including as a result of changing tariffs and trade policies and related uncertainty. Such conditions could result in our planned capital expenditures costing more than expected and taking longer to complete.

Depressed U.S. housing market conditions and other factors may reduce the willingness or ability of seniors to relocate to our senior living communities.

Downturns or stagnation in the U.S. housing market could adversely affect the ability, or perceived ability, of seniors to afford our senior living community entrance and resident fees, as prospective residents frequently use the proceeds from the sale of their homes to cover the cost of such fees. Historically, during periods of high interest rates, the U.S. housing market has experienced declines. If seniors have difficulty selling their homes, their ability to relocate to our senior living communities or finance their stays at our senior living communities with private resources could be adversely affected. Rising unemployment may also reduce the ability of family members to relocate seniors to senior living communities, and family members' willingness and ability to offer free care may also affect seniors' relocation to senior living communities. If these and other factors reduce seniors' willingness or ability to relocate to our senior living communities, occupancy rates, revenues and cash flows at our senior living communities and our results of operations could be negatively impacted.

REIT distribution requirements and limitations on our ability to access capital at reasonable costs or at all may adversely impact our ability to carry out our business plan.

To maintain our qualification for taxation as a REIT under the IRC, we are required to satisfy distribution requirements imposed by the IRC. See "Material United States Federal Income Tax Considerations—REIT Qualification Requirements—Annual Distribution Requirements" included in Part I, Item 1 of this Annual Report on Form 10-K. Accordingly, we may not be able to retain sufficient cash to fund our operations, repay our debts, invest in our properties or fund our acquisitions or development, redevelopment or repositioning efforts. Our business strategies therefore depend, in part, upon our ability to raise additional capital at reasonable costs. We may also be unable to raise capital at reasonable costs or at all because of reasons related to our business, market perceptions of our prospects, the terms of our debt, the extent of our leverage or for reasons beyond our control, such as capital market volatility, high interest rates and other market conditions. A protracted negative impact on the economy or the industries in which our properties and businesses operate, wage and commodity price inflation, high interest rates, geopolitical risks or other economic, market or industry conditions, such as the delayed recovery of the senior housing industry, economic downturns or a possible recession, may have various negative consequences. Such consequences may include a decline in the availability of financing and increased costs for financing, including with respect to government-sponsored enterprise and agency financing that we may otherwise have access to. Because the earnings we are permitted to retain are limited by the rules governing REIT qualification and taxation, if we are unable to raise reasonably priced capital, we may not be able to carry out our business plan.

We face challenges from uncertainties regarding interest rates, and high interest rates have significantly increased our interest expense and may otherwise materially and negatively affect us.

Increases in interest rates and sustained high interest rates may materially and negatively affect us in several ways, including:

- one of the factors that investors typically consider important in deciding whether to buy or sell our common shares is the distribution rate on our common shares relative to prevailing interest rates. Our quarterly cash distribution rate on our common shares is currently $0.01 per common share in order to enhance our liquidity until our leverage profile otherwise improves. If market interest rate levels increase, investors may expect a higher distribution rate than we are able to pay, which may increase our cost of capital, or they may sell our common shares and seek alternative investments with higher distribution rates. Sales of our common shares may cause a decline in the market price of our common shares;

- amounts outstanding under certain of our debt require interest to be paid at floating interest rates. When interest rates increase, our borrowing costs with respect to any such debt will increase, which could adversely affect our cash flows, our ability to pay principal and interest on our debt, our cost of refinancing our fixed rate debts when they become due and our ability to pay distributions to our shareholders. Additionally, if we choose to hedge our interest rate risk, we cannot be sure that the hedge will be effective or that our hedging counterparty will meet its obligations to us;
- we have a significant amount of fixed rate debt. Our ability to refinance this debt and the cost of any such refinancing will be subject to market conditions, our financial condition and operating performance and our credit ratings; and
- property values are often determined, in part, based upon a capitalization of NOI formula. When interest rates are high, real estate transaction volumes slow due to increased borrowing costs and property investors often demand higher capitalization rates, which causes property values to decline. High interest rates could therefore lower the value of our properties and cause the value of our securities to decline.

Our managers or other operators may fail to comply with laws relating to the operation of our senior living communities.

We and our managers or other operators are subject to, or impacted by, extensive and frequently changing federal, state and local laws and regulations, including: licensure laws; laws protecting consumers against deceptive practices; laws relating to the operation of our properties and how our managers and other operators conduct their operations, such as with respect to health and safety, fire and privacy matters; laws affecting communities that participate in Medicaid; laws affecting clinics and other healthcare facilities that participate in both Medicare and Medicaid which mandate allowable costs, pricing, reimbursement procedures and limitations, quality of services and care, food service and physical plants; resident rights laws (including abuse and neglect laws) and fraud laws; anti-kickback and physician referral laws; the Americans with Disabilities Act and similar laws; and safety and health standards established by OSHA. We and our managers and other operators are also required to comply with federal and state laws governing the privacy, security, use and disclosure of individually identifiable information, including financial information and protected health information under HIPAA.

We and our managers and other operators expend significant resources to maintain compliance with these laws and regulations. However, if we or our managers or other operators are alleged to fail, or do fail, to comply with applicable legal requirements, we or they may have to expend significant resources to respond to such allegations, and if we or they are unable to cure deficiencies, certain sanctions may be imposed and we or they may be obligated to return payments and pay fines and interest, which may adversely affect the profitability of our senior living communities and ability to obtain, renew or maintain licenses at those communities.

We and our managers and other operators and tenants face significant competition.

We face significant competition for tenants at our properties, particularly at our medical office and life science properties. Some competing properties may be newer, better located or more attractive to tenants. Competing properties may have lower rates of occupancy than our properties, which may result in competing owners offering available space at lower rents or with greater concessions than we offer at our properties. Development activities may increase the supply of properties of the type we own in the leasing markets in which we own properties and increase the competition we face. Competition may make it difficult for us to attract and retain tenants and may reduce the rents we are able to charge and the values of our properties.

Development of new senior living communities in the past decade has resulted in increased competitive pressures on our managers and other operators, particularly in certain geographic markets where we own senior living communities, and, although the rate of new development has slowed significantly in recent years with fewer developments having come into the market, we expect these competitive challenges to continue for at least the next few years. Further, our senior living communities compete with numerous other senior living service providers, such as home healthcare companies and other real estate based service providers. Some of these senior living competitors are larger and have greater financial resources than our managers or other operators do, and some of these competitors are not for-profit entities which have endowment income and may not face the same financial pressures that they do. We cannot be sure that our managers or other operators will be able to attract a sufficient number of residents to our senior living communities at rates that will generate acceptable returns or that our managers or other operators will be able to attract employees and keep wages and other employee benefits, insurance costs and other operating expenses at levels which will allow them to compete successfully and operate our senior living communities profitably.

These competitive challenges may prevent our managers and other operators from maintaining or improving occupancy and rates at our senior living communities, which may reduce our returns from our senior living communities and adversely affect the profitability of our senior living communities, and may cause the values of our properties to decline.

We also face significant competition for acquisition opportunities from other investors. Some of our competitors may have greater financial resources than us and may be able to accept more risk than we can prudently manage, including risks with respect to the creditworthiness of property operators and the extent of leverage used in their capital structure. Due to competition for acquisitions, as well as limitations on acquisitions included in our debt agreements, we may be unable to acquire desirable properties or we may pay higher prices for, and realize lower net cash flows than we hope to achieve from, acquisitions.

We may be unable to lease our properties when our leases expire.

Although we typically will seek to renew or extend the terms of leases for our properties with tenants when they expire, we cannot be sure that we will be successful in doing so. Economic conditions may cause our tenants not to renew or extend their leases when they expire, or to seek to renew their leases for less space than they currently occupy. If we are unable to extend or renew our leases, or we renew leases for reduced space, it may be time consuming and expensive to relet some of these properties.

We are exposed to risks associated with property development, redevelopment and repositioning that could adversely affect us, including our financial condition and results of operations.

We intend to continue to engage in development, redevelopment and repositioning activities with respect to our properties, and, as a result, we are subject to certain associated risks. These risks include cost overruns and untimely completion of construction due to, among other things, weather conditions, inflation, labor or material shortages or delays in receiving permits or other governmental approvals, inability to achieve desired returns, as well as the availability and pricing of financing on favorable terms or at all. Although inflation has eased since its peak in 2021 and 2022, inflationary pressures continue, due in part to changing tariffs and trade policies and related uncertainty. The potential for increased tariffs and trade barriers, as well as geopolitical risks, adds uncertainty to the long term outlook for inflation and interest rates and a reacceleration of inflation could trigger a reversal in recent interest rate decreases. It is uncertain whether inflation will decline, remain relatively steady or increase. Commodity pricing and other inflation, including inflation impacting wages and employee benefits, have increased in the past several years and may further increase. These conditions have increased the costs for materials, other goods and labor, including construction materials, and caused some delays in construction activities, and these conditions may continue and worsen. These pricing increases, as well as increases in labor costs, could result in substantial unanticipated delays and increased development and renovation costs and could prevent the initiation or the completion of development, redevelopment or repositioning activities. In addition, current economic conditions and volatility in the commercial real estate markets, generally, may cause delays in leasing these properties or possible loss of tenancies and may negatively impact our ability to generate cash flows from these properties that meet or exceed our cost of investment. Any of these risks associated with our current or future development, redevelopment and repositioning activities could have a material adverse effect on our business, financial condition and results of operations.

Ownership of real estate is subject to environmental risks and liabilities.

Ownership of real estate is subject to risks associated with environmental hazards. Under various laws, owners as well as operators of real estate may be required to investigate and clean up or remove hazardous substances present at or migrating from properties they own or operate and may be held liable for property damage or personal injuries that result from hazardous substances. These laws also expose us to the possibility that we may become liable to government agencies or third parties for costs and damages they incur in connection with hazardous substances. The costs and damages that may arise from environmental hazards may be substantial and are difficult to assess and estimate for numerous reasons, including uncertainty about the extent of contamination, alternative treatment methods that may be applied, the location of the property which subjects it to differing local laws and regulations and their interpretations, as well as the time it may take to remediate contamination. In addition, these laws also impose various requirements regarding the operation and maintenance of properties and recordkeeping and reporting requirements relating to environmental matters that require us or the operators of our properties to incur costs to comply with. Further, certain of our secured debt agreements contain exceptions to the general non-recourse provisions that obligate us to indemnify the lenders for certain potential environmental losses relating to hazardous materials and violations of environmental law. We may incur substantial liabilities and costs for environmental matters.

We are subject to risks from adverse weather, natural disasters and adverse impacts from global climate change, and we incur significant costs and invest significant amounts with respect to these matters.

We are subject to risks and could be exposed to additional costs from adverse weather, natural disasters and adverse impacts from global climate change. For example, our properties could be severely damaged or destroyed from either singular extreme weather events (such as floods, storms and wildfires) or through long term impacts of climatic conditions (such as precipitation frequency, weather instability and rising sea levels). We own a significant number of properties in the Southeastern United States which has been increasingly impacted by severe weather and rising sea levels in recent years. Severe weather events and climatic conditions could also adversely impact us and the tenants of our properties if we or they are unable to operate our or their businesses due to damage resulting from such events. Insurance may not adequately cover all losses sustained by us or the tenants of our properties. If we fail to adequately prepare for such events, our revenues, results of operations and financial condition may be impacted. In addition, we may incur significant costs in preparing for possible future climate change and we may not realize desirable returns on those investments.

Vacancies in a property could result in significant capital expenditures and negative property level cash flow and reduce the value of the property.

The loss or downsizing of a tenant may reduce the value of a property and require us to spend significant amounts of capital to renovate the property before it is suitable for a new tenant. Many of the leases we enter into or acquire are for properties that are especially suited to the particular business of our tenants, such as our medical office and life science properties. Because these properties have been designed or physically modified for a particular tenant, if the current lease is terminated, downsized or not renewed, we may be required to renovate the property at substantial costs, decrease the rent we charge or provide other concessions in order to lease the property to another tenant. We may also have difficulty selling the property due to the special purpose for which the property may have been designed or modified. As a result, our ability to quickly modify our portfolio in response to changes in economic or other conditions, including tenant demand, may be limited, and we may experience negative property level cash flow and reduced property values.

RMR and our senior living community managers rely on information technology and systems in providing services to us, and any material failure, inadequacy, interruption or security breach of that technology or those systems could materially harm us.

RMR and our senior living community managers rely on information technology and systems, including the Internet and cloud-based infrastructures and services, commercially available software and their respective internally developed applications, to process, transmit, store and safeguard information and to manage or support a variety of their business processes (including managing our building systems), including financial transactions and maintenance of records, which may include personal identifying information of employees, residents, tenants and guarantors and lease data. If we or our third party vendors experience material security or other failures, inadequacies or interruptions in our or their information technology systems, we could incur material costs and losses and our operations could be disrupted. RMR and our senior living community managers take various actions, and incur significant costs, to maintain and protect the operation and security of information technology and systems, including the data maintained in those systems. However, these measures may not prevent the systems' improper functioning or a compromise in security such as in the event of a cyberattack or the improper disclosure of personally identifiable information.

Security breaches, computer viruses, attacks by hackers, online fraud schemes and similar breaches have created and can create significant system disruptions, shutdowns, fraudulent transfer of assets or unauthorized disclosure of confidential information. The risk of a security breach or disruption, particularly through cyberattack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the intensity and sophistication of attempted attacks and intrusions from around the world have increased. The cybersecurity risks to us or our third party vendors are heightened by, among other things, the evolving nature of the threats faced, advances in computer capabilities, new discoveries in the field of cryptography and new and increasingly sophisticated methods used to perpetrate illegal or fraudulent activities, including cyberattacks, email or wire fraud and other attacks exploiting security vulnerabilities in RMR's, our senior living community managers' or other third parties' information technology networks and systems or operations. Although most of RMR's and our senior living community managers' staff work from their respective offices for a majority of the work week, flexible working arrangements have resulted in increased remote working. This and other possible changing work practices have adversely impacted, and may in the future adversely impact, RMR's, our senior living community managers' or other third parties' abilities to maintain the security, proper function and availability of their respective information technology and systems since remote working by their employees could strain their respective technology resources and introduce operational risk, including heightened cybersecurity risk. Remote working environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts that have sought, and may seek, to exploit remote working environments. In addition, RMR's, our senior living community managers' or other third parties' data security, data privacy, investor reporting and business continuity processes could be impacted by a third party's inability to perform in a remote work environment or by the failure of, or attack on, their information systems and technology.

Public companies are required to disclose material cybersecurity incidents on Form 8-K and periodic disclosure of a registrant's cybersecurity risk management, strategy and governance in annual reports. With the SEC's continued focus on cybersecurity, we expect increased scrutiny of RMR's policies and systems designed to manage our cybersecurity risks and our related disclosures.

Any failure by RMR, our senior living community managers or other third party vendors to maintain the security, proper function and availability of their respective information technology and systems or to adequately protect personal data, or any failure by RMR, our senior living community managers or other third party vendors to provide the appropriate regulatory and other notifications in a timely manner could result in financial losses, interrupt our operations, damage our reputation, cause us to be in default of material contracts and subject us to liability claims or regulatory penalties, any of which could materially and adversely affect our business and the value of our securities.

RMR incorporates artificial intelligence into some of its business workflows and processes, and challenges with properly managing its use could result in reputational harm, competitive harm, legal liability, and increased regulatory costs and could adversely affect our results of operations.

RMR uses generative artificial intelligence and/or machine learning technologies, or collectively, AI Technologies, to enhance certain workflows and processes used in its business, and its research into and continued deployment of such capabilities remain ongoing. AI Technologies are evolving, and the introduction and incorporation of AI Technologies may result in unintended consequences or other new or expanded risks and liabilities and RMR may not be able to anticipate, prevent, mitigate or remediate all potential risks and liabilities. If the content, analyses or recommendations that AI Technologies applications assist in producing are, or are alleged to be, deficient, inaccurate or biased, such as due to limitations in AI Technologies algorithms, insufficient or biased base data or flawed training methodologies, our business, financial condition, results of operations and reputation may be adversely affected. Additionally, AI Technologies are continuously evolving, and RMR may adopt and deploy AI Technologies that could become obsolete earlier than expected, and there can be no assurance that we will realize the desired or anticipated benefits from AI Technologies. Also, our competitors or other third parties may incorporate AI Technologies into their products and services more quickly or more successfully than RMR, which could impair our ability to compete effectively and adversely affect our results of operations.

The use of AI Technologies applications to support business processes carries inherent risks related to data privacy and security, such as unintended or inadvertent transmission of proprietary or sensitive information, including personal data. AI Technologies present emerging ethical issues, and RMR may be unsuccessful in identifying and resolving these issues before they arise. If RMR's use of AI Technologies becomes controversial, it may experience brand or reputational harm, competitive harm or legal liability. There is uncertainty in the legal and regulatory landscape for AI Technologies, which is not fully developed, and any laws, regulations or industry standards adopted in response to the emergence of AI Technologies may be burdensome, could entail significant costs and may restrict or impede RMR's ability to successfully develop, adopt and deploy AI Technologies efficiently and effectively.

Sustainability initiatives, requirements and market expectations may impose additional costs and expose us to new risks.

There remains a continued focus from regulators, investors, tenants and other stakeholders concerning corporate sustainability. We are, and expect to continue to be, subject to various proposed, new and evolving sustainability laws and requirements adopted by certain states and regulators, including both voluntary and mandatory disclosure requirements that may impact how we conduct business, and we may incur significant costs in compliance with such rules if and when such regulations become effective. Some investors may use ESG factors to guide their investment strategies and, in some cases, may choose not to invest in us, or otherwise do business with us, if they believe our or RMR's policies relating to corporate sustainability are not aligned with their own policies. Third party providers of corporate sustainability ratings and reports on companies have increased in number, resulting in varied and, in some cases, inconsistent standards. If we or RMR elect not to or are unable to satisfy the criteria by which companies' corporate responsibility practices are assessed or do not meet the criteria of a specific third party provider, some investors may conclude that our or RMR's policies with respect to corporate sustainability are inadequate. Pursuant to RMR's zero emissions goal, RMR has pledged to reduce its Scope 1 and 2 emissions to net zero by 2050 with a 50% reduction commitment by 2029 from a 2019 baseline. We and RMR may face reputational damage in the event that our or their corporate sustainability procedures or standards do not meet the goals that we or RMR have set or the standards set by various constituencies. In addition, there are efforts by some stakeholders and governmental authorities to reduce companies' efforts regarding ESG, including human capital management-related matters, and anti-ESG or anti-diversity, equity and inclusion, or DEI, sentiment has gained momentum across the United States, with several states and governmental authorities enacting or proposing anti-ESG or anti-DEI policies or legislation and filing suits alleging that ESG or DEI measures or initiatives violate law. Additionally, in January 2025, President Trump signed a number of executive orders focused on DEI, which indicate continued scrutiny of DEI initiatives and potential related investigations of certain private entities with respect to DEI initiatives, including publicly traded companies. If our and RMR's practices and programs are deemed to be in contradiction of such initiatives, we and RMR could be subject to government investigations or lawsuits that could negatively impact us and RMR and affect our business, financial condition or reputation. Increasingly, different stakeholder groups and government authorities have divergent views on ESG matters, which increases the risk that any action or lack thereof with respect to ESG matters will be perceived negatively by at least some stakeholders or governmental authorities and adversely impact our reputation and business. If we and RMR fail to comply with ESG and anti-ESG related regulations and to satisfy the expectations of investors and our tenants and other stakeholders or our or RMR's announced goals and other initiatives are not executed as planned, our and RMR's reputation could be adversely affected, and our revenues, results of operations and ability to grow our business may be negatively impacted. In addition, we may incur significant costs in attempting to comply with regulatory requirements, ESG and anti-ESG policies or third party expectations or demands.

Insurance may not adequately cover our losses, and insurance costs may increase.

We or our managers or other operators or tenants are generally responsible for the costs of insurance coverage for our properties and the operations conducted on them, including for casualty, liability, malpractice, fire, extended coverage and rental or business interruption loss insurance. In the future, we may acquire properties for which we are responsible for the costs of insurance. The costs of insurance may increase, which may have an adverse effect on us and our managers or other operators and tenants. Increased insurance costs may adversely affect our managers' abilities to operate our properties profitably and provide us with desirable returns and our tenants' abilities to pay us rent or result in downward pressure on rents we can charge under new or renewed leases. Losses of a catastrophic nature, such as those caused by hurricanes, flooding, volcanic eruptions and earthquakes or losses as a result of outbreaks of pandemics or acts of terrorism, may be covered by insurance policies with limitations such as large deductibles or co-payments that we or a responsible manager or other operator or tenant may not be able to pay. Insurance proceeds may not be adequate to restore an affected property to its condition prior to a loss or to compensate us for our losses, including lost revenues or other costs. Certain losses, such as losses we may incur as a result of known or unknown environmental conditions, are not covered by our insurance. Market conditions or our loss history may limit the scope of insurance or coverage available to us or our managers or other operators or tenants on economic terms. If we determine that an uninsured loss or a loss in excess of insured limits occurs and if we are not able to recover amounts from our managers or other operators or tenants for certain losses, we may have to incur uninsured costs to mitigate such losses or lose all or a portion of the capital invested in a property, as well as the anticipated future revenue from the property.

We may not succeed in selling properties we may identify for sale and any proceeds we may receive from sales we do complete may be less than expected, and we may incur losses with respect to any such sales.

We plan to selectively sell properties from time to time to reduce our leverage, fund capital expenditures and future acquisitions and strategically update, rebalance and reposition our investment portfolio. Our ability to sell properties or other assets and the prices we may receive in any such sales, may be affected by various factors. In particular, these factors could arise from weaknesses in or a lack of established markets for the properties we may identify for sale, the availability of financing to potential purchasers on reasonable terms, changes in the financial condition of prospective purchasers for and the tenants of the properties, the terms of leases with tenants at certain of the properties, the characteristics, quality and prospects of the properties, the number of prospective purchasers, the number of competing properties in the market, unfavorable local, national or international economic conditions, such as uncertainties surrounding interest rates and inflation, changing tariffs and trade policies and related uncertainty, supply chain challenges, economic downturns or a possible recession and labor market conditions, and changes in laws, regulations or fiscal policies of jurisdictions in which the properties are located. For example, current market conditions have caused, and may continue to cause, increased capitalization rates which, together with increased interest rates, have resulted in reduced commercial real estate transaction volume, and such conditions may continue or worsen. We may not succeed in selling properties or other assets and any sales may be delayed or may not occur or, if sales do occur, the terms may not meet our expectations, and we may incur losses in connection with any sales. If we are unable to realize proceeds from the sale of assets sufficient to allow us to reduce our leverage to a level we, or ratings agencies or possible financing sources, believe appropriate, our credit ratings may be lowered and we may be unable to fund capital expenditures or future acquisitions to grow our business. In addition, we may elect to change or abandon our strategy and forego or abandon property or other asset sales.

We may be unable to grow our business by acquiring additional properties, and we might encounter unanticipated difficulties and expenditures relating to our acquired properties.

Our business plan includes the acquisition of additional properties. Our ability to make profitable acquisitions is subject to risks, including, but not limited to, risks associated with:

- the extent of our debt leverage;
- the availability, terms and cost of debt and equity capital;
- our liquidity position;
- competition from other investors; and
- contingencies in our acquisition agreements.

These risks may limit our ability to grow our business by acquiring additional properties. In addition, we might encounter unanticipated difficulties and expenditures relating to our acquired properties. For example:

- the market in which an acquired property is located may experience unexpected changes that adversely affect the property's value;
- property operating costs for our acquired properties may be higher than anticipated and our acquired properties may not yield expected returns;
- an acquired property may be located in a new market where we may face risks associated with investing in an unfamiliar market; and
- notwithstanding pre-acquisition due diligence, we could acquire a property that contains undisclosed defects in design or construction or unknown liabilities, including those related to undisclosed environmental contamination, or our analyses and assumptions for the properties may prove to be incorrect.

For these reasons, among others, we might not realize the anticipated benefits of our acquisitions, and our business plan to acquire additional properties may not succeed or may cause us to experience losses.

Our existing and any future joint ventures may limit our flexibility with jointly owned investments and we may not realize the benefits we expect from these arrangements.

We are party to joint ventures with institutional investors, and we may in the future sell or contribute additional properties to, or acquire, develop or recapitalize properties in, our existing or any future joint ventures. Our participation in joint ventures is subject to risks, including the following:

- we share approval rights over major decisions affecting the ownership or operation of the joint ventures and any property owned by the joint ventures;
- we may need to contribute additional capital in order to preserve, maintain or grow the joint ventures and their investments;
- joint venture investors may have economic or other business interests or goals that are inconsistent with our business interests or goals, which could affect our ability to lease, relet or operate properties owned by the joint ventures;
- joint venture investors may be subject to different laws or regulations than us, or may be structured differently than us for tax purposes, which could create conflicts of interest and/or affect our ability to maintain our qualification for taxation as a REIT;
- our ability to sell our interest in, or sell additional properties to, the joint ventures or the joint ventures' ability to sell additional interests of, or properties owned by, the joint ventures when we so desire are subject to the approval rights of the other joint venture investors under the terms of the agreements governing the joint ventures; and
- disagreements with joint venture investors could result in litigation or arbitration that could be expensive and distracting to management and could delay important decisions.

Any of the foregoing risks could have a material adverse effect on our business, financial condition and results of operations. Further, these, similar, enhanced or additional risks, including possible mandatory capital contribution requirements, may apply to any future additional or amended joint ventures.

Bankruptcy law may adversely impact us.

The occurrence of a tenant bankruptcy could reduce the rent we receive from that tenant, and economic conditions, such as uncertainties surrounding interest rates and inflation, changing tariffs and trade policies and related uncertainty, supply chain challenges, economic downturns or a possible recession and labor market conditions, may increase the risk of the managers and other operators of our senior living communities and our tenants filing for bankruptcy. If a tenant files for bankruptcy, federal law may prohibit us from evicting that tenant based solely upon its bankruptcy, and a bankrupt tenant may be authorized to reject and terminate its lease with us. Any claims against a bankrupt tenant for unpaid future rent would be subject to statutory limitations that may be substantially less than the contractually specified rent we are owed under the lease, and any claim we have for unpaid past rent may not be paid in full. If any of our managers, other operators or tenants files for bankruptcy, we may experience delays in enforcing our rights, and may be limited in our ability to replace the manager, other operator or tenant. In the case of any manager, other operator or tenant bankruptcy, we may incur substantial costs in protecting our investment and re-leasing or finding a replacement manager, other operator or tenant.

A severe cold or flu season, epidemics or any other widespread illnesses could adversely affect the operations of our senior living communities.

Our revenues and our managers' and other operators' and tenants' revenues with respect to our senior living communities are dependent on occupancy and could significantly decrease in the event of a severe cold and flu season, an epidemic or pandemic or any other widespread illness. Such a decrease could significantly impact our and our managers' and tenants' revenues from our senior living communities. As experienced during the COVID-19 pandemic, a future flu or other epidemic or pandemic could significantly increase the cost burdens faced by our managers or tenants, including if they are required to implement quarantines for residents, and adversely affect their ability to meet their obligations to us and our returns, which would have a material adverse effect on our financial results.

Risks Related to Our Relationships with RMR

We are dependent upon RMR to manage our business and implement our growth strategy.

We have no employees. Personnel and services that we require are provided to us by RMR pursuant to our management agreements with RMR. Our ability to achieve our business objectives depends on RMR and its ability to effectively manage our properties, to appropriately identify and complete our acquisitions and dispositions and to execute our growth strategy. Accordingly, our business is dependent upon RMR's business contacts, its ability to successfully hire, train, supervise and manage its personnel and its ability to maintain its operating systems. If we lose the services provided by RMR or its key personnel, our business and growth prospects may decline. We may be unable to duplicate the quality and depth of management available to us by becoming internally managed or by hiring another manager. In the event RMR is unwilling or unable to continue to provide management services to us, our cost of obtaining substitute services may be greater than the fees we pay RMR under our management agreements, and as a result our expenses may increase.

RMR has broad discretion in operating our day to day business.

Our manager, RMR, is authorized to follow broad operating and investment guidelines and, therefore, has discretion in identifying the properties that will be appropriate investments for us, as well as our individual operating and investment decisions. Our Board of Trustees periodically reviews our operating and investment guidelines and our operating activities and investments, but it does not review or approve each decision made by RMR on our behalf. In addition, in conducting periodic reviews, our Board of Trustees relies primarily on information provided to it by RMR. RMR may exercise its discretion in a manner that results in investment returns that are substantially below expectations or that results in losses.

Our management structure and agreements and relationships with RMR and RMR's and its controlling shareholder's relationships with others may create conflicts of interest, or the perception of such conflicts, and may restrict our investment activities.

RMR is a majority owned subsidiary of RMR Inc. The Chair of our Board of Trustees and one of our Managing Trustees, Adam D. Portnoy, is the sole trustee, an officer and the controlling shareholder of ABP Trust, which is the controlling shareholder of RMR Inc., the chair of the board of directors, a managing director and the president and chief executive officer of RMR Inc. and an officer and employee of RMR. RMR or its subsidiaries also act as the manager to certain other Nasdaq listed companies and private companies, and Mr. Portnoy serves as a managing trustee, director or trustee, as applicable, of those companies, and as chair of the board of trustees of those Nasdaq listed companies.

Christopher J. Bilotto, our other Managing Trustee and our President and Chief Executive Officer, Matthew C. Brown, our Chief Financial Officer and Treasurer, and Anthony Paula, our Vice President, are also officers and employees of RMR. Mr. Bilotto is also a managing trustee and the president and chief executive officer of Service Properties Trust, or SVC, a REIT managed by RMR. Mr. Brown is also an executive vice president and the chief financial officer and treasurer of RMR and the chief financial officer and treasurer of Seven Hills Realty Trust, or SEVN, another REIT managed by a subsidiary of RMR. Messrs. Portnoy, Bilotto, Brown and Paula have duties to RMR, Mr. Bilotto has duties to SVC and Mr. Brown has duties to SEVN, as well as to us, and we do not have their undivided attention. They and other RMR personnel may have conflicts in allocating their time and resources between us and RMR and other companies to which RMR or its subsidiaries provide services. Some of our Independent Trustees also serve as independent trustees of other public companies to which RMR or its subsidiaries provide management services.

In addition, we may in the future enter into additional transactions with RMR, its affiliates or entities managed by it or its subsidiaries. In addition to his investments in RMR Inc. and RMR, Mr. Portnoy holds equity investments in other companies to which RMR or its subsidiaries provide management services and some of these companies have significant cross ownership interests. As of December 31, 2025, ABP Trust and Mr. Portnoy beneficially owned 9.8% of our outstanding common shares. Our executive officers also own equity investments in other companies to which RMR or its subsidiaries provide management services. These multiple responsibilities, relationships and cross ownerships may give rise to conflicts of interest or the perception of such conflicts of interest with respect to matters involving us, RMR Inc., RMR, our Managing Trustees, the other companies to which RMR or its subsidiaries provide management services and their related parties. Conflicts of interest or the perception of conflicts of interest could have a material adverse impact on our reputation, business and the market price of our common shares and other securities and we may be subject to increased risk of litigation as a result.

In our management agreements with RMR, we acknowledge that RMR may engage in other activities or businesses and act as the manager to any other person or entity (including other REITs) even though such person or entity has investment policies and objectives similar to our policies and objectives and we are not entitled to preferential treatment in receiving information, recommendations and other services from RMR. Accordingly, we may lose investment opportunities to, and may compete for tenants with, other businesses managed by RMR or its subsidiaries, including our existing and any future joint ventures. We cannot be sure that our Code of Conduct or our governance guidelines, or other procedural protections we adopt will be sufficient to enable us to identify, adequately address or mitigate actual or alleged conflicts of interest or ensure that our transactions with related persons are made on terms that are at least as favorable to us as those that would have been obtained with an unrelated person.

Our management agreements with RMR were not negotiated on an arm's length basis and their fee and expense structure may not create proper incentives for RMR, which may increase the risk of an investment in our common shares.

As a result of our relationships with RMR and its current and former controlling shareholder(s), our management agreements with RMR were not negotiated on an arm's length basis between unrelated parties, and therefore, while such agreements were negotiated with the use of a special committee and disinterested Trustees, the terms, including the fees payable to RMR, may be different from those negotiated on an arm's length basis between unrelated parties. Our property management fees are calculated based on rents we receive and we also pay RMR construction supervision fees for construction at our properties overseen and managed by RMR, and our base business management fee is calculated based upon the lower of the historical costs of our real estate investments and our market capitalization. We pay RMR substantial base management fees regardless of our financial results. These fee arrangements could incentivize RMR to pursue acquisitions, capital transactions, tenancies and construction projects or to avoid disposing of our assets in order to increase or maintain its management fees and might reduce RMR's incentive to devote its time and effort to seeking investments that provide attractive returns for us. If we do not effectively manage our investment, disposition and capital transactions and leasing, construction and other property management activities, we may pay increased management fees without proportional benefits to us. In addition, we are obligated under our management agreements to reimburse RMR for employment and related expenses of RMR's employees assigned to work exclusively or partly at our properties, our share of the wages, benefits and other related costs of RMR's centralized accounting personnel, our share of RMR's costs for providing our internal audit function and as otherwise agreed. We are also required to pay for third party costs incurred with respect to us. Our obligation to reimburse RMR for certain of its costs and to pay third party costs may reduce RMR's incentive to efficiently manage those costs, which may increase our costs.

The termination of our management agreements with RMR may require us to pay a substantial termination fee, including in the case of a termination for unsatisfactory performance, which may limit our ability to end our relationship with RMR.

The terms of our management agreements with RMR automatically extend on December 31 of each year so that such terms thereafter end on the 20th anniversary of the date of the extension. We have the right to terminate these agreements: (1) at any time on 60 days' written notice for convenience, (2) immediately upon written notice for cause, as defined in the agreements, (3) on written notice given within 60 days after the end of any applicable calendar year for a performance reason, as defined in the agreements, and (4) by written notice during the 12 months following a manager change of control, as defined in the agreements. However, if we terminate a management agreement for convenience, or if RMR terminates a management agreement with us for good reason, as defined in such agreement, we are obligated to pay RMR a termination fee in an amount equal to the sum of the present values of the monthly future fees, as defined in the applicable agreement, payable to RMR for the term that was remaining before such termination, which, depending on the time of termination, would be between 19 and 20 years. Additionally, if we terminate a management agreement for a performance reason, as defined in the agreement, we are obligated to pay RMR the termination fee calculated as described above, but assuming a remaining term of 10 years. These provisions substantially increase the cost to us of terminating the management agreements without cause, which may limit our ability to end our relationship with RMR as our manager. The payment of the termination fee could have a material adverse effect on our financial condition, including our ability to pay distributions to our shareholders.

Our management arrangements with RMR may discourage a change of control of us.

Our management agreements with RMR have continuing 20 year terms that renew annually. As noted in the preceding risk factor, if we terminate either of these management agreements other than for cause or upon a change of control of our manager, we are obligated to pay RMR a substantial termination fee. For these reasons, our management agreements with RMR may discourage a change of control of us, including a change of control which might result in payment of a premium for our common shares.

We are party to transactions with related parties that may increase the risk of allegations of conflicts of interest.

We are party to transactions with related parties, including with entities controlled by Adam D. Portnoy or to which RMR or its subsidiaries provide management services. Our agreements with related parties or in respect of transactions among related parties may not be on terms as favorable to us as they would have been if they had been negotiated among unrelated parties. Our shareholders or the shareholders of RMR Inc. or other related parties may challenge any such related party transactions. If any challenges to related party transactions were to be successful, we might not realize the benefits expected from the transactions being challenged. Moreover, any such challenge could result in substantial costs and a diversion of our management's attention, could have a material adverse effect on our reputation, business and growth and could adversely affect our ability to realize the benefits expected from the transactions, whether or not the allegations have merit or are substantiated.

We may be at an increased risk for dissident shareholder activities due to perceived conflicts of interest arising from our management structure and relationships.

Companies with business dealings with related persons and entities may more often be the target of dissident shareholder trustee nominations, dissident shareholder proposals and shareholder litigation alleging conflicts of interest in their business dealings. The various relationships noted above may precipitate such activities. Certain proxy advisory firms which have significant influence over the voting by shareholders of public companies have, in the past, recommended, and in the future may recommend, that shareholders withhold votes for the election of our incumbent Trustees, vote against our say on pay vote or other management proposals or vote for shareholder proposals that we oppose. These recommendations by proxy advisory firms have affected the outcomes of past Board of Trustees elections and votes on our say on pay, and similar recommendations in the future would likely affect the outcome of future Board of Trustees elections and votes on our say on pay or other shareholder votes, which may increase shareholder activism and litigation. These activities, if instituted against us, could result in substantial costs and diversion of our management's attention and could have a material adverse impact on our reputation and business.

Risks Related to Our Organization and Structure

We may change our operational, financing and investment policies without shareholder approval and we may become more highly leveraged, which may increase our risk of default under our debt obligations.

Our Board of Trustees determines our operational, financing and investment policies and may amend or revise our policies, including our policies with respect to our intention to remain qualified for taxation as a REIT, acquisitions, dispositions, growth, operations, indebtedness, capitalization and distributions, or approve transactions that deviate from these policies, without a vote of, or notice to, our shareholders. Policy changes could adversely affect the market price of our common shares and our ability to pay distributions to our shareholders. Further, our organizational documents do not limit the amount or percentage of indebtedness, funded or otherwise, that we may incur; however, provisions in our debt agreements may limit us from incurring additional debt. Our Board of Trustees may alter or eliminate our current policy on borrowing at any time without shareholder approval. If this policy changes, we could become more highly leveraged, which could result in an increase in our debt service costs. Higher leverage also increases the risk of default on our obligations. In addition, a change in our investment policies, including the manner in which we allocate our resources across our portfolio or the types of assets in which we seek to invest, may increase our exposure to interest rate risk, real estate market fluctuations and liquidity risk.

Ownership limitations and certain provisions in our declaration of trust, bylaws and agreements, as well as certain provisions of Maryland law, may deter, delay or prevent a change in our control or unsolicited acquisition proposals.

Our declaration of trust prohibits any shareholder, other than RMR and its affiliates (as defined under Maryland law) and certain persons who have been exempted by our Board of Trustees, from owning, directly and by attribution, more than 9.8% of the number or value of shares (whichever is more restrictive) of any class or series of our outstanding shares of beneficial interest, including our common shares. This restriction is intended to, among other purposes, assist with our REIT compliance under the IRC. Further, our bylaws contain provisions that generally prohibit shareholders from owning more than 5% (in value or in number of shares, whichever is more restrictive) of any class or series of our outstanding shares, including our common shares. This ownership limitation in our bylaws is intended to help us preserve our ability to use our net operating losses and other tax benefits to reduce our future taxable income. We also believe these restrictions in our declaration of trust and bylaws promote orderly governance. However, these restrictions may also inhibit acquisitions of a significant stake in us and may deter, delay or prevent a change in control of us or unsolicited acquisition proposals that a shareholder may consider favorable. Additionally, provisions contained in our declaration of trust and bylaws or under Maryland law may have a similar impact, including, for example, provisions relating to:

- limitations on shareholder voting rights with respect to certain actions that are not approved by our Board of Trustees;
- the authority of our Board of Trustees, and not our shareholders, to adopt, amend or repeal our bylaws and to fill vacancies on our Board of Trustees;
- shareholder voting standards which require a supermajority of shares for approval of certain actions;
- the fact that only our Board of Trustees, or, if there are no Trustees, our officers, may call shareholder meetings and that shareholders are not entitled to act without a meeting;

- required qualifications for an individual to serve as a Trustee and a requirement that certain of our Trustees be "Managing Trustees" and other Trustees be "Independent Trustees," as defined in our governing documents;
- limitations on the ability of our shareholders to propose nominees for election as Trustees and propose other business to be considered at a meeting of our shareholders;
- limitations on the ability of our shareholders to remove our Trustees;
- the authority of our Board of Trustees to create and issue new classes or series of shares (including shares with voting rights and other rights and privileges that may deter a change in control) and issue additional common shares;
- restrictions on business combinations between us and an interested shareholder that have not first been approved by our Board of Trustees (including a majority of Trustees not related to the interested shareholder); and
- the authority of our Board of Trustees, without shareholder approval, to implement certain takeover defenses.

As changes occur in the marketplace for corporate governance policies, the above provisions may change, be removed, or new ones may be added.

Our rights and the rights of our shareholders to take action against our Trustees and officers are limited.

Our declaration of trust limits the liability of our Trustees and officers to us and our shareholders for money damages to the maximum extent permitted under Maryland law. Under current Maryland law, our Trustees and officers will not have any liability to us and our shareholders for money damages other than liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- active and deliberate dishonesty by the Trustee or officer that was established by a final judgment as being material to the cause of action adjudicated.

Our declaration of trust and indemnification agreements require us to indemnify, to the maximum extent permitted by Maryland law, any present or former Trustee or officer who is made or threatened to be made a party to a proceeding by reason of his or her service in these and certain other capacities. In addition, we may be obligated to pay or reimburse the expenses incurred by our present and former Trustees and officers without requiring a preliminary determination of their ultimate entitlement to indemnification.

As a result of these limitations on liability and indemnification obligations, we and our shareholders may have more limited rights against our present and former Trustees and officers than might exist with other companies, which could limit shareholder recourse in the event of actions which some shareholders may believe are not in our best interest.

Our bylaws designate the Circuit Court for Baltimore City, Maryland as the sole and exclusive forum for certain actions and proceedings that may be initiated by our shareholders, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us or our Trustees, officers, manager or other agents.

Our bylaws currently provide that other than any action arising under the Securities Act, the Circuit Court for Baltimore City, Maryland will be the sole and exclusive forum for: (1) any Internal Corporate Claim, as such term is defined under the Maryland General Corporation Law; (2) any derivative action or proceeding brought on our behalf; (3) any action asserting a claim for breach of a fiduciary duty owed by any of our Trustees, officers, manager or other agents to us or our shareholders; (4) any action asserting a claim against us or any of our Trustees, officers, manager or other agents arising pursuant to Maryland law, our declaration of trust or bylaws, including any disputes, claims or controversies brought by or on behalf of a shareholder, either on such shareholder's own behalf, on our behalf or on behalf of any series or class of shares of beneficial interest of ours or by our shareholders against us or any of our Trustees, officers, manager or other agents, including any disputes, claims or controversies relating to the meaning, interpretation, effect, validity, performance or enforcement of our declaration of trust or bylaws; and

(5) any action asserting a claim against us or any of our Trustees, officers, manager or other agents that is governed by the internal affairs doctrine of the State of Maryland. Our bylaws currently also provide that the Circuit Court for Baltimore City, Maryland will be the sole and exclusive forum for any dispute, or portion thereof, regarding the meaning, interpretation or validity of any provision of our declaration of trust or bylaws. The exclusive forum provision of our bylaws does not apply to any action for which the Circuit Court for Baltimore City, Maryland does not have jurisdiction. Unless we otherwise consent in writing, the sole and exclusive forum for claims that arise under the Securities Act is the federal district courts of the United States, to the fullest extent permitted by law. Any person or entity purchasing or otherwise acquiring or holding any interest in our shares of beneficial interest shall be deemed to have notice of and to have consented to these provisions of our bylaws, as they may be amended from time to time. The exclusive forum provisions of our bylaws may limit a shareholder's ability to bring a claim in a judicial forum that the shareholder believes is favorable for disputes with us or our Trustees, officers, manager or other agents, which may discourage lawsuits against us and our Trustees, officers, manager or other agents.

Disputes with RMR may be referred to mandatory arbitration proceedings, which follow different procedures than in-court litigation and may be more restrictive to those asserting claims than in-court litigation.

Our agreements with RMR provide that any dispute arising thereunder will be referred to mandatory, binding and final arbitration proceedings if we, or any other party to such dispute, unilaterally so demands. As a result, we and our shareholders would not be able to pursue litigation in state or federal court against RMR if we or any other parties against whom the claim is made unilaterally demands the matter be resolved by arbitration. In addition, the ability to collect attorneys' fees or other damages may be limited in the arbitration proceedings, which may discourage attorneys from agreeing to represent parties wishing to bring such litigation.

Risks Related to Our Taxation

Our failure to remain qualified for taxation as a REIT under the IRC could have significant adverse consequences.

As a REIT, we generally do not pay federal or most state income taxes as long as we distribute all of our REIT taxable income and meet other qualifications set forth in the IRC. However, actual qualification for taxation as a REIT under the IRC depends on our satisfying complex statutory requirements, for which there are only limited judicial and administrative interpretations. We believe that we have been organized and have operated, and will continue to be organized and to operate, in a manner that qualified and will continue to qualify us to be taxed as a REIT under the IRC. However, we cannot be sure that the IRS, upon review or audit, will agree with this conclusion. Furthermore, we cannot be sure that the federal government, or any state or other taxation authority, will continue to afford favorable income tax treatment to REITs and their shareholders.

Maintaining our qualification for taxation as a REIT under the IRC will require us to continue to satisfy tests concerning, among other things, the nature of our assets, the sources of our income and the amounts we distribute to our shareholders. In order to meet these requirements, it may be necessary for us to sell or forgo attractive investments.

If we cease to qualify for taxation as a REIT under the IRC, then our ability to raise capital might be adversely affected, we may be subject to material amounts of federal and state income taxes, our cash available for distribution to our shareholders could be reduced, and the market price of our common shares could decline. In addition, if we lose or revoke our qualification for taxation as a REIT under the IRC for a taxable year, we will generally be prevented from requalifying for taxation as a REIT for the next four taxable years.

Distributions to shareholders generally will not qualify for reduced tax rates applicable to "qualified dividends."

Dividends payable by U.S. corporations to noncorporate shareholders, such as individuals, trusts and estates, are generally eligible for reduced federal income tax rates applicable to "qualified dividends." Distributions paid by REITs generally are not treated as "qualified dividends" under the IRC and the reduced rates applicable to such dividends do not generally apply. However, REIT dividends paid to noncorporate shareholders are generally taxed at an effective tax rate lower than applicable ordinary income tax rates due to the availability of a deduction under the IRC for specified forms of income from passthrough entities. More favorable rates will nevertheless continue to apply to regular corporate "qualified" dividends, which may cause some investors to perceive that an investment in a REIT is less attractive than an investment in a non-REIT entity that pays dividends, thereby reducing the demand and market price of our common shares.

REIT distribution requirements could adversely affect us and our shareholders.

We generally must distribute annually at least 90% of our REIT taxable income, subject to specified adjustments and excluding any net capital gain, in order to maintain our qualification for taxation as a REIT under the IRC. To the extent that we satisfy this distribution requirement, federal corporate income tax will not apply to the earnings that we distribute, but if we distribute less than 100% of our REIT taxable income, then we will be subject to federal corporate income tax on our undistributed taxable income. We intend to pay distributions to our shareholders to comply with the REIT requirements of the IRC. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay to our shareholders in a calendar year is less than a minimum amount specified under federal tax laws.

From time to time, we may generate taxable income greater than our income for financial reporting purposes prepared in accordance with U.S. generally accepted accounting principles, or GAAP, or differences in timing between the recognition of taxable income and the actual receipt of cash may occur. If we do not have other funds available in these situations, among other things, we may borrow funds on unfavorable terms, sell investments at disadvantageous prices or distribute amounts that would otherwise be invested in future acquisitions in order to pay distributions sufficient to enable us to distribute enough of our taxable income to satisfy the REIT distribution requirement and to avoid corporate income tax and the 4% excise tax in a particular year. These alternatives could increase our costs or reduce our shareholders' equity. Thus, compliance with the REIT distribution requirements may hinder our ability to grow, which could cause the market price of our common shares to decline.

Even if we remain qualified for taxation as a REIT under the IRC, we may face other tax liabilities that reduce our cash flow.

Even if we remain qualified for taxation as a REIT under the IRC, we may be subject to federal, state and local taxes on our income and assets, including taxes on any undistributed income, excise taxes, state or local income, property and transfer taxes and other taxes. Also, some jurisdictions may in the future limit or eliminate favorable income tax deductions, including the dividends paid deduction, which could increase our income tax expense. In addition, in order to meet the requirements for qualification and taxation as a REIT under the IRC, prevent the recognition of particular types of non-cash income, or avert the imposition of a 100% tax that applies to specified gains derived by a REIT from dealer property or inventory, we may hold or dispose of some of our assets and conduct some of our operations through our TRSs or other subsidiary corporations that will be subject to corporate level income tax at regular rates. In addition, while we intend that our transactions with our TRSs will be conducted on arm's length bases, we may be subject to a 100% excise tax on a transaction that the IRS or a court determines was not conducted at arm's length. Any of these taxes would decrease cash available for distribution to our shareholders.

If arrangements involving our TRSs fail to comply as intended with the REIT qualification and taxation rules, we may fail to qualify for taxation as a REIT under the IRC or be subject to significant penalty taxes.

We lease substantially all of our senior living communities to our TRSs pursuant to arrangements that, under the IRC, are intended to qualify the rents we receive from our TRSs as income that satisfies the REIT gross income tests. We also intend that our transactions with our TRSs be conducted on arm's length bases so that we and our TRSs will not be subject to penalty taxes under the IRC applicable to mispriced transactions. While relief provisions can sometimes excuse REIT gross income test failures, significant penalty taxes may still be imposed.

For our TRS arrangements to comply as intended with the REIT qualification and taxation rules under the IRC, a number of requirements must be satisfied, including:

- our TRSs may not directly or indirectly operate or manage a healthcare facility, as defined by the IRC;

- the leases to our TRSs must be respected as true leases for federal income tax purposes and not as service contracts, partnerships, joint ventures, financings or other types of arrangements;
- the leased properties must constitute qualified healthcare properties (including necessary or incidental property) under the IRC;
- our leased properties must be managed and operated on behalf of the TRSs by independent contractors who are less than 35% affiliated with us and who are (or, in limited cases, have been) actively engaged (or have affiliates that are or have been so engaged) in the trade or business of managing and operating qualified healthcare properties for any person unrelated to us; and
- the rental and other terms of the leases must be arm's length.

We cannot be sure that the IRS or a court will agree with our assessment that our TRS arrangements comply as intended with REIT qualification and taxation rules. If arrangements involving our TRSs fail to comply as we intended, we may fail to qualify for taxation as a REIT under the IRC or be subject to significant penalty taxes.

Legislative or other actions affecting REITs could materially and adversely affect us and our shareholders.

The rules dealing with U.S. federal, state, and local taxation are constantly under review by persons involved in the legislative process and by the IRS, the U.S. Department of the Treasury and other taxation authorities. Changes to the tax laws, with or without retroactive application, could materially and adversely affect us and our shareholders. We cannot predict how changes in the tax laws might affect us or our shareholders. New legislation, Treasury regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to remain qualified for taxation as a REIT or the tax consequences of such qualification to us and our shareholders.

Risks Related to Our Securities

Our quarterly cash distribution rate on our common shares is currently $0.01 per common share and future distributions may remain at this level for an indefinite period or be eliminated and the form of payment could change.

During 2020, we reduced our quarterly cash distribution rate on our common shares to $0.01 per common share to improve our liquidity, subject to applicable REIT tax requirements; however:

- our ability to pay distributions to our shareholders or sustain the rate of distributions may continue to be adversely affected if any of the risks described in this Annual Report on Form 10-K occur, including any negative impact caused by current market and economic conditions, such as uncertainties surrounding interest rates and inflation and economic downturns or a possible recession, on our business, results of operations and liquidity; and
- the timing and amount of any distributions will be determined at the discretion of our Board of Trustees and will depend on various factors that our Board of Trustees deems relevant, including, but not limited to, our funds from operations, or FFO, our normalized funds from operations, or Normalized FFO, requirements to maintain our qualification for taxation as a REIT, limitations in our debt agreements, the availability to us of debt and equity capital, our expectation of our future capital requirements and operating performance and our expected needs for and availability of cash to pay our obligations.

For these reasons, among others, our distribution rate may not increase for an indefinite period or we may cease paying distributions to our shareholders.

Further, in order to preserve liquidity, we may elect to, in part, pay distributions to our shareholders in a form other than cash, such as issuing additional common shares to our shareholders, as permitted by the applicable tax rules.

The Notes and the Guarantees are structurally subordinated to the payment of all indebtedness and other liabilities of our subsidiaries that do not guarantee the 2030 Notes and the 2031 Notes.

We are the sole obligor on our 7.250% senior secured notes due 2030, or the 2030 Notes, and our 4.375% senior notes due 2031, or the 2031 Notes, and any notes or other debt securities we may issue in the future, or, together with the 2030 Notes and the 2031 Notes and our outstanding senior unsecured notes, the Notes. Our subsidiaries that guarantee the Notes are the sole obligor on the guarantees of such notes, or the Guarantees. The subsidiaries that guarantee the 2030 Notes and/or the 2031 Notes do not currently guarantee any of our other Notes. Our non-guarantor subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on the Notes or the Guarantees, or to make any funds available therefor, whether by dividend, distribution, loan or other payments. The rights of holders of the Notes to benefit from any of the assets of our non-guarantor subsidiaries are subject to the prior satisfaction of claims of our non-guarantor subsidiaries' creditors. As a result, the Notes and the Guarantees are, and, except to the extent that future Notes are guaranteed by our non-guarantor subsidiaries, will be, structurally subordinated to all indebtedness and other liabilities of our subsidiaries that do not guarantee the 2030 Notes and the 2031 Notes, including guarantees of or pledges under other indebtedness of ours, payment obligations under lease agreements, trade payables and preferred equity. As of December 31, 2025, our non-guarantor subsidiaries had total indebtedness and other liabilities of approximately $554.5 million (including guarantees of other indebtedness and trade payables but excluding liabilities to us or a subsidiary guarantor), which are structurally senior to the 2030 Notes and the 2031 Notes.

The Notes and the Guarantees, other than the 2030 Notes and related Guarantees on a senior secured basis, are unsecured and effectively subordinated to all of our and the subsidiary guarantors' existing and future secured debt to the extent of the value of the assets securing such debt.

The outstanding Notes and Guarantees, other than the 2030 Notes and related Guarantees on a senior secured basis, or the Unsecured Notes and Guarantees, are not secured and any Notes we may issue in the future may not be secured. Upon any distribution to our creditors in a bankruptcy, liquidation, reorganization or similar proceeding relating to us or our property, the holders of our secured debt, including debt under the 2030 Notes and our $468.5 million in aggregate principal amount of mortgage notes (to the extent such debt remains outstanding and is still then secured), will be entitled to exercise the remedies available to a secured lender under applicable law and pursuant to the instruments governing such debt and to be paid in full, from the assets securing that secured debt before any payment may be made with respect to the Notes that are not secured by those assets. In that event, because the Unsecured Notes and Guarantees will not be secured by any of our assets, it is possible that there will be no assets from which claims of holders of such unsecured Notes can be satisfied or, if any assets remain, that the remaining assets will be insufficient to satisfy those claims in full. If the value of such remaining assets is less than the aggregate outstanding principal amount of such unsecured Notes and accrued interest and all future debt ranking equally with such Unsecured Notes and Guarantees, we will be unable to fully satisfy our obligations under such unsecured Notes. In addition, if we fail to meet our payment or other obligations under our secured debt, the holders of that secured debt would be entitled to foreclose on our assets securing that secured debt and liquidate those assets. Accordingly, we may not have sufficient funds to pay amounts due on such unsecured Notes. As a result, noteholders may lose a portion or the entire value of their investment in such unsecured Notes. Further, the terms of the outstanding Unsecured Notes and Guarantees permit, and the terms of any Notes we may issue in the future may permit, us to incur additional secured debt subject to compliance with certain debt ratios. The Unsecured Notes and Guarantees will be effectively subordinated to any such additional secured debt. As of February 23, 2026, our secured debt included our $468.5 million in aggregate principal amount of mortgage notes and $375.0 million in principal amount of senior secured notes.

Federal and state statutes allow courts, under specific circumstances, to void guarantees and require holders of notes to return payments received from guarantors.

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, the Guarantees and any related liens (or any future Notes that are guaranteed by our subsidiaries), could be voided, or claims in respect of a guarantee and the related lien, if applicable, could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the debt evidenced by its guarantee and related lien, if applicable:

- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee or granting of such lien, if applicable;
- was insolvent or rendered insolvent by reason of such incurrence;
- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In addition, any payment by that guarantor pursuant to its guarantee could be voided and required to be returned to the guarantor, or to a fund for the benefit of our creditors or the creditors of the guarantor.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

We cannot be sure as to what standard a court would apply in making these determinations. In addition, each Guarantee contains, and any future guarantees may contain, a provision intended to limit the guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer. This provision may not be effective to protect the Guarantees or any future guarantees from being voided under fraudulent transfer laws, or may eliminate the guarantor's obligations or reduce the guarantor's obligations to an amount that effectively makes the guarantee worthless.

There may be no public market for certain of the Notes, and one may not develop, be maintained or be liquid.

We have not applied for listing of certain of the Notes on any securities exchange or for quotation on any automatic dealer quotation system, and we may not do so for Notes issued in the future. We cannot be sure of the liquidity of any market that may develop for such Notes, the ability of any holder to sell such Notes or the price at which holders would be able to sell such Notes. If a market for such Notes does not develop, holders may be unable to resell such Notes for an extended period of time, if at all. If a market for such Notes does develop, it may not continue or it may not be sufficiently liquid to allow holders to resell such Notes. Consequently, holders of the Notes may not be able to liquidate their investment readily, and lenders may not readily accept such Notes as collateral for loans.

The Notes may trade at a discount from their initial issue price or principal amount, depending upon many factors, including prevailing interest rates, the ratings assigned by rating agencies, the market for similar securities and other factors, including general economic conditions and our financial condition, performance and prospects. Any decline in market prices, regardless of cause, may adversely affect the liquidity and trading markets for the Notes.

Downgrades in our credit ratings could materially adversely affect the market price of the Notes and may increase our cost of capital.

The outstanding Notes are rated by two rating agencies and any Notes we may issue in the future may be rated by one or more rating agencies. These credit ratings are continually reviewed by rating agencies and may change at any time based upon, among other things, our results of operations and financial condition.

Negative changes in the ratings assigned to our debt securities could have an adverse effect on the market price of the Notes and our cost and availability of capital, which could in turn have a material adverse effect on our results of operations and our ability to satisfy our debt service obligations.

We may not have the ability to raise the funds necessary to finance the repurchase of the 2030 Notes and the 2031 Notes upon a change of control event as will be required.

Upon the occurrence of a change of control, we will be required to offer to repurchase the outstanding 2030 Notes and 2031 Notes at 101% of the principal amount thereof, in each case plus accrued and unpaid interest on such Notes, if any, to, but not including, the date of repurchase. However, it is possible that we will not have sufficient funds, or the ability to raise sufficient funds, at the time of the change of control to make the required repurchase of such Notes. In addition, restrictions under future debt we may incur may not allow us to repurchase such Notes upon a change of control, which could result in such debt becoming immediately due and payable and the commitments thereunder terminated. If we could not refinance such debt or otherwise obtain a waiver from the holders of such debt, we would be prohibited from repurchasing the 2030 Notes and the 2031 Notes, which would constitute an event of default under the indentures and related supplements governing such Notes, which in turn would constitute a default under such debt arrangements. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a "Change of Control" under the indentures and related supplements governing the 2030 Notes and the 2031 Notes although these types of transactions could affect our capital structure or credit ratings and the holders of such Notes. Further, courts interpreting change of control provisions under New York law (which is the governing law of the indentures governing the 2030 Notes and the 2031 Notes) have not provided clear and consistent meanings of such change of control provisions which leads to subjective judicial interpretation of what may constitute a "Change of Control."

Some or all of the Guarantees may be released automatically.

A subsidiary guarantor may be released from its Guarantee under certain circumstances. Such release may occur at any time upon a sale, disposition or transfer, in compliance with the provisions of the indentures and related supplements governing the 2030 Notes and the 2031 Notes, of the capital stock of such subsidiary guarantor or of substantially all of the assets of such subsidiary guarantor, or if such subsidiary guarantor becomes an Excluded Subsidiary or a Foreign Subsidiary, as such terms are defined in the applicable indenture or supplemental indenture. In addition, if the 2030 Notes and the 2031 Notes have a rating equal to or higher than Baa2 and Baa3 (or the equivalent), respectively, by Moody's Investors Service, or Moody's, or BBB and BBB- (or the equivalent), respectively, by Standard & Poor's Rating Services, or Standard & Poor's, and at such time no default or event of default under the indenture and related supplements governing the 2030 Notes and the 2031 Notes has occurred and is continuing, the Guarantees and all other obligations of the subsidiary guarantors under the indenture will automatically terminate and be released. Accordingly, the 2030 Notes and the 2031 Notes may not at all times be guaranteed by some or all of the subsidiaries which guaranteed the 2030 Notes and the 2031 Notes on the date they were initially issued.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

We rely on the information technology and systems maintained by our managers, including RMR, and rely on our managers to identify and manage material risks from cybersecurity threats. RMR and our senior living community managers take various actions, and incur significant costs, to maintain and protect the operation and security of information technology and systems, including the data maintained in those systems. Our Audit Committee oversees cybersecurity matters, including the material risks related thereto, and regularly receives updates from RMR's chief information officer regarding the development and advancement of its cybersecurity strategy, as well as the related risks. In the event of a cybersecurity incident, RMR has a detailed incident response plan in place for contacting authorities and informing key stakeholders, including our management. We have not been materially affected and do not believe we are reasonably likely to be materially affected by any risks from cybersecurity threats, including as a result of previous incidents.

Item 2. Properties.

At December 31, 2025, our portfolio was comprised of 298 owned properties. The gross book value of real estate assets at cost plus certain acquisition costs, before depreciation and purchase price allocations and less impairment write downs, or gross book value of real estate assets, of these properties totaled $6.3 billion at December 31, 2025. As of December 31, 2025, 14 properties with a gross book value of real estate assets of $326.6 million were encumbered by our undrawn secured revolving credit facility. As of December 31, 2025, 36 properties with a gross book value of real estate assets of $402.8 million were encumbered by our senior secured notes due 2030 with a principal balance of $375.0 million. As of December 31, 2025, 36 properties with a gross book value of real estate assets of $657.3 million were encumbered by six mortgages with an aggregate principal balance of $468.5 million. As of December 31, 2025, two properties with a gross book value of real estate assets of $20.1 million were subject to finance lease obligations with an aggregate principal balance of $0.6 million. The 11 properties owned by our unconsolidated joint ventures in which we own 10% and 20% interests were encumbered by three mortgages totaling $1.5 billion as of December 31, 2025. For more information regarding our finance leases, mortgages, senior secured notes and two unconsolidated joint ventures, see Notes 3 and 9 to our Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

The following table summarizes certain information about our owned properties as of December 31, 2025. All dollar amounts are in thousands:

	SHOP			Medical Office and Life Science Portfolio			All Other			Consolidated		
State	Number of Properties	Gross Book Value of Real Estate Assets[1]	Net Book Value	Number of Properties	Gross Book Value of Real Estate Assets[1]	Net Book Value	Number of Properties	Gross Book Value of Real Estate Assets[1]	Net Book Value	Number of Properties	Gross Book Value of Real Estate Assets[1]	Net Book Value
AL	8	$ 106,603	$ 68,303	—	$ —	$ —	—	$ —	$ —	8	$ 106,603	$ 68,303
AR	3	47,812	26,034	—	—	—	—	—	—	3	47,812	26,034
AZ	6	182,607	108,651	—	—	—	—	—	—	6	182,607	108,651
CA	9	216,708	125,116	6	233,938	161,676	1	7,279	3,467	16	457,925	290,259
CO	8	118,663	67,122	2	20,780	11,417	1	14,385	9,106	11	153,828	87,645
DC	—	—	—	1	30,287	22,605	—	—	—	1	30,287	22,605
DE	2	61,663	33,963	—	—	—	—	—	—	2	61,663	33,963
FL	19	690,475	413,840	7	48,082	32,129	1	20,691	18,986	27	759,248	464,955
GA	10	230,016	147,197	6	96,476	62,353	2	65,306	48,961	18	391,798	258,511
HI	—	—	—	1	80,845	53,641	—	—	—	1	80,845	53,641
ID	—	—	—	—	—	—	2	23,721	15,188	2	23,721	15,188

	SHOP			Medical Office and Life Science Portfolio			All Other			Consolidated		
State	Number of Properties	Gross Book Value of Real Estate Assets(1)	Net Book Value	Number of Properties	Gross Book Value of Real Estate Assets(1)	Net Book Value	Number of Properties	Gross Book Value of Real Estate Assets(1)	Net Book Value	Number of Properties	Gross Book Value of Real Estate Assets(1)	Net Book Value
IL	11	191,932	104,877	2	38,341	21,654	1	20,641	12,136	14	250,914	138,667
IN	9	171,630	107,404	1	22,584	12,066	1	66,443	44,030	11	260,657	163,500
KS	2	41,592	28,177	1	18,609	8,935	1	27,204	9,952	4	87,405	47,064
KY	9	123,592	63,576	—	—	—	—	—	—	9	123,592	63,576
MA	1	38,191	21,178	3	127,233	89,669	—	—	—	4	165,424	110,847
MD	11	275,771	171,593	—	—	—	1	20,964	13,780	12	296,735	185,373
MN	1	17,149	10,127	5	72,900	44,870	—	—	—	6	90,049	54,997
MO	5	74,512	43,759	1	26,533	17,791	—	—	—	6	101,045	61,550
NC	16	248,974	169,685	1	38,228	24,315	—	—	—	17	287,202	194,000
NE	1	8,624	4,848	—	—	—	1	26,702	17,138	2	35,326	21,986
NJ	3	130,217	82,481	—	—	—	—	—	—	3	130,217	82,481
NM	1	36,913	20,335	2	39,988	25,999	3	33,303	19,163	6	110,204	65,497
NV	2	87,266	54,697	—	—	—	—	—	—	2	87,266	54,697
NY	1	116,603	78,891	1	54,127	30,609	—	—	—	2	170,730	109,500
OH	1	51,435	27,755	1	18,601	10,929	1	4,428	1,419	3	74,464	40,103
OR	1	53,482	42,973	—	—	—	—	—	—	1	53,482	42,973
PA	7	96,883	54,262	3	42,112	25,388	—	—	—	10	138,995	79,650
SC	9	104,202	66,913	—	—	—	—	—	—	9	104,202	66,913
TN	12	160,156	113,278	1	9,806	5,951	—	—	—	13	169,962	119,229
TX	13	404,818	242,484	8	189,647	117,928	1	20,502	12,723	22	614,967	373,135
VA	11	152,878	89,735	5	105,254	62,706	—	—	—	16	258,132	152,441
WA	—	—	—	—	—	—	2	18,275	9,641	2	18,275	9,641
WI	7	122,864	79,018	9	175,020	112,307	—	—	—	16	297,884	191,325
Total	199	4,364,231	2,668,272	67	1,489,391	954,938	19	369,844	235,690	285	6,223,466	3,858,900
Held for Sale	13	52,496	22,048	—	—	—	—	—	—	13	52,496	22,048
Grand Total	212	$4,416,727	$2,690,320	67	$1,489,391	$954,938	19	$369,844	$235,690	298	$6,275,962	$3,880,948

(1) Represents gross book value of real estate assets at cost plus certain acquisition costs, before depreciation and purchase price allocations and less impairment write downs, if any.

Item 3. Legal Proceedings.

From time to time, we may become involved in litigation matters incidental to the ordinary course of our business. Although we are unable to predict with certainty the eventual outcome of any litigation, we are currently not a party to any litigation which we expect to have a material adverse effect on our business.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common shares are traded on Nasdaq (symbol: DHC).

As of February 20, 2026, there were 1,174 shareholders of record of our common shares, although there is a larger number of beneficial owners.

Issuer purchases of equity securities. The following table provides information about our purchases of our equity securities during the quarter ended December 31, 2025:

Calendar Month	Number of Shares Purchased[1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
November 1 - November 30, 2025	693	$4.42	—	$—
December 1 - December 31, 2025	16,152	$4.90	—	—
Total / Weighted Average	16,845	$4.88	—	$—

(1) These common share withholdings and purchases were made to satisfy tax withholding and payment obligations of certain former employees of RMR and AlerisLife in connection with the vesting of prior awards of our common shares. We withheld and purchased these shares at their fair market values based upon the trading prices of our common shares at the close of trading on Nasdaq on the applicable purchase dates.

Our current cash distribution rate to common shareholders is $0.01 per share per quarter, or $0.04 per share per year. However, the timing, amount and form of future distributions will be determined at the discretion of our Board of Trustees and will depend upon various factors that our Board of Trustees deems relevant, including, but not limited to, our FFO, our Normalized FFO, requirements to maintain our qualification for taxation as a REIT, limitations in our debt agreements, the availability to us of debt and equity capital, our expectation of our future capital requirements and operating performance and our expected needs for and availability of cash to pay our obligations. Therefore, we cannot be sure that we will continue to pay distributions in the future or that the amount of any distributions we do pay will not decrease.

Item 6. [*Reserved*]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with our Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

OVERVIEW

We are a REIT organized under Maryland law that primarily owns senior living communities, medical office and life science properties and other healthcare related properties throughout the United States. As of December 31, 2025, we owned 298 properties located in 33 states and Washington, D.C., including 13 properties classified as held for sale.

As of December 31, 2025, we owned an equity interest in each of the Seaport JV and the LSMD JV that own medical office and life science properties located in five states with an aggregate of approximately 2.2 million rentable square feet that were 99% leased with an average (by annualized rental income) remaining lease term of 14.2 years.

Beginning in September 2025, we transitioned the management of 116 of our senior living communities previously managed by Five Star to seven different third party managers in connection with AlerisLife's sale of all of its assets and the wind-down of its business. As of December 31, 2025, we completed the transition of all of the Five Star managed senior living communities to these managers. As of December 31, 2025, our 212 senior living communities were managed by 14 new and existing third party managers. As we transitioned these communities from Five Star, we experienced temporary disruption, including reduction in our cash flows.

We are encouraged by positive trends, including increases in rates, margins and occupancy in our SHOP segment. Additionally, we expect that favorable supply and demand dynamics in the senior living industry will enable our managers to continue to grow occupancy and drive positive performance. While certain costs, primarily labor, insurance and food costs, have increased, we expect these cost increases to moderate, which will provide our managers the opportunity to increase rates in excess of increases in costs, resulting in improving returns to us.

In an effort to optimize performance, our asset management team reviews the results of each of our senior living communities and our operators, taking into account various factors such as performance metric benchmarks, location and other relevant data points. This comprehensive review process ensures that our decisions are data-driven and strategically aligned with our overall objectives. As a result of these reviews, our strategy to drive positive performance includes analyzing non-performing communities for potential disposition or transition to different operators.

We are closely monitoring the impacts of the current economic and market conditions on all aspects of our business, including, but not limited to, uncertainties surrounding interest rates and inflation, volatility in the public debt and equity markets, global geopolitical hostilities and tensions, any U.S. government shutdown, economic uncertainties and tariffs, labor market conditions and changes in real estate utilization. We expect to experience continued variability in labor, insurance and food costs in our SHOP segment. Inflationary pressures in the United States, as well as global geopolitical instability and tensions, have given rise to uncertainty regarding potential disruptions in the financial markets. Continued or intensified disruptions in the financial markets could adversely affect our financial condition and that of our managers, operators and tenants, could adversely impact the ability or willingness of our managers, operators, tenants or residents to pay amounts owed to us, could impair our ability to effectively deploy our capital or realize our target returns on our investments, may restrict our access to, and would likely increase, our cost of capital, and may cause the values of our properties and of our securities to decline.

PORTFOLIO OVERVIEW

The following tables present an overview of our portfolio (dollars in thousands, except investment per unit or square foot data):

As of December 31, 2025	Number of Properties	Number of Units or Square Feet	Gross Book Value of Real Estate Assets[1]	% of Total Gross Book Value of Real Estate Assets	Investment per Unit or Square Foot[2]	2025 Revenues	% of 2025 Revenues	2025 NOI[3]	% of 2025 NOI
SHOP	212	23,217 units	$4,416,727	70.4%	$190,237	$1,312,655	85.4%	$139,256	50.0%
Medical Office and Life Science Portfolio	67	5,558,089 sq. ft.	1,489,391	23.7%	$ 268	193,809	12.6%	108,130	38.8%
Triple net leased senior living communities	9	1,328 units	161,734	2.6%	$121,788	15,773	1.0%	15,769	5.7%
Wellness centers	10	812,246 sq. ft.	208,110	3.3%	$ 256	15,616	1.0%	15,358	5.5%
Total	298		$6,275,962	100.0%		$1,537,853	100.0%	$278,513	100.0%

	Occupancy	
	As of and for the Year Ended December 31,	
	2025	2024
SHOP	81.0%	79.3%
Medical Office and Life Science Portfolio[4]	91.2%	82.2%
Triple net leased senior living communities	100.0%	100.0%
Wellness centers	100.0%	100.0%

(1) Represents gross book value of real estate assets at cost plus certain acquisition costs, before depreciation and purchase price allocations and less impairment write downs, if any.

(2) Represents gross book value of real estate assets divided by number of living units or rentable square feet, as applicable, at December 31, 2025.

(3) We calculate our NOI on a consolidated basis and by reportable segment. Our definition of NOI and our reconciliation of net income (loss) to NOI are included below under the heading "Non-GAAP Financial Measures".

(4) Medical office and life science property occupancy data is as of December 31, 2025 and 2024 and includes (i) out of service assets undergoing redevelopment, (ii) space which is leased but is not occupied or is being offered for sublease by tenants and (iii) space being fitted out for occupancy.

We operate in, and report financial information for, the following two segments: SHOP and Medical Office and Life Science Portfolio. Our SHOP segment consists of managed senior living communities that provide short term and long term residential living and in some instances care and other services for residents where we pay fees to managers to operate the communities on our behalf. Our Medical Office and Life Science Portfolio segment primarily consists of medical office properties leased to medical providers and other medical related businesses, as well as life science properties primarily leased to biotech laboratories and other similar tenants.

We also report "all other" operations, which consists of triple net leased wellness centers and senior living communities that are leased to third party operators from which we receive rents.

Senior Housing Operating Portfolio

Our managed senior living communities are operated by third parties pursuant to management agreements and we lease nearly all of our senior living communities, including those managed by third party managers, to our TRSs.

Beginning in September 2025, we transitioned the management of 116 of our senior living communities previously managed by Five Star to seven different third party managers in connection with AlerisLife's sale of all of its assets and the wind-down of its business. As of December 31, 2025, we completed the transition of all of the Five Star managed senior living communities to these managers.

Five Star previously managed a large portion of our senior living communities for our account pursuant to an amended and restated master management agreement, or the Master Management Agreement, which was scheduled to expire in 2036 and terminated in December 2025 in connection with AlerisLife's sale of all of its assets and the wind-down of its business. Pursuant to the Master Management Agreement, Five Star received a management fee equal to 5% of the gross revenues realized at the applicable senior living communities plus reimbursement for its direct costs and expenses related to such communities.

Our third party managers manage all 212 of our senior living communities as of December 31, 2025. In March 2024, we terminated our management agreement with one of our third party managers, Cedarhurst Senior Living, which manages certain of our communities located in Wisconsin and Illinois and transitioned these communities to another third party manager, Charter Senior Living, with which we have an existing relationship.

As a result of the transition of 116 of our senior living communities managed by Five Star to different third party managers, we incurred transition costs, including certain termination fees and other costs associated with the re-branding and marketing of these communities. For the year ended December 31, 2025, we recorded $10.4 million of these costs to acquisition and certain other transaction related costs in our consolidated statements of comprehensive income (loss).

The terms of the management agreements with our third party managers are generally as follows: the managers will receive a management fee equal to 5% to 6% of the gross revenues realized at the applicable senior living communities. Certain of our management agreements also provide that the manager will receive a reimbursement for direct costs and expenses related to such communities. Additionally, the managers have the ability to earn incentive fees equal to 15% to 30% of the amount by which EBITDA of the applicable communities exceeds the target EBITDA for the applicable communities. The managers can also earn a construction supervision fee ranging between 3% and 5% of construction costs.

The initial terms of the management agreements are generally five to ten years, subject to automatic extensions of successive terms of two years each unless earlier terminated or timely notice of nonrenewal is delivered. The management agreements also generally provide us with the right to terminate the management agreements for communities that do not earn 70% to 85% of the target EBITDA for such communities, after an agreed upon stabilized period.

The following table presents a summary of our managers as of December 31, 2025:

Manager	Location	Number of Communities	Number of Units
Discovery Senior Living	Various (7 States)	44	5,095
Sinceri Senior Living	Various (11 States)	38	7,261
Charter Senior Living	FL/IL/MD/TN/VA/WI	30	1,759
Phoenix Senior Living	AL/AR/KY/MO/NC/SC	26	1,822
Tutera Senior Living	IL/IN/KS/TN	18	1,967
Oaks-Caravita Senior Care(1)	GA/SC	16	890
Stellar Senior Living	AZ/CO/NM/TX	14	2,015
Northstar Senior Living	AZ/CA	7	418
Navion Senior Solutions	SC	5	238
WellQuest Living	CA/NV	5	798
Oaks Senior Living	GA	3	264
IntegraCare Senior Living	PA	2	146
Ciel Senior Living	NY	1	306
Omega Senior Living	NE	1	69
RMR	TX	1	169
Total(2)		211	23,217

(1) Includes 13 communities with 669 units classified as held for sale as of December 31, 2025.

(2) Excludes one closed senior living community.

For further information regarding the terms of the management agreements with our managers and of the terminated Master Management Agreement and our other prior business arrangements with Five Star, see Note 6 to our Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K, and for more information about our dealings and relationships with Five Star generally, see “Related Person Transactions” below and Note 8 to our Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

Medical Office and Life Science Portfolio

As of December 31, 2025, we owned 67 medical office and life science properties located in 20 states and Washington, D.C. These properties have a total of 5.6 million square feet.

During the year ended December 31, 2025, we entered into new and renewal leases in our Medical Office and Life Science Portfolio segment as summarized in the following table (dollars and square feet in thousands, except per square foot amounts):

	Year Ended December 31, 2025		
	New Leases	Renewals	Total
Square feet leased during the period	158	260	418
Weighted average rental rate change (by rentable square feet)	20.0%	8.5%	12.4%
Weighted average lease term (years)	10.6	6.9	8.2
Total leasing costs and concession commitments(1)	$12,201	$6,176	$18,377
Total leasing costs and concession commitments per square foot(1)	$ 76.99	$23.79	$ 43.96
Total leasing costs and concession commitments per square foot per year(1)	$ 7.27	$ 3.45	$ 5.33

(1) Includes commitments made for leasing expenditures and concessions, such as tenant improvements, leasing commissions, tenant reimbursements and free rent.

As of December 31, 2025, lease expirations in our Medical Office and Life Science Portfolio segment were as follows (dollars in thousands):

Year	Number of Tenants	Square Feet Leased	Percent of Total	Cumulative Percent of Total	Annualized Rental Income(1)	Percent of Total	Cumulative Percent of Total
2026	41	506,485	10.0%	10.0%	$ 16,336	10.1%	10.1%
2027	45	565,428	11.2%	21.2%	14,616	9.0%	19.1%
2028	43	1,057,034	20.9%	42.1%	31,973	19.7%	38.8%
2029	42	464,028	9.2%	51.3%	14,919	9.2%	48.0%
2030	32	338,925	6.7%	58.0%	8,357	5.1%	53.1%
2031	21	821,580	16.2%	74.2%	22,896	14.1%	67.2%
2032	16	271,967	5.4%	79.6%	11,637	7.2%	74.4%
2033	15	299,163	5.9%	85.5%	13,380	8.2%	82.6%
2034	12	212,364	4.2%	89.7%	11,195	6.9%	89.5%
2035 and thereafter	23	530,573	10.3%	100.0%	17,007	10.5%	100.0%
Total	290	5,067,547	100.0%		$162,316	100.0%	
Weighted average remaining lease term (in years)		4.7			5.0		

(1) Annualized rental income is based on rents pursuant to existing leases as of December 31, 2025, including straight line rent adjustments and estimated recurring expense reimbursements for certain net and modified gross leases and excluding lease value amortization at certain of our medical office and life science properties.

The following table presents information concerning our Medical Office and Life Science Portfolio tenants that represent 1% or more of total Medical Office and Life Science Portfolio annualized rental income as of December 31, 2025 (dollars in thousands):

Tenant	Square Feet Leased	Percent of Total Square Feet Leased	Annualized Rental Income[(1)]	Percent of Total Annualized Rental Income[(1)]	Lease Expiration
Advocate Aurora Health	631,529	12.5%	$ 16,939	10.4%	2031
Alamar Biosciences, Inc.	88,508	1.7%	6,827	4.2%	2034
KSQ Therapeutics, Inc.	54,633	1.1%	5,559	3.4%	2032
Sonova Holding AG	116,444	2.3%	5,405	3.3%	2033
Boston Children's Hospital	99,063	2.0%	4,377	2.7%	2028
Abbvie Inc.	197,976	3.9%	3,916	2.4%	2027
Tokio Marine Holdings Inc.	79,968	1.6%	3,908	2.4%	2026 - 2033
McKesson Corporation	477,772	9.4%	3,823	2.4%	2028 - 2030
United Healthcare Services, Inc.	149,719	3.0%	3,741	2.3%	2026
Revvity, Inc.	105,462	2.1%	3,681	2.3%	2028
Hawaii Pacific Health	85,956	1.7%	3,592	2.2%	2029 - 2036
Medtronic, Inc.	94,522	1.9%	3,387	2.1%	2028
New York University	109,983	2.2%	3,335	2.1%	2026 - 2031
HCA Holdings Inc.	66,296	1.3%	3,319	2.0%	2026 - 2031
Ultragenyx Pharmaceutical Inc.	63,048	1.2%	3,139	1.9%	2026
Sentara Health	139,212	2.7%	3,008	1.9%	2027 - 2032
Orthofix Medical Inc.	81,712	1.6%	2,814	1.7%	2037
The University of Kansas Health System	104,815	2.1%	2,447	1.5%	2027 - 2028
Cytek BioSciences, Inc.	99,378	2.0%	2,290	1.4%	2029
Think Surgical, Inc.	75,920	1.5%	2,161	1.3%	2026
Covenant Health System	55,807	1.1%	2,022	1.2%	2034
North American Science Associates, LLC	82,854	1.6%	1,846	1.2%	2029
Surgical Care Affiliates, LLC	38,208	0.8%	1,835	1.2%	2033
The Boeing Company	90,349	1.6%	1,818	1.1%	2028
All Other Tenants	1,878,413	37.1%	67,127	41.4%	2026 - 2045
Totals	5,067,547	100.0%	$162,316	100.0%	

(1) Annualized rental income is based on rents pursuant to existing leases as of December 31, 2025, including straight line rent adjustments and estimated recurring expense reimbursements for certain net and modified gross leases and excluding lease value amortization at certain of our medical office and life science properties.

All Other

As of December 31, 2025, lease expirations at our triple net leased wellness centers and senior living communities leased to third party operators were as follows (dollars in thousands):

Year	Number of Properties	Number of Units or Square Feet	Annualized Rental Income[(1)]	Percent of Total	Cumulative Percent of Total
2026	—	—	$ —	—%	—%
2027	4	533 units	4,799	15.8%	15.8%
2028	—	—	—	—%	15.8%
2029	1	155 units	547	1.8%	17.6%
2030	5	277 units and 129,600 sq. ft.	5,046	16.7%	34.3%
2031	—	—	—	—%	34.3%
2032	—	—	—	—%	34.3%
2033	1	215 units	5,234	17.3%	51.6%
2034	—	—	—	—%	51.6%
2035 and thereafter	8	148 units and 682,646 sq. ft.	14,658	48.4%	100.0%
Total	19		$30,284	100.0%	
Weighted average remaining lease term (in years)		8.6	9.7		

(1) Annualized rental income is based on rents pursuant to existing leases as of December 31, 2025. Annualized rental income includes estimated percentage rents and straight line rent adjustments and excludes lease value amortization.

GENERAL INDUSTRY TRENDS

The healthcare industry remains one of the most resilient commercial real estate sectors, in part due to the scale of the U.S. healthcare market, which collectively represents approximately 18% of the U.S. GDP, according to CMS. The healthcare sector's continued expansion has been driven by rising standards of care, increasing life expectancies and other demographic trends, as well as funding from both public and private sources.

In the medical office sector, the industry has been trending toward a greater proportion of outpatient care resulting in an increasing number of multi-practice medical office buildings, anchor leased by hospital systems, and a decline in free-standing medical practices, a potential benefit to our Medical Office and Life Science Portfolio. The pandemic further accelerated this trend because of stronger consumer preference for off-campus care in more convenient locations. Costs within the industry continue to be in focus with health system operating margins being under pressure in recent years, which is, while moderating, a theme that may continue in 2026.

In the life science sector, particularly with properties that provide laboratory or medical manufacturing space, over the years there has been significant capital invested across the bio-medical research space, driving a large increase in demand for laboratory and research space. Venture capital funding significantly declined in 2023, 2024 and 2025. Funding in the past three years has been increasingly concentrated on companies located in the top three markets of Boston, San Francisco and San Diego with more stringent requirements.

New construction of life science properties hit record levels in 2024 across major markets, and the construction pipeline, while decreasing, remains elevated into 2025. This has been met by softening demand from tenants and resulted in rising vacancy rates across the major life science markets.

We believe that the primary market for senior living services is individuals age 80 and older. According to U.S. Census data, the age 75+ demographic is projected to be among the fastest growing age cohorts in the United States with an average annual growth of 4% between 2025 and 2035. The U.S. Census Bureau projects that the age 75+ demographic as a percentage of the total U.S. population will increase from an estimated 8.1% in 2025 to 11.1% in 2035. Also, as a result of medical advances, seniors are living longer, and CMS reports that healthcare spending is projected to grow at an average rate of 5.8% per year, and as a result, in health spending as a percentage of GDP is projected to exceed 20% by 2033. Due to these demographic trends, we expect the demand for senior living services and housing to increase for the foreseeable future. Despite this trend, future economic downturns, softness in the U.S. housing market, higher levels of unemployment among our potential residents' family members, changes in demand and market practices, lower levels of consumer confidence, stock market volatility and/or changes in demographics could adversely affect the ability of seniors to afford the resident fees at our senior living communities.

The medical advances which are increasing average life spans are also causing some seniors to delay moving to senior living communities until they require greater care or to forgo moving to senior living communities altogether, but we do not believe this factor is sufficient to offset the long term positive demographic trends causing increased demand for senior living communities for the foreseeable future.

We believe there is a favorable mix of increased demand and limited supply for senior living communities which we expect will benefit us and our existing portfolio of senior living communities in the future. As a result of elevated financing and construction costs over recent years, inventory growth for senior living communities has been historically low. According to NIC, annual inventory growth was 0.5% across primary and secondary markets during the fourth quarter of 2025. Additionally, annual absorption was 2.8% for the fourth quarter of 2025, according to NIC. We expect improving market fundamentals and constrained supply to continue to result in increased occupancy at our senior living communities over the next 12 to 24 months.

The senior living industry is subject to extensive and frequently changing federal, state and local laws and regulations. For further information regarding these laws and regulations, and possible legislative and regulatory changes, see "Business—Government Regulation and Reimbursement" in Part I, Item 1 of this Annual Report on Form 10-K.

RESULTS OF OPERATIONS (dollars and square feet in thousands, unless otherwise noted)

The following table summarizes the results of operations of each of our segments for the years ended December 31, 2025 and 2024:

	For the Year Ended December 31,	
	2025	2024
Revenues:		
SHOP	$1,312,655	$1,244,389
Medical Office and Life Science Portfolio	193,809	213,320
All Other	31,389	37,718
Total revenues	$1,537,853	$1,495,427
Net loss:		
SHOP	$ (110,000)	$ (89,807)
Medical Office and Life Science Portfolio	(48,633)	(66,668)
All Other	(127,253)	(213,780)
Net loss	$ (285,886)	$ (370,255)

The following sections analyze and discuss the results of operations of each of our segments for the periods presented.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024 (dollars and square feet in thousands, except average monthly rate):

Unless otherwise indicated, references in this section to changes or comparisons of results, income or expenses refer to comparisons of the results for the year ended December 31, 2025 to the year ended

December 31, 2024. Our definition of NOI and our reconciliation of net income (loss) to NOI and a description of why we believe NOI is an appropriate supplemental measure are included below under the heading "Non-GAAP Financial Measures." For a comparison of consolidated results for the year ended December 31, 2024 compared to the year ended December 31, 2023, see Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2024.

	For the Year Ended December 31,			
	2025	2024	$ Change	% Change
NOI by segment:				
SHOP	$ 139,256	$ 106,060	$ 33,196	31.3%
Medical Office and Life Science Portfolio	108,130	115,683	(7,553)	(6.5)%
All Other	31,127	37,142	(6,015)	(16.2)%
Total NOI	278,513	258,885	19,628	7.6%
Depreciation and amortization	261,923	284,957	(23,034)	(8.1)%
General and administrative	45,502	26,518	18,984	71.6%
Acquisition and certain other transaction related costs	10,356	2,510	7,846	nm
Impairment of assets	165,702	70,734	94,968	134.3%
Gain (loss) on sale of properties	117,730	(18,938)	136,668	nm
Gain on insurance recoveries	7,522	—	7,522	100.0%
Interest and other income	5,839	8,950	(3,111)	(34.8)%
Interest expense	(204,498)	(235,239)	30,741	(13.1)%
Loss on modification or early extinguishment of debt	(42,526)	(324)	(42,202)	nm
Loss before income taxes and equity in net earnings of investees	(320,903)	(371,385)	50,482	(13.6)%
Income tax expense	(1,743)	(467)	(1,276)	nm
Equity in net earnings of investees	36,760	1,597	35,163	nm
Net loss	$(285,886)	$(370,255)	$ 84,369	(22.8)%

nm—not meaningful

SHOP:

	Comparable Properties[1]		All Properties	
	As of and For the Year Ended December 31,		As of and For the Year Ended December 31,	
	2025	2024	2025	2024
Total properties	184	184	212	232
Number of units	21,201	21,201	23,217	24,978
Occupancy	81.9%	80.9%	81.0%	79.3%
Average monthly rate[2]	$ 5,404	$ 5,137	$ 5,455	$ 5,193

	Year Ended December 31,									
	Comparable[(1)] Properties Results				Non-Comparable Properties Results		Consolidated Properties Results			
	2025	2024	$ Change	% Change	2025	2024	2025	2024	$ Change	% Change
Residents fees and services	$1,141,276	$1,073,753	$67,523	6.3%	$ 171,379	$ 170,636	$ 1,312,655	$ 1,244,389	$68,266	5.5%
Property operating expenses	(994,135)	(949,223)	$44,912	4.7%	(179,264)	(189,106)	(1,173,399)	(1,138,329)	$35,070	3.1%
NOI	$ 147,141	$ 124,530	$22,611	18.2%	$ (7,885)	$ (18,470)	$ 139,256	$ 106,060	$33,196	31.3%

(1) Consists of senior living communities that we have owned, are in service and reported in the same segment since January 1, 2024; excludes communities classified as held for sale, closed or out of service, if any, and planned dispositions. Properties are included in same property once stabilized for the full period in both comparison periods presented.

(2) Average monthly rate reflects the average monthly residents fees and services per occupied unit for the period presented. The average monthly rate is calculated based on the actual number of days during the period.

Residents fees and services. Residents fees and services are the revenues earned at our managed senior living communities. We recognize these revenues as services are provided and related fees are accrued. Residents fees and services increased at our comparable properties primarily due to increases in occupancy and average monthly rate at our communities as shown in the table above. The increase at our comparable properties was driven by ongoing pricing strategies and sustained demand in the markets of our communities. Based on these observed trends, we expect both occupancy and average monthly rates to remain favorable during 2026, although such expectations are subject to market and operating conditions. The activity for our non-comparable properties reflects the 13 communities classified as held for sale as of December 31, 2025, 10 communities transitioned to an existing third party manager during 2024, four communities that are not stabilized for both periods presented and one closed community.

Property operating expenses. Property operating expenses consist of real estate taxes, utility expenses, insurance, wages and benefit costs of community level personnel, repairs and maintenance expense, management fees, cleaning expense and other direct costs of operating these communities. Property operating expenses increased at our comparable properties primarily due to increases in labor costs, management fees as a result of higher revenues, utilities, real estate taxes, marketing and other direct costs. These increases were partially offset by decreased insurance costs due to a reduction in premiums. The activity for our non-comparable properties reflects the 13 communities classified as held for sale as of December 31, 2025, 10 communities transitioned to an existing third party manager during 2024, four communities that are not stabilized for both periods presented and one closed community.

Net operating income. The change in NOI reflects the net changes in residents fees and services and property operating expenses described above.

Medical Office and Life Science Portfolio:

	Comparable Properties[(1)]		All Properties	
	As of December 31,		As of December 31,	
	2025	2024	2025	2024
Total properties	63	63	67	98
Total square feet	5,224	5,224	5,558	7,953
Occupancy	95.7%	95.6%	91.2%	82.2%

	Year Ended December 31,									
	Comparable[1] Properties Results				Non-Comparable Properties Results		Consolidated Properties Results			
	2025	2024	$ Change	% Change	2025	2024	2025	2024	$ Change	% Change
Rental income	$159,257	$157,598	$1,659	1.1%	$ 34,552	$ 55,722	$193,809	$213,320	$(19,511)	(9.1)%
Property operating expenses	(63,095)	(62,792)	303	0.5%	(22,584)	(34,845)	(85,679)	(97,637)	(11,958)	(12.2)%
NOI	$ 96,162	$ 94,806	$1,356	1.4%	$ 11,968	$ 20,877	$108,130	$115,683	$ (7,553)	(6.5)%

(1) Consists of medical office and life science properties that we have owned and which have been in service continuously since January 1, 2024; excludes properties classified as held for sale or out of service undergoing redevelopment, if any, planned dispositions and properties owned by unconsolidated joint ventures of which we own an equity interest. Properties are included in same property once stabilized for the full period in both comparison periods presented.

Rental income. Rental income increased at our comparable properties primarily due to increases from our net leasing activity and a $600 termination fee paid by a former tenant at one of our properties during the year ended December 31, 2025. This space was subsequently re-leased to another tenant in April 2025. These increases were partially offset by a $1,380 reserve of rental income for a tenant that is in default and no longer paying rent. We have re-leased a portion of this space to another tenant with a 2026 lease commencement date. Rental income decreased at our non-comparable properties primarily due to dispositions since January 1, 2024 and a vacancy at one of our properties undergoing redevelopment.

Property operating expenses. Property operating expenses consist of real estate taxes, utility expenses, insurance, management fees, salaries and benefit costs of property level personnel, repairs and maintenance expense, cleaning expense and other direct costs of operating these properties. The increase in property operating expenses at our comparable properties was primarily due to increases in utility expenses, HVAC expenses and snow removal costs, partially offset by a decrease in insurance costs, real estate taxes due to lower assessed values as a result of successful tax appeals at certain of our properties, as well as other direct costs. Property operating expenses decreased at our non-comparable properties primarily due to dispositions since January 1, 2024.

Net operating income. The change in NOI reflects the net changes in rental income and property operating expenses described above.

All Other [1]:

	Comparable Properties[2]		All Properties	
	As of and For the Year Ended December 31,		As of and For the Year Ended December 31,	
	2025	2024	2025	2024
Total properties:				
Triple net leased senior living communities	8	8	9	27
Wellness centers	10	10	10	10
Rent coverage:				
Other triple net leased senior living communities[3]	1.73x	1.95x	1.73x	1.85x
Wellness centers[3]	2.96x	2.11x	2.96x	2.56x

	Year Ended December 31,									
	Comparable[2] Properties Results				Non-Comparable Properties Results		Consolidated Properties Results			
	2025	2024	$ Change	% Change	2025	2024	2025	2024	$ Change	% Change
Rental income	$29,652	$27,304	$2,348	8.6%	$1,737	$10,414	$31,389	$37,718	$(6,329)	(16.8)%
Property operating expenses	(259)	(529)	(270)	(51.0)%	(3)	(47)	(262)	(576)	(314)	(54.5)%
NOI	$29,393	$26,775	$2,618	9.8%	$1,734	$10,367	$31,127	$37,142	$(6,015)	(16.2)%

(1) All Other operations consist of all of our other operations, including certain wellness centers and senior living communities that are leased to third party operators, which segment we do not consider to be sufficiently material to constitute a separate reportable segment, and any other income or expenses that are not attributable to a specific reportable segment.

(2) Consists of properties that we have owned and which have been reported in the same segment and leased to the same operator continuously since January 1, 2024; excludes properties classified as held for sale and planned dispositions, if any. Properties are included in same property once stabilized for the full period in both comparison periods presented.

(3) All tenant operating data presented are based upon the operating results provided by our tenants for the most recent prior period for which tenant operating results are available to us. Rent coverage is calculated using the annualized operating cash flows from our triple net lease tenants' operations of our properties, before subordinated charges, if any, divided by annualized rental income. We have not independently verified tenant operating data. Excludes data for historical periods prior to our ownership of certain properties.

Rental income. Rental income increased at our comparable properties primarily due to new leases for one of our wellness center tenants. The activity for our non-comparable properties primarily reflects the 18 triple net leased senior living communities that we sold in February 2025 as well as one senior living community that transitioned to a triple net lease in December 2025.

Property operating expenses. Property operating expenses consist of real estate taxes, insurance and other expenses that are not paid directly by our tenants. The decrease in property operating expenses for our comparable properties primarily reflects real estate taxes and other expenses paid directly by our tenants during the year ended December 31, 2025, which were previously paid by us during prior periods.

Net operating income. The change in NOI reflects the net changes in rental income and property operating expenses described above.

Consolidated:

References to changes in the income and expense categories below relate to the comparison of consolidated results for the year ended December 31, 2025, compared to the year ended December 31, 2024.

Depreciation and amortization expense. Depreciation and amortization expense decreased primarily due to dispositions since January 1, 2024 and certain depreciable assets becoming fully depreciated, partially offset by the purchase of capital improvements at certain of our properties.

General and administrative expense. General and administrative expense consists of fees paid to RMR under our business management agreement, legal and accounting fees, fees and expenses of our Trustees, equity compensation expense and other costs relating to our status as a publicly traded company. General and administrative expense increased primarily due to an incentive management fee of $17,905 payable to RMR under our business management agreement.

Acquisition and certain other transaction related costs. For the year ended December 31, 2025, we incurred transition costs as a result of our transition of 116 communities to both new and existing third party managers. For the year ended December 31, 2024, acquisition and certain other transaction related costs primarily represent termination and other fees as a result of our transition of 13 communities to an existing third party manager.

Impairment of assets. For information about our asset impairment charges, see Note 3 to our Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

Gain (loss) on sale of properties. For information regarding (loss) gain on sale of properties, see Note 3 to our Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

Gain on insurance recoveries. During the year ended December 31, 2025, we recognized a gain on insurance recoveries related to cash received from our insurance provider in excess of our losses for a claim that was finalized. For further information regarding this gain on insurance recoveries, see Note 3 to our Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

Interest and other income. The decrease in interest and other income is primarily due to lower average invested cash balances and interest rates during the year ended December 31, 2025 compared to the year ended December 31, 2024.

Interest expense. Interest expense decreased primarily due to the redemption during 2025 of an aggregate $380,000 of our remaining 9.75% senior unsecured notes due 2025. Additionally, there was a decrease in discount accretion for our senior secured notes due 2026 due to the full redemption of the remaining balance of these notes during 2025. During the years ended December 31, 2025 and 2024, we recognized discount accretion of $63,241 and $86,778, respectively, for our senior secured notes due 2026. These decreases were partially offset by four mortgage financings totaling $343,157 during 2025, the execution of a $120,000 mortgage loan in May 2024 at a fixed interest rate of 6.864% per annum and the issuance of $375,000 in aggregate principal amount of our 7.25% senior secured notes due 2030 in September 2025.

Loss on modification or early extinguishment of debt. During the year ended December 31, 2025, we recorded a loss on early extinguishment of debt in connection with the redemption of all $940,534 of our senior secured notes due 2026 and $380,000 of our remaining 9.75% senior unsecured notes due 2025. During the year ended December 31, 2024, we recorded a loss on early extinguishment of debt in connection with the partial redemption of an aggregate $120,000 of our outstanding 9.75% senior unsecured notes due 2025. For further information regarding our loss on modification or early extinguishment of debt, see Note 9 to our Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

Income tax expense. Income tax expense is the result of operating income we earned in certain jurisdictions where we are subject to state income taxes.

Equity in net earnings of investees. Equity in net earnings of investees is the change in the fair value of our investments in our joint ventures and also represents our proportionate share of the earnings of our equity method investment in AlerisLife. As a result of the wind-down of AlerisLife's business, during the year ended December 31, 2025, we recognized additional earnings from our investment based on disposition activities by AlerisLife resulting in a cash dividend of $27,200 received in January 2026. For further information regarding our investments in our joint ventures and AlerisLife, see Notes 2, 3 and 8 to our Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

Non-GAAP Financial Measures (dollars in thousands, except per share amounts)

We present certain "non-GAAP financial measures" within the meaning of applicable SEC rules, including FFO, Normalized FFO and NOI for the years ended December 31, 2025 and 2024. These measures do not represent cash generated by operating activities in accordance with GAAP and should not be considered alternatives to net income (loss) as indicators of our operating performance or as measures of our liquidity. These measures should be considered in conjunction with net income (loss) as presented in our consolidated statements of comprehensive income (loss). We consider these non-GAAP measures to be appropriate supplemental measures of operating performance for a REIT, along with net income (loss). We believe these measures provide useful information to investors because by excluding the effects of certain historical amounts, such as depreciation and amortization, they may facilitate a comparison of our operating performance between periods and with other REITs and, in the case of NOI, reflecting only those income and expense items that are generated and incurred at the property level may help both investors and management to understand the operations of our properties.

Funds From Operations and Normalized Funds From Operations

We calculate FFO and Normalized FFO as shown below. FFO is calculated on the basis defined by the National Association of Real Estate Investment Trusts, which is net income (loss), calculated in accordance with GAAP, excluding any gain or loss on sale of properties, equity in net earnings or losses of investees, loss on impairment of real estate assets, gains or losses on equity securities, net, if any, and including adjustments to reflect our proportionate share of FFO of our equity method investees, plus real estate depreciation and amortization of consolidated properties, as well as certain other adjustments currently not applicable to us. In calculating Normalized FFO, we adjust for the items shown below including similar adjustments for our unconsolidated joint ventures and incentive management fees, if any. FFO and Normalized FFO are among the factors considered by our Board of Trustees when determining the amount of distributions to our shareholders. Other factors include, but are not limited to, requirements to maintain our qualification for taxation as a REIT, limitations in the agreements governing our debt, the availability to us of debt and equity capital, our expectation of our future capital requirements and operating performance and our expected needs for and availability of cash to pay our obligations. Other real estate companies and REITs may calculate FFO and Normalized FFO differently than we do.

Our calculations of FFO and Normalized FFO for the years ended December 31, 2025 and 2024 and reconciliations of net income (loss), the most directly comparable financial measure under GAAP reported in our consolidated financial statements, to FFO and Normalized FFO appear in the following table. This table also provides a comparison of distributions to shareholders, FFO and Normalized FFO and net income (loss) per share for these periods.

	For the Year Ended December 31,	
	2025	2024
Net loss	$(285,886)	$(370,255)
Depreciation and amortization	261,923	284,957
(Gain) loss on sale of properties	(117,730)	18,938
Impairment of assets	165,702	70,734
Equity in net earnings of investees	(36,760)	(1,597)
Share of FFO from unconsolidated joint ventures	9,649	9,006
Adjustments to reflect our share of FFO attributable to an equity method investment	5,699	13,807
FFO	2,597	25,590
Incentive management fees[1]	17,905	—
Acquisition and certain other transaction related costs	10,356	2,510
Gain on insurance recoveries	(7,522)	—
Loss on modification or early extinguishment of debt	42,526	324
Adjustments to reflect our share of Normalized FFO attributable to an equity method investment	(1,441)	(8,755)
Normalized FFO	$ 64,421	$ 19,669
Weighted average common shares outstanding (basic and diluted)	240,286	239,535
Per common share data (basic and diluted):		
Net loss	$ (1.19)	$ (1.55)
FFO	$ 0.01	$ 0.11
Normalized FFO	$ 0.27	$ 0.08
Distributions declared	$ 0.04	$ 0.04

(1) Incentive management fees are estimated and accrued during the applicable measurement period. Actual incentive management fees are calculated based on common share total return, as defined in

our business management agreement, for the three year period ending December 31 of the applicable calendar year, and are included in general and administrative expenses in our consolidated statements of comprehensive income (loss). In January 2026, we paid an incentive management fee of $17,905 to RMR for the year ended December 31, 2025.

Property Net Operating Income (NOI)

We calculate NOI as shown below. The calculation of NOI excludes certain components of net income (loss) in order to provide results that are more closely related to our property level results of operations. We define NOI as income from our real estate less our property operating expenses. NOI excludes depreciation and amortization. We use NOI to evaluate individual and company-wide property level performance. Other real estate companies and REITs may calculate NOI differently than we do.

The calculation of NOI by reportable segment is included above in this Item 7. The following table includes the reconciliation of net loss to NOI for the years ended December 31, 2025 and 2024.

	For the Year Ended December 31,	
	2025	2024
Reconciliation of Net Loss to NOI:		
Net loss	$(285,886)	$(370,255)
Equity in net earnings of investees	(36,760)	(1,597)
Income tax expense	1,743	467
Loss before income taxes and equity in net earnings of investees	(320,903)	(371,385)
Loss on modification or early extinguishment of debt	42,526	324
Interest expense	204,498	235,239
Interest and other income	(5,839)	(8,950)
(Gain) loss on sale of properties	(117,730)	18,938
Impairment of assets	165,702	70,734
Acquisition and certain other transaction related costs	10,356	2,510
General and administrative	45,502	26,518
Depreciation and amortization	261,923	284,957
Total NOI	$ 278,513	$ 258,885
SHOP NOI	$ 139,256	$ 106,060
Medical Office and Life Science Portfolio NOI	108,130	115,683
All Other NOI	31,127	37,142
Total NOI	$ 278,513	$ 258,885

LIQUIDITY AND CAPITAL RESOURCES (dollars in thousands)

Our principal sources of cash to meet operating and capital expenses, pay our debt service obligations and make distributions to our shareholders are the operating cash flows we generate as residents fees and services revenues from our managed communities, rental income from our leased properties and proceeds from the disposition of certain properties. We believe that these sources of funds will be sufficient to meet our operating and capital expenses, pay our debt service obligations and make distributions to our shareholders for at least the next 12 months and for the foreseeable future thereafter. Our future cash flows from operating activities will depend primarily upon:

- our ability to maintain or increase the occupancy of, and the rates at, our properties;
- our ability to receive rents from our tenants;
- our and our managers' abilities to control operating expenses and capital expenses at our properties, including increased operating expenses that we may incur in response to wage and commodity price inflation, limited labor availability and increased insurance costs; and

- our managers' abilities to maintain or increase our returns from our managed senior living communities.

The following is a summary of our sources and uses of cash flows for the periods presented, as reflected in our Consolidated Statements of Cash Flows included in Part IV, Item 15 of this Annual Report on Form 10-K:

	Year Ended December 31,	
	2025	2024
Cash and cash equivalents and restricted cash at beginning of period	$ 149,854	$ 246,961
Net cash provided by (used in):		
Operating activities	(19,618)	112,223
Investing activities	483,572	(187,019)
Financing activities	(492,009)	(22,311)
Cash and cash equivalents and restricted cash at end of period	$ 121,799	$ 149,854

Our Operating Liquidity and Resources

We receive residents fees and services revenues, net of expenses, from our managed senior living communities monthly, we generally receive minimum rents from tenants at our senior living communities, medical office and life science properties and triple net leased wellness centers monthly and we receive percentage rents from tenants at certain of our triple net senior living communities monthly, quarterly or annually.

The change in cash (used in) provided by operating activities for the year ended December 31, 2025 compared to 2024 was primarily due to the accreted interest of $152,869 paid during 2025 as a result of the redemption in full of our outstanding senior secured notes due 2026.

We incurred a $17,905 incentive management fee pursuant to our business management agreement for the year ended December 31, 2025. We paid this incentive management fee to RMR in January 2026.

Our Investing Liquidity and Resources

The change in cash provided by (used in) investing activities for the year ended December 31, 2025 compared to 2024 was primarily due to an increase in proceeds from the sale of properties, a $28,000 cash distribution paid to us by the Seaport JV, aggregate cash dividends of $20,400 paid to us by AlerisLife, a reduction in real estate improvements and our purchase on February 16, 2024 of approximately 34.0% of the then outstanding AlerisLife common shares from ABP Trust at the tender offer price of $1.31 per share for a total purchase price, including transaction related costs, of $15,459. These changes were partially offset by $8,500 of contributions made to the Seaport JV in 2025.

The following is a summary of capital expenditures, development, redevelopment and other activities for the periods presented:

	Year Ended December 31,	
	2025	2024
SHOP fixed assets and capital improvements	$ 96,940	$ 93,043
Medical Office and Life Science Portfolio capital expenditures:		
Lease related costs[1]	26,706	21,289
Building improvements[2]	7,802	6,002
Recurring capital expenditures—Medical Office and Life Science Portfolio	34,508	27,291
Wellness centers lease related costs[1]	—	20,618
Total recurring capital expenditures	$131,448	$140,952
Development, redevelopment and other activities—SHOP[3]	$ 14,194	$ 46,558
Development, redevelopment and other activities—Medical Office and Life Science Portfolio[3]	308	3,012
Total development, redevelopment and other activities	$ 14,502	$ 49,570
Capital expenditures by segment:		
SHOP	$111,134	$139,601
Medical Office and Life Science Portfolio	34,816	30,303
All Other—wellness centers	—	20,618
Total capital expenditures	$145,950	$190,522

(1) Includes capital expenditures to improve tenants' space or amounts paid directly to tenants to improve their space and other leasing related costs, such as brokerage commissions and tenant inducements.

(2) Includes capital expenditures to replace obsolete building components that extend the useful life of existing assets or other improvements to increase the marketability of the property.

(3) Includes capital expenditures that reposition a property or result in change of use or new sources of revenue.

We generally plan to continue investing capital in our properties, including redevelopment projects, to better position these properties in their respective markets in order to increase our returns in future years.

As of December 31, 2025, we had estimated unspent leasing related obligations at our medical office and life science properties of approximately $10,241, of which we expect to spend approximately $8,734 during the next 12 months. We expect to fund these obligations using operating cash flows and cash on hand.

We are currently in the process of redeveloping certain properties, primarily our managed senior living communities. We continue to assess opportunities to redevelop other properties in our SHOP segment and Medical Office and Life Science Portfolio segment. These redevelopment projects may require significant capital expenditures and time to complete and we may defer certain redevelopment projects to preserve liquidity. Additionally, due to labor availability constraints and wage and commodity price inflation, the capital investments we plan to make may be delayed or cost more than we expect.

During the year ended December 31, 2025, we sold 69 properties for an aggregate sales price of $604,874, excluding closing costs. The net proceeds from 35 of these properties sold, which had a sales price of $402,234, excluding closing costs, were used to partially redeem our then outstanding senior secured notes due 2026. As of February 20, 2026, we had 13 properties under agreement to sell for an aggregate sales price of $23,000, excluding closing costs. We may not complete the sales of any or all of the properties we currently plan to sell. Also, we may sell some or all of these properties at amounts that are less than currently expected and/or less than the carrying values of such properties and we may incur losses on any such sales as a result. For further information regarding our dispositions, see Note 3 to our Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

On February 14, 2025, AlerisLife paid an aggregate cash dividend of $50,000 to its stockholders. Our pro rata share of this cash dividend was $17,000.

On July 15, 2025, AlerisLife paid an aggregate cash dividend of $10,000 to its stockholders. Our pro rata share of this cash dividend was $3,400.

On January 9, 2026, in connection with the wind-down of its business, AlerisLife paid an aggregate cash dividend of $80,000 to its stockholders. Our pro rata share of this cash dividend was $27,200.

On August 21, 2025, the Seaport JV paid an aggregate cash distribution of $280,000 to its investors in connection with the $1,000,000 refinancing of its prior mortgage loan in August 2025. Our pro rata share of this cash distribution was $28,000.

In January 2026, we provided notice to exercise our purchase option for the two properties securing our finance leases for $14,500, with closing expected in April 2026.

Our Financing Liquidity and Resources

The increase in cash used in financing activities for the year ended December 31, 2025 compared to 2024 was primarily due to the redemption of our outstanding senior secured notes due 2026 and redemption of our outstanding senior secured notes due 2025, partially offset by our issuance of $375,000 in aggregate principal amount of our 7.25% senior secured notes due 2030 in a private placement, raising net proceeds of $364,726, after deducting discounts and commissions to the initial purchasers and other fees and expenses. Additionally, we executed four mortgage financings for aggregate proceeds, excluding closing costs, of $343,157 in 2025.

In June 2025, we obtained a $150,000 revolving credit facility secured by 14 SHOP communities. Our revolving credit facility is available for general business purposes, including acquisitions. We can borrow, repay and reborrow funds available under our revolving credit facility, and no principal repayments are due, until maturity. Availability of borrowings under our credit agreement is subject to satisfying certain financial covenants and other credit facility conditions. Our revolving credit facility matures in June 2029 and we have two six-month extension options for the maturity date of the facility, subject to satisfaction of certain conditions and payment of an extension fee.

Interest payable on borrowings under our revolving credit facility is based on an annual rate of secured overnight financing rate, or SOFR, plus a premium of 2.50% to 3.00%, depending on our net leverage ratio, as defined in our credit agreement, which was 2.50% as of December 31, 2025. We also pay an unused commitment fee of 25 to 35 basis points per annum based on amounts outstanding under our revolving credit facility. As of December 31, 2025, the annual interest rate payable on borrowings under our revolving credit facility was 6.47%. As of December 31, 2025 and February 23, 2026, we had no borrowings under our revolving credit facility and $150,000 available for borrowings.

As of December 31, 2025, we had $105,407 of cash and cash equivalents. We typically use cash balances, net proceeds from offerings of securities, debt issuances or dispositions of assets and cash flows from our operations to fund our operations, debt repayments, distributions, acquisitions, investments, capital expenditures and other general business purposes.

During the year ended December 31, 2025, we paid quarterly cash distributions to our shareholders totaling approximately $9,661 using cash on hand. For further information regarding the distributions we paid during 2025, see Note 5 to our Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

On January 15, 2026, we declared a quarterly distribution to common shareholders of record on January 26, 2026 of $0.01 per share, or approximately $2,421 in aggregate. We paid this distribution on February 19, 2026, using cash on hand.

We believe we may have access to various types of financings, including debt or equity offerings, to fund our operations and repay our debts and other obligations as they become due. Our ability to complete, and the costs associated with, future debt or equity transactions depends primarily upon market conditions and our then creditworthiness and our ability to be in compliance with our debt covenants. We have no control over market conditions. Our credit and debt ratings depend upon evaluations by credit rating agencies of our business practices and plans, including our ability to maintain our earnings, our liquidity position, to stagger our debt maturities and to balance our use of debt and equity capital so that our financial performance and leverage ratios afford us flexibility to withstand any reasonably anticipated adverse changes. Similarly, our ability to raise equity capital in the future will depend primarily upon equity capital market conditions and our ability to conduct our business to maintain and grow our operating cash flows. We intend to conduct our business activities in a manner which will afford us reasonable access to capital for investment and financing activities, but we cannot be sure that we will be able to successfully carry out that intention. A protracted negative impact on the economy or the industries in which our properties and businesses operate resulting from wage and commodity price inflation, high interest rates, geopolitical risks or other economic, market or industry conditions, including the delayed recovery of the senior housing industry, economic downturns and a possible recession, may have various negative consequences including a decline in financing availability and increased costs for financing. Further, those conditions could also disrupt capital markets and limit our access to financing from public sources, particularly if the global financial markets experience significant disruptions.

In May 2024, we executed a $120,000 fixed rate, interest only mortgage loan secured by eight medical office and life science properties. This mortgage loan matures in June 2034 and requires that interest be paid at an annual rate of 6.864%. The net proceeds from this mortgage loan were approximately $117,100 after deducting estimated closing costs, and in June 2024 we used $60,000 of the net proceeds to partially redeem our then outstanding $500,000 9.75% senior notes due 2025.

In November 2024, we redeemed $60,000 of our outstanding 9.75% senior unsecured notes due 2025 using cash on hand.

In March 2025, we executed a $140,000 floating rate mortgage loan secured by 14 SHOP communities. This mortgage loan matures in March 2028 and requires that interest be paid at an annual rate of SOFR plus a premium of 2.50% with interest-only payments through April 2027, and we have two six-month extension options of the interest-only period, subject to satisfaction of certain conditions. In connection with this mortgage loan, we have purchased an interest rate cap with a SOFR strike rate equal to 4.50% pursuant to the terms of the applicable loan agreement.

In April 2025, we executed a $108,873 fixed rate mortgage financing secured by seven SHOP communities. These mortgage loans mature in May 2035 and require that interest be paid at an annual rate of 6.22% with interest-only payments through May 2030.

In May 2025, we executed a $64,000 fixed rate mortgage loan secured by four SHOP communities. This mortgage loan matures in June 2030 and requires that interest be paid at an annual rate of 6.57%.

In May 2025, we executed a $30,284 fixed rate mortgage financing secured by two SHOP communities. These mortgage loans mature in June 2035 and require that interest be paid at an annual rate of 6.36% with interest-only payments through June 2028.

From April through June 2025, we used the net proceeds from these 2025 mortgage financings, together with cash on hand, to fully redeem the remaining $380,000 principal balance of our 9.75% senior unsecured notes due June 2025.

In September 2025, we issued $375,000 in aggregate principal amount of our 7.25% senior secured notes due 2030 in a private placement, raising net proceeds of $364,726, after deducting discounts and commissions to the initial purchasers and other estimated fees and expenses. These notes are fully and unconditionally guaranteed, on a joint, several and senior secured basis, by certain of our subsidiaries that own 36 properties, or the 2030 Collateral Guarantors, and on a joint, several and unsecured basis, by all of our subsidiaries other than the 2030 Collateral Guarantors and certain excluded subsidiaries. These notes and the guarantees provided by the 2030 Collateral Guarantors are secured by a first priority lien and security interest on 100% of the equity interests in each of the 2030 Collateral Guarantors. These notes require semi-annual interest payments through maturity. We used $307,006 of the net proceeds from this offering to partially redeem our then outstanding $641,376 senior secured notes due 2026.

In October 2025, we partially redeemed $10,249 of our then outstanding $334,370 senior secured notes due 2026.

In December 2025, we redeemed the remaining $324,121 of our outstanding senior secured notes due 2026 using net proceeds from the sales of both encumbered properties and unencumbered properties, as well as cash on hand.

In August 2025, Moody's upgraded our issuer credit rating from Caa3 to Caa1, senior secured notes due 2026 rating from Caa2 to B3, our 4.375% senior notes due 2031 rating from Caa3 to Caa1, and our senior unsecured notes from Ca to Caa2.

In September 2025, Standard & Poor's upgraded our issuer credit rating from CCC+ to B-, our senior secured notes due 2026 and our 4.375% senior notes due 2031 ratings from B to B+ and our senior unsecured notes note rating from CCC+ to B-. Additionally, Standard & Poor's rated our 7.25% senior secured notes due 2030 as B+.

For further information regarding our outstanding debt, see Note 9 to our Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

Debt Covenants

Our principal debt obligations at December 31, 2025 were: (1) $1,600,000 outstanding principal amount of senior unsecured notes; (2) $375,000 outstanding principal amount of senior secured notes; (3) $328,500 aggregate principal amount of fixed rate mortgage notes (excluding discounts, premiums and net debt issuance costs) secured by 22 properties; and (4) $140,000 principal amount of a floating rate mortgage loan (excluding discounts, premiums and net debt issuance costs) secured by 14 properties. For further information regarding our indebtedness, see Note 9 to our Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

Our senior notes are governed by our senior notes indentures and their supplements. Our credit agreement, our mortgage loan agreements and our senior notes indentures and their supplements provide for acceleration of payment of all amounts outstanding upon the occurrence and continuation of certain events of default. Our credit agreement and our senior notes indentures and their supplements also contain covenants that restrict our ability to incur debts, including debts secured by mortgages on our properties, in excess of calculated amounts and require us to maintain various financial ratios. As of December 31, 2025, we believe we were in compliance with all of the covenants under our debt agreements. Although we continue to take steps to enhance our ability to maintain sufficient liquidity, as noted elsewhere in this Annual Report on Form 10-K, a protracted negative impact on the economy or the industries in which our properties and businesses operate resulting from wage or commodity price inflation, high interest rates, geopolitical risks or other economic, market or industry conditions, including the delayed recovery of the senior housing industry, economic downturns or a possible recession, may cause increased pressure on our ability to satisfy financial and other covenants. If our operating results and financial condition are significantly negatively impacted by economic conditions or otherwise, we may fail to satisfy our debt covenants and conditions.

Our senior notes indentures and their supplements do not contain provisions for acceleration which could be triggered by our debt ratings. See "—Our Financing Liquidity and Resources" above for information regarding recent changes to our issuer credit rating and senior debt ratings.

Our revolving credit facility contains cross default provisions to any other debts of more than $25,000. Our senior unsecured notes indentures and their supplements contain cross default provisions to any other debts of more than $20,000 ($50,000 or more in the case of our senior notes indentures and supplements entered in February 2016, February 2018 and February 2021).

The loan agreements governing the aggregate $1,000,000 secured debt financing related to the Seaport JV contain customary covenants and provide for acceleration of payment of all amounts due thereunder upon the occurrence and continuation of certain events of default. We provide certain limited recourse guaranties on this debt, with our liability limited to $100,000. The debt secured by the properties included in the LSMD JV in which we own a 20% equity interest is guaranteed by this joint venture and is non-recourse to us.

Supplemental Guarantor Information

On February 3, 2021, we issued $500,000 of our 4.375% senior notes due 2031. As of December 31, 2025, all $500,000 of our 4.375% senior notes due 2031 were fully and unconditionally guaranteed, on a joint, several and unsecured basis, by all of our subsidiaries except certain excluded subsidiaries. The notes and related guarantees are effectively subordinated to all of our and the subsidiary guarantors' secured indebtedness, respectively, to the extent of the value of the applicable collateral, and are structurally subordinated to all indebtedness and other liabilities and any preferred equity of any of our subsidiaries that do not guarantee the notes. Our remaining $1,100,000 of senior unsecured notes do not have the benefit of any guarantees.

A subsidiary guarantor's guarantee of our 4.375% senior notes due 2031 and all other obligations of such subsidiary guarantor under the indenture governing the notes will automatically terminate and such subsidiary guarantor will automatically be released from all of its obligations under such subsidiary guarantee and the indenture under certain circumstances, including on or after the date (a) the notes have an investment grade rating from two rating agencies and one of such investment grade ratings is a mid-BBB investment grade rating and (b) no default or event of default has occurred and is continuing under the indenture. Our non-guarantor subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on our 4.375% senior notes due 2031 or their guarantees, or to make any funds available therefor, whether by dividend, distribution, loan or other payments. The rights of holders of our 4.375% senior notes due 2031 to benefit from any of the assets of our non-guarantor subsidiaries are subject to the prior satisfaction of claims of those subsidiaries' creditors and any preferred equity holders. As a result, our 4.375% senior notes due 2031 and their guarantees are structurally subordinated to all indebtedness, guarantees and other liabilities of our subsidiaries that do not guarantee our 4.375% senior notes due 2031, including guarantees of other indebtedness of ours, payment obligations under lease agreements, trade payables and preferred equity.

The following tables present summarized financial information for guarantor entities and issuer, on a combined basis after eliminating (i) intercompany transactions and balances among the guarantor entities and (ii) equity in earnings from, and any investments in, any subsidiary that is a non-guarantor:

	December 31, 2025
Real estate properties, net	$2,474,149
Other assets, net	332,754
Total assets	$2,806,903
Indebtedness, net	$1,945,731
Other liabilities	195,493
Total liabilities	$2,141,224

	Year Ended December 31, 2025
Revenues	$ 875,517
Expenses	$1,010,831
Loss from continuing operations	$ (340,267)
Net loss	$ (305,360)

Related Person Transactions

We have relationships and historical and continuing transactions with RMR, RMR Inc., AlerisLife (including Five Star) and others related to them. For further information about these and other such relationships and related person transactions, see Notes 3, 6, 7 and 8 to our Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K, which are incorporated herein by reference and our other filings with the SEC including our definitive Proxy Statement for our 2026 Annual Meeting of Shareholders, or our definitive Proxy Statement, to be filed with the SEC within 120 days after the fiscal year ended December 31, 2025. For further information about the risks that may arise as a result of these and other related person transactions and relationships, see elsewhere in this Annual Report on Form 10-K, including “Warning Concerning Forward-Looking Statements,” Part I, Item 1, “Business” and Part I, Item 1A, “Risk Factors.” We may engage in additional transactions with related persons, including businesses to which RMR or its subsidiaries provide management services.

Critical Accounting Estimates

Our critical accounting policies are those that will have the most impact on the reporting of our financial condition and results of operations and those requiring significant judgments and estimates. We believe that our judgments and estimates have been and will be consistently applied and produce financial information that fairly presents our results of operations. Our most critical accounting policies involve our investments in real property. These policies affect our:

- allocation of purchase prices among various asset categories, including allocations to above and below market leases, and the related impact on the recognition of rental income and depreciation and amortization expenses; and
- assessment of the carrying values and impairments of long lived assets.

We allocate the purchase prices of our properties to land, building and improvements based on determinations of the fair values of these assets assuming the properties are vacant. We determine the fair value of each property using methods similar to those used by independent appraisers, which may involve estimated cash flows that are based on a number of factors, including capitalization rates and discount rates, among others. In some circumstances, we engage independent real estate appraisal firms to provide market information and evaluations which are relevant to our purchase price allocations and determinations of depreciable useful lives; however, we are ultimately responsible for the purchase price allocations and determinations of useful lives. We allocate a portion of the purchase price to above market and below market leases based on the present value (using an interest rate which reflects the risks associated with acquired in place leases at the time each property was acquired by us) of the difference, if any, between (i) the contractual amounts to be paid pursuant to the acquired in place leases and (ii) our estimates of fair market lease rates for the corresponding leases, measured over a period equal to the terms of the respective leases. The terms of below market leases that include bargain renewal options, if any, are further adjusted if we determine that renewal is probable. We allocate a portion of the purchase price to acquired in place leases and tenant relationships based upon market estimates to lease up the property based on the leases in place at the time of purchase. In making these allocations, we consider factors such as estimated carrying costs during the expected lease up periods, including real estate taxes, insurance and other operating income and expenses and costs, such as leasing commissions, legal and other related expenses, to execute similar leases in current market conditions at the time a property was acquired by us. We allocate this aggregate value between acquired in place lease values and tenant relationships based on our evaluation of the specific characteristics of each tenant’s lease. However, we have not separated the value of tenant relationships from the value of acquired in place leases because such value and related amortization expense is immaterial to our consolidated financial statements. If the value of tenant relationships becomes material in the future, we may separately allocate those amounts and amortize the allocated amount over the estimated life of the relationships.

We regularly evaluate our assets for indicators of impairment. Impairment indicators may include declining tenant or resident occupancy, weak or declining profitability from the property, decreasing tenant cash flows or liquidity, our decision to dispose of an asset before the end of its estimated useful life and legislative, market or industry changes that could permanently reduce the value of an asset. This analysis requires us to judge whether indicators of impairment exist and to estimate likely future cash flows. If indicators of impairment are present, we evaluate the carrying value of the affected assets by comparing it to the expected future undiscounted cash flows to be generated from those assets. The future cash flows are subjective and are based in part on assumptions regarding hold periods, market rents and terminal capitalization rates. If we misjudge or estimate incorrectly or if future tenant operations, market or industry factors differ from our expectations, we may record an impairment charge that is inappropriate or fail to record a charge when we should have done so, or the amount of any such charges may be inaccurate. If the sum of these expected future cash flows is less than the carrying value, we reduce the net carrying value of the asset to its estimated fair value.

These accounting policies involve significant judgments made based upon our experience and the experience of our management and our Board of Trustees, including judgments about current valuations, ultimate realizable value, estimated useful lives, salvage or residual value, the ability and willingness of our tenants to perform their obligations to us and the current and likely future operating and competitive environments in which our properties are operated. In the future, we may need to revise our carrying value assessments to incorporate information which is not now known, and such revisions could increase or decrease our depreciation expense or impairment charges related to properties we own, result in the classification of our leases as other than operating leases or decrease the carrying values of our assets.

Impact of Government Reimbursement

For the year ended December 31, 2025, substantially all of our NOI was generated from properties where a majority of the revenues are derived from our tenants' and residents' private resources, and a small amount of our NOI was generated from properties where a majority of the revenues are derived from Medicare and Medicaid payments. Nonetheless, we own, and our managers, operators and tenants operate, facilities in many states that participate in federal and state healthcare payment programs, including the federal Medicare and state Medicaid programs and other federal and state healthcare payment programs. Also, some of our medical office and life science property tenants participate in federal Medicare and state Medicaid programs and other government healthcare payment programs. Because of shifting policy priorities, the current and projected federal budget deficit, other federal spending priorities and challenging fiscal conditions in some states, there have been numerous recent legislative and regulatory actions or proposed actions with respect to federal Medicare rates, state Medicaid rates and federal payments to states for Medicaid programs, as well as existing regulations that impact these matters. Further, there are other existing and recently enacted legislation, and related litigation, related to government payments, insurance and healthcare delivery. Examples of these, and other information regarding such matters and developments, are provided under the caption "Business—Government Regulation and Reimbursement" above in Part I, Item 1 of this Annual Report on Form 10-K. We cannot currently predict the type and magnitude of the potential Medicare and Medicaid policy changes, rate changes or other changes that may be implemented, but we believe that some of these changes will cause these government funded healthcare programs to fail to provide rates that match our and our tenants' increasing expenses and that such changes may be material and adverse to our future financial results.

During the years ended December 31, 2025, 2024 and 2023, we recognized $0, $0 and $1,581, respectively, in interest and other income in our consolidated statements of comprehensive income (loss) related to funds received under the Coronavirus Aid, Relief, and Economic Security Act and the American Rescue Plan Act.

Seasonality

Senior housing operations have historically reflected modest seasonality. During fourth quarter holiday periods, residents at such communities are sometimes discharged to spend time with family and admission decisions are often deferred. The first quarter of each calendar year usually coincides with increased illness among residents which can result in increased costs or discharges to hospitals. As a result of these and other factors, these operations sometimes produce greater earnings in the second and third quarters of a calendar year and lesser earnings in the fourth and first calendar quarters. We do not expect these seasonal differences to have a material impact upon the ability of our tenants to pay our rent or our ability to fund our managed senior living operations or our other businesses. Our medical office and life science properties and wellness centers do not typically experience seasonality.

Impact of Climate Change

Concerns about climate change have resulted in various treaties, laws and regulations that are intended to limit carbon emissions and address other environmental concerns. These and other laws may cause energy or other costs at our properties to increase. We do not expect the direct impact of these increases to be material to our results of operations, because the increased costs either would be the responsibility of our tenants directly or in the longer term, passed through and paid by tenants of our properties. Although we do not believe it is likely in the foreseeable future, laws enacted to mitigate climate change may make some of our buildings obsolete or cause us to make material investments in our properties, which could materially and adversely affect our financial condition or the financial condition of our managers or tenants and their ability to pay rent or returns to us.

In an effort to reduce the effects of any increased energy costs in the future, we continuously study ways to improve the energy efficiency at all of our properties. Our property manager, RMR, is a member of the ENERGY STAR program, a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy that is focused on promoting energy efficiency at commercial properties through its "ENERGY STAR" partner program, and a member of the U.S. Green Building Council, a nonprofit organization focused on promoting energy efficiency at commercial properties through its leadership in energy and environmental design, or LEED®, green building program. RMR's annual Sustainability Report summarizes the ESG initiatives RMR and its clients, including DHC, employ. RMR's Sustainability Report may be accessed on RMR Inc.'s website at www.rmrgroup.com/corporate-sustainability/default.aspx. The information on or accessible through RMR Inc.'s website is not incorporated by reference into this Annual Report on Form 10-K. For more information, see "Business—Corporate Sustainability" in Part I, Item 1 of this Annual Report on Form 10-K.

Some observers believe severe weather in different parts of the world over the last few years is evidence of global climate change. Severe weather may have an adverse effect on certain properties we own. Rising sea levels could cause flooding at some of our properties, which may have an adverse effect on individual properties we own. We mitigate these risks by procuring, or requiring our tenants to procure, insurance coverage we believe adequate to protect us from material damages and losses resulting from the consequences of losses caused by climate change. However, we cannot be sure that our mitigation efforts will be sufficient or that future storms, rising sea levels or other changes that may occur due to future climate change could not have a material adverse effect on our financial results.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to risks associated with market changes in interest rates. We manage our exposure to this market risk by monitoring available financing alternatives, including fixed rate debt, and employing derivative instruments, including interest rate caps, to limit our exposure to increasing interest rates. Other than as described below, we do not currently expect any significant changes in our exposure to fluctuations in interest rates or in how we manage this exposure in the near future.

Floating Rate Debt (dollars in thousands)

As of December 31, 2025, our outstanding floating rate debt consisted of the following:

Debt	Principal Balance	Annual Interest Rate(1)	Annual Interest Expense	Maturity Date	Interest Payments Due
Floating rate mortgage loan	$140,000	6.19%	$8,786	March 2028	Monthly
Floating rate secured revolving credit facility	—	—	—	June 2029	Monthly
	$140,000		$8,786		

(1) The annual interest rate is the rate stated in the applicable contract, as adjusted by our interest rate cap, if applicable.

Our $140,000 floating rate mortgage loan is subject to two one-year extension options and requires that interest be paid at SOFR plus a premium of 2.50%. We are vulnerable to changes in the U.S. dollar based on short term interest rates, specifically SOFR. In connection with this mortgage loan, to hedge our exposure to risks related to changes in SOFR and pursuant to the terms of the applicable loan agreement, we have purchased an interest rate cap with a SOFR strike rate equal to 4.50%.

At December 31, 2025, we had no amounts outstanding under our revolving credit facility. No principal repayments are required under our revolving credit facility prior to maturity and repayments may be made and redrawn subject to conditions at any time without penalty.

Borrowings under our revolving credit facility are in U.S. dollars and require interest to be paid at a rate of SOFR plus a premium. Accordingly, we are vulnerable to changes in U.S. dollar based short term interest rates, specifically SOFR. In addition, upon renewal or refinancing of these obligations, we are vulnerable to increases in interest rate premiums, including increases in the cost of replacement interest rate caps, due to market conditions and our perceived credit risk. The following table presents the approximate impact a one percentage point increase in interest rates would have on our annual floating rate interest expense at December 31, 2025, including the impact of our interest rate cap:

	Impact of an Increase in Interest Rates			
	Interest Rate[(1)]	Outstanding Debt	Total Interest Expense Per Year	Annual Earnings Per Share Impact[(2)]
As of December 31, 2025	6.19%	$140,000	$8,786	$(0.04)
One percentage point increase[(3)]	7.00%	$140,000	$9,936	$(0.04)

(1) Based on SOFR plus a premium, which was 250 basis points per annum for our $140,000 floating rate mortgage loan, as of December 31, 2025.

(2) Based on the diluted weighted average common shares outstanding for the year ended December 31, 2025.

(3) A one percentage point increase in interest rates would be capped at 7.00% for our $140,000 floating rate mortgage loan as a result of our 4.50% interest rate cap purchased for this debt. However, a one percentage point increase in the interest rate of our floating rate debt to 7.19% at December 31, 2025 would result in total floating rate interest expense per year of $10,203 and a decrease in annual earnings per share of $0.04.

The following table presents the impact a one percentage point increase in interest rates would have on our annual floating rate interest expense at December 31, 2025 if we were fully drawn on our revolving credit facility:

	Impact of an Increase in Interest Rates			
	Interest Rate[(1)]	Outstanding Debt[(2)]	Total Interest Expense Per Year	Annual Earnings Per Share Impact[(3)]
As of December 31, 2025	6.42%	$290,000	$18,623	$(0.08)
One percentage point increase[(4)]	6.82%	$290,000	$19,776	$(0.08)

(1) Based on SOFR plus a premium, which was 250 basis points per annum for both our revolving credit facility and our $140,000 floating rate mortgage loan, as of December 31, 2025. Interest rate is weighted based on amounts outstanding.

(2) Represents the maximum amount available under our revolving credit facility and our $140,000 floating rate mortgage loan.

(3) Based on the diluted weighted average common shares outstanding for the year ended December 31, 2025.

(4) A one percentage point increase in interest rates would be capped at 7.00% for our $140,000 floating rate mortgage loan as a result of our 4.50% interest rate cap purchased for this debt. However, a one percentage point increase in the interest rate of our floating rate debt to 7.44% at December 31, 2025 would result in total floating rate interest expense per year of $21,563 and a decrease in annual earnings per share of $0.09.

The foregoing table shows the impact of an immediate one percentage point change in floating interest rates, including the impact of our interest rate cap. Our exposure to fluctuations in floating interest rates will increase or decrease in the future with increases or decreases in the outstanding amounts of any floating rate debt we may incur and the impact, if any, of interest rate caps we may purchase. Generally, if interest rates were to change gradually over time, the impact would be spread over time.

Fixed Rate Debt (dollars in thousands)

At December 31, 2025, our outstanding fixed rate debt consisted of the following:

Debt	Principal Balance(1)	Annual Interest Rate(1)	Annual Interest Expense	Maturity	Interest Payments Due
Senior secured notes	$ 375,000	7.250%	$ 27,188	October 2030	Semi-Annually
Senior unsecured notes	500,000	4.750%	23,750	February 2028	Semi-Annually
Senior unsecured notes	500,000	4.375%	21,875	March 2031	Semi-Annually
Senior unsecured notes	350,000	5.625%	19,688	August 2042	Quarterly
Senior unsecured notes	250,000	6.250%	15,625	February 2046	Quarterly
Mortgage note	63,499	6.572%	4,231	June 2030	Monthly
Mortgage note	120,000	6.864%	8,351	June 2034	Monthly
Mortgage note	108,873	6.220%	6,866	May 2035	Monthly
Mortgage note	30,284	6.360%	1,953	June 2035	Monthly
Mortgage note	5,847	6.444%	382	July 2043	Monthly
	$2,303,503		$129,909		

(1) The principal balances and annual interest rates are the amounts stated in the applicable contracts. In accordance with GAAP, our carrying values and recorded interest expense may differ from these amounts because of market conditions at the time we assumed certain of these debts. This table does not include obligations under finance leases.

No principal repayments are due under our senior notes until maturity. Our mortgage loan maturing in June 2034 requires monthly interest payments and no principal payment is due until maturity, while our mortgage loans maturing in March 2028, May 2035 and June 2035 require monthly interest payments and no principal payment is due for a specified amount of time. Our mortgage loans maturing in June 2030 and July 2043 require monthly principal and interest payments. Because these debts require interest to be paid at a fixed rate, changes in market interest rates during the term of these debts will not affect our interest obligations. If these debts were refinanced at interest rates which are one percentage point higher or lower than shown above, our annual interest cost would increase or decrease by approximately $19,285.

Changes in market interest rates would also affect the fair value of our fixed rate debt obligations. Increases in market interest rates decrease the fair value of our fixed rate debt, while decreases in market interest rates increase the fair value of our fixed rate debt. Interest rates continue to remain elevated despite reductions in 2025 by the U.S. Federal Reserve. There are uncertainties surrounding interest rates and they may remain at current levels, decrease or increase.

Our debt agreements contain provisions that allow us to make repayments earlier than the stated maturity date. In some cases, we are not allowed to make early repayment prior to a cutoff date, and we are generally allowed to make prepayments only at a premium equal to a make whole amount, as defined, which is generally designed to preserve a stated yield to the noteholder. In the past, we have repurchased and retired some of our outstanding debt and we may do so again in the future. These prepayment rights and our ability to repurchase and retire outstanding debt may afford us opportunities to mitigate the risk of refinancing our debts at maturity at higher rates by refinancing prior to maturity.

Item 8. Financial Statements and Supplementary Data.

The information required by this item is included in Part IV, Item 15 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

As of the end of the period covered by this Annual Report on Form 10-K, our management carried out an evaluation, under the supervision and with the participation of our President and Chief Executive Officer and our Chief Financial Officer and Treasurer, of the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 under the Exchange Act. Based upon that evaluation, our President and Chief Executive Officer and our Chief Financial Officer and Treasurer concluded that our disclosure controls and procedures are effective.

There have been no changes in our internal control over financial reporting during the quarter ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management Report on Assessment of Internal Control Over Financial Reporting.

We are responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system is designed to provide reasonable assurance to our management and Board of Trustees regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2025. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control—Integrated Framework* (2013 framework). Based on this assessment, we believe that, as of December 31, 2025, our internal control over financial reporting is effective.

Deloitte & Touche LLP, the independent registered public accounting firm that audited our 2025 Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K, has issued an attestation report on our internal control over financial reporting. The report appears elsewhere herein.

Item 9B. Other Information.

During the three months ended December 31, 2025, none of our Trustees and officers adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement”, as each term is defined in Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

We have a Code of Conduct that applies to our officers and Trustees. Our Code of Conduct is posted on our website, *www.dhcreit.com*. A printed copy of our Code of Conduct is also available free of charge to any person who requests a copy by writing to our Secretary, Diversified Healthcare Trust, Two Newton Place, 255 Washington Street, Suite 300, Newton, MA 02458-1634. We intend to satisfy the requirements under Item 5.05 of Form 8-K regarding disclosure of amendments to, or waivers from, provisions of our Code of Conduct that apply to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, on our website.

We have adopted comprehensive insider trading policies and procedures that apply to trustees, directors, officers and employees, as applicable, of us and RMR. These policies are designed to prevent trading on the basis of material nonpublic information and to ensure compliance with applicable securities laws. The policies include provisions for pre-clearance of trades, blackout periods and the establishment of Rule 10b5-1 trading plans. A copy of our insider trading policy is filed as an exhibit to this Annual Report on Form 10-K.

The remainder of the information required by Item 10 is incorporated by reference to our definitive Proxy Statement.

Item 11. Executive Compensation.

The information required by Item 11 is incorporated by reference to our definitive Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Equity Compensation Plan Information. We may award common shares to our officers and other employees of RMR under our Amended and Restated 2012 Equity Compensation Plan, or the 2012 Plan. In addition, each of our Trustees receives common shares as part of his or her annual compensation for serving as a Trustee and such shares are awarded under the 2012 Plan. The terms of awards made under the 2012 Plan are determined by the Compensation Committee of our Board of Trustees at the time of the awards. The following table is as of December 31, 2025:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under our equity compensation plan excluding securities reflected in column (a) (c)
Equity compensation plans approved by securityholders—2012 Plan	None.	None.	3,493,033[(1)]
Equity compensation plan not approved by securityholders	None.	None.	None.
Total	None.	None.	3,493,033[(1)]

(1) Consists of common shares available for issuance pursuant to the terms of the 2012 Plan. Share awards that are repurchased or forfeited will be added to the common shares available for issuance under the 2012 Plan.

Payments by us to RMR employees are described in Notes 5 and 8 to our Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K. The remainder of the information required by Item 12 is incorporated by reference to our definitive Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by Item 13 is incorporated by reference to our definitive Proxy Statement.

Item 14. Principal Accountant Fees and Services.

The information required by Item 14 is incorporated by reference to our definitive Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) Index to Financial Statements and Financial Statement Schedules

The following consolidated financial statements and financial statement notes of Diversified Healthcare Trust are included on the pages indicated:

All other schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instructions, or are inapplicable, and therefore have been omitted.

(b) Exhibits

Exhibits to our Annual Report on Form 10-K for the year ended December 31, 2025 have been included only with the version of the Annual Report on Form 10-K filed with the SEC.

A copy of our Annual Report on Form 10-K for the year ended December 31, 2025, including a list of exhibits, is available free of charge upon written request to: Investor Relations, Diversified Healthcare Trust, Two Newton Place, 255 Washington Street, Suite 300, Newton, MA 02458-1634, telephone (617) 796-8350.

Item 16. Form 10-K Summary.

None.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Shareholders of Diversified Healthcare Trust

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Diversified Healthcare Trust and subsidiaries (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of comprehensive income (loss), shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2025, and the related notes and the schedule listed in the Index at Item 15(a) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment of Real Estate Properties—*Refer to Note 3 to the financial statements*

Critical Audit Matter Description

The Company's real estate properties are evaluated for impairment periodically or when events or changes in circumstances indicate that the carrying amount of a real estate property may not be recoverable. Impairment indicators may include declining tenant or resident occupancy, weak or declining profitability from the property, decreasing tenant cash flows or liquidity, the Company's decision to dispose of a property before the end of its estimated useful life, and legislative, market or industry changes that could permanently reduce the value of a property. If indicators of impairment are identified for any real estate property, the

Company evaluates the recoverability of that real estate property by comparing undiscounted future cash flows expected to be generated by the real estate property over the Company's expected remaining hold period to the respective carrying amount. The Company's undiscounted future cash flows analysis requires management to make significant estimates and assumptions related to expected remaining hold periods, market rents, and terminal capitalization rates.

We identified the impairment of real estate properties as a critical audit matter, specifically the significant estimates and assumptions management makes to evaluate the recoverability of real estate properties. This required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate the reasonableness of the significant estimates and assumptions related to expected remaining hold periods, market rents, and terminal capitalization rates within management's undiscounted future cash flows analysis which are sensitive to future market or industry considerations.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the undiscounted cash flows analysis for each real estate property or group of properties with impairment indicators included the following among others:

- We tested the effectiveness of controls over management's evaluation of the recoverability of real estate properties, including the key assumptions utilized in estimating the undiscounted future cash flows.
- We evaluated the undiscounted cash flow analysis including estimates of expected remaining hold period, market rents, and terminal capitalization rates for each real estate property or group of properties with impairment indicators by (1) evaluating the source information and assumptions used by management and (2) comparing management's projections to external market sources and evidence obtained in other areas of our audit.
- We evaluated the reasonableness of management's undiscounted future cash flows analysis by developing an independent expectation of future undiscounted cash flows based on third party market data and compared that independent estimate to the carrying amount of the real estate property or group of properties with indicators of impairment. We compared our analysis of the recoverability of the real estate property or group of properties to the Company's analysis.
- We made inquiries of management about the current status of potential transactions and about management's judgments to understand the probability of future events that could affect the expected remaining hold period and other cash flow assumptions for the properties.

/s/ Deloitte & Touche LLP

Boston, Massachusetts
February 23, 2026
We have served as the Company's auditor since 2020.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Shareholders of Diversified Healthcare Trust

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Diversified Healthcare Trust and subsidiaries (the "Company") as of December 31, 2025, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2025, of the Company and our report dated February 23, 2026, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Assessment of Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Boston, Massachusetts
February 23, 2026

DIVERSIFIED HEALTHCARE TRUST
CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except share data)

	December 31, 2025	December 31, 2024
ASSETS		
Real estate properties:		
Land	$ 542,403	$ 605,973
Buildings and improvements	5,406,403	5,817,279
Total real estate properties, gross	5,948,806	6,423,252
Accumulated depreciation	(2,089,906)	(2,082,777)
Total real estate properties, net	3,858,900	4,340,475
Investments in unconsolidated joint ventures	120,126	126,859
Assets of properties held for sale	23,085	276,270
Cash and cash equivalents	105,407	144,584
Restricted cash	16,392	5,270
Equity method investment	27,200	24,590
Due from affiliates	3,973	4,057
Acquired real estate leases and other intangible assets, net	20,663	26,300
Other assets, net	185,504	188,600
Total assets	$ 4,361,250	$ 5,137,005
LIABILITIES AND SHAREHOLDERS' EQUITY		
Secured revolving credit facility	$ —	$ —
Senior secured notes, net	365,005	826,974
Senior unsecured notes, net	1,580,726	1,957,319
Secured debt and finance leases, net	455,093	126,611
Liabilities of properties held for sale	3,426	6,024
Accrued interest	30,683	23,092
Due to affiliates	22,699	8,989
Other liabilities	238,050	229,153
Total liabilities	2,695,682	3,178,162
Commitments and contingencies		
Shareholders' equity:		
Common shares of beneficial interest, $.01 par value: 300,000,000 shares authorized, 242,121,025 and 241,271,703 shares issued and outstanding, respectively	2,421	2,413
Additional paid in capital	4,622,572	4,620,313
Cumulative net income	1,122,137	1,408,023
Cumulative other comprehensive loss	(12)	(17)
Cumulative distributions	(4,081,550)	(4,071,889)
Total shareholders' equity	1,665,568	1,958,843
Total liabilities and shareholders' equity	$ 4,361,250	$ 5,137,005

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

DIVERSIFIED HEALTHCARE TRUST
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(amounts in thousands, except per share data)

	Year Ended December 31,		
	2025	2024	2023
Revenues:			
Rental income	$ 225,198	$ 251,038	$ 258,400
Residents fees and services	1,312,655	1,244,389	1,151,908
Total revenues	1,537,853	1,495,427	1,410,308
Expenses:			
Property operating expenses	1,259,340	1,236,542	1,174,151
Depreciation and amortization	261,923	284,957	284,083
General and administrative	45,502	26,518	26,131
Acquisition and certain other transaction related costs	10,356	2,510	10,853
Impairment of assets	165,702	70,734	18,380
Total expenses	1,742,823	1,621,261	1,513,598
Gain (loss) on sale of properties	117,730	(18,938)	1,205
Gains and losses on equity securities, net	—	—	8,126
Gain on insurance recoveries	7,522	—	—
Interest and other income	5,839	8,950	15,536
Interest expense (including net amortization of debt premiums, discounts and issuance costs of $77,942, $103,437 and $11,811, respectively)	(204,498)	(235,239)	(191,775)
Loss on modification or early extinguishment of debt	(42,526)	(324)	(2,468)
Loss before income taxes and equity in net earnings (losses) of investees	(320,903)	(371,385)	(272,666)
Income tax expense	(1,743)	(467)	(445)
Equity in net earnings (losses) of investees	36,760	1,597	(20,461)
Net loss	$ (285,886)	$ (370,255)	$ (293,572)
Other comprehensive loss:			
Equity in unrealized gains (losses) of an investee	17	(17)	—
Unrealized loss on derivative	(12)	—	—
Other comprehensive loss	5	(17)	—
Comprehensive loss	$ (285,881)	$ (370,272)	$ (293,572)
Weighted average common shares outstanding (basic and diluted)	240,286	239,535	238,836
Per common share amounts (basic and diluted):			
Net loss	$ (1.19)	$ (1.55)	$ (1.23)

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

DIVERSIFIED HEALTHCARE TRUST
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(dollars in thousands)

	Number of Shares	Common Shares	Additional Paid In Capital	Cumulative Net Income	Cumulative Other Comprehensive Loss (Income)	Cumulative Distributions	Total Shareholders' Equity
Balance at December 31, 2022:	239,694,842	$2,397	$4,617,031	$2,071,850	$ —	$(4,052,667)	$2,638,611
Net loss	—	—	—	(293,572)	—	—	(293,572)
Distributions	—	—	—	—	—	(9,595)	(9,595)
Share grants	960,000	9	1,841	—	—	—	1,850
Share repurchases	(184,344)	(1)	(392)	—	—	—	(393)
Share forfeitures	(46,600)	—	(10)	—	—	—	(10)
Balance at December 31, 2023:	240,423,898	2,405	4,618,470	1,778,278	—	(4,062,262)	2,336,891
Net loss	—	—	—	(370,255)	—	—	(370,255)
Other comprehensive loss	—	—	—	—	(17)	—	(17)
Distributions	—	—	—	—	—	(9,627)	(9,627)
Share grants	1,141,026	12	2,743	—	—	—	2,755
Share repurchases	(268,221)	(4)	(900)	—	—	—	(904)
Share forfeitures	(25,000)	—	—	—	—	—	—
Balance at December 31, 2024:	241,271,703	2,413	4,620,313	1,408,023	(17)	(4,071,889)	1,958,843
Net loss	—	—	—	(285,886)	—	—	(285,886)
Other comprehensive income	—	—	—	—	5	—	5
Distributions	—	—	—	—	—	(9,661)	(9,661)
Share grants	1,188,464	12	3,426	—	—	—	3,438
Share repurchases	(276,078)	(3)	(1,142)	—	—	—	(1,145)
Share forfeitures	(63,064)	(1)	(25)	—	—	—	(26)
Balance at December 31, 2025:	242,121,025	$2,421	$4,622,572	$1,122,137	$(12)	$(4,081,550)	$1,665,568

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

DIVERSIFIED HEALTHCARE TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	Year Ended December 31,		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$(285,886)	$(370,255)	$(293,572)
Adjustments to reconcile net loss to cash (used in) provided by operating activities:			
Depreciation and amortization	261,923	284,957	284,083
Net amortization of debt premiums, discounts and issuance costs	77,942	103,437	11,811
Payment of accreted interest on senior secured notes	(152,869)	—	—
Straight line rental income	(962)	(1,445)	1,095
Amortization of acquired real estate leases and other intangible assets, net	113	106	(242)
Loss on modification or early extinguishment of debt	42,526	324	2,468
Impairment of assets	165,702	70,734	18,380
(Gain) loss on sale of properties	(117,730)	18,938	(1,205)
Gains on equity securities, net	—	—	(8,126)
Gain on insurance recoveries	(7,522)	—	—
Other non-cash adjustments, net	(359)	(1,025)	(1,932)
Unconsolidated joint venture distributions	1,000	1,231	5,100
Equity in net (earnings) losses of investees	(36,760)	(1,597)	20,461
Change in assets and liabilities:			
Deferred leasing costs, net	(4,313)	(3,578)	(9,834)
Other assets	(2,653)	16,672	10,672
Accrued interest	7,591	245	(6,570)
Other liabilities	32,639	(6,521)	(22,106)
Net cash (used in) provided by operating activities	(19,618)	112,223	10,483
CASH FLOWS FROM INVESTING ACTIVITIES:			
Real estate improvements	(146,823)	(201,702)	(235,007)
Proceeds from sale of properties, net	589,234	34,167	18,356
Proceeds from insurance recoveries	1,308	1,698	534
Investment in AlerisLife Inc.	—	(15,459)	—
Proceeds from AlerisLife Inc. tender offer	—	—	14,006
Equity method investment distributions	48,400	—	—
Contributions to unconsolidated joint ventures	(8,500)	(5,723)	—
Purchase of interest rate cap	(47)	—	—
Net cash provided by (used in) investing activities	483,572	(187,019)	(202,111)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of senior secured notes, net	369,375	—	750,001
Proceeds from mortgage notes payable	343,157	120,000	—
Repayments of borrowings on credit facility	—	—	(700,000)
Redemption of senior secured notes	(750,001)	—	—
Redemption of senior unsecured notes	(380,000)	(120,000)	(250,000)
Repayment of other debt	(3,843)	(3,218)	(17,049)
Early extinguishment of debt settled in cash	(37,664)	—	(978)
Payment of debt issuance costs	(22,227)	(8,562)	(21,699)
Repurchase of common shares	(1,145)	(904)	(393)
Distributions to shareholders	(9,661)	(9,627)	(9,595)
Net cash used in financing activities	(492,009)	(22,311)	(249,713)
Decrease in cash and cash equivalents and restricted cash	(28,055)	(97,107)	(441,341)
Cash and cash equivalents and restricted cash at beginning of period	149,854	246,961	688,302
Cash and cash equivalents and restricted cash at end of period	$ 121,799	$ 149,854	$ 246,961

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

DIVERSIFIED HEALTHCARE TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(dollars in thousands)

	Year Ended December 31,		
	2025	2024	2023
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid(1)	$271,834	$131,557	$186,534
Income taxes paid	$ 1,776	$ 484	$ 677
NON-CASH INVESTING ACTIVITIES:			
Real estate improvements accrued, not paid	$ 20,426	$ 23,890	$ 38,777

(1) Includes $152,869 of accreted interest paid during the year ended December 31, 2025 on our senior secured notes due 2026.

Supplemental disclosure of cash and cash equivalents and restricted cash:

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within our consolidated balance sheets to the amount shown in our consolidated statements of cash flows:

	As of December 31,		
	2025	2024	2023
Cash and cash equivalents	$105,407	$144,584	$245,939
Restricted cash(1)	16,392	5,270	1,022
Total cash and cash equivalents and restricted cash shown in our consolidated statements of cash flows	$121,799	$149,854	$246,961

(1) Restricted cash consists of amounts escrowed for real estate taxes, insurance and capital expenditures at certain of our mortgaged properties.

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

Note 1. Business

Diversified Healthcare Trust is a real estate investment trust, or REIT, organized under Maryland law, which owns senior living communities, medical office and life science properties and other healthcare related properties throughout the United States. As of December 31, 2025, we owned 298 properties located in 33 states and Washington, D.C.

As of December 31, 2025, our owned properties include: 221 senior living communities, including independent living (including active adult), assisted living, memory care and skilled nursing facilities, or SNFs, with approximately 24,500 living units; 67 medical office and life science properties with approximately 5.6 million rentable square feet; and 10 wellness centers with approximately 812,000 square feet of interior space plus outdoor developed facilities.

As of December 31, 2025, we also owned an equity interest in each of two unconsolidated joint ventures that own medical office and life science properties located in five states with an aggregate of approximately 2.2 million rentable square feet.

Note 2. Summary of Significant Accounting Policies

BASIS OF PRESENTATION. Our consolidated financial statements include the accounts of Diversified Healthcare Trust, we, us or our, and our subsidiaries, all of which are 100% owned directly or indirectly by us as of December 31, 2025. All intercompany transactions and balances with or among our consolidated subsidiaries have been eliminated.

REAL ESTATE PROPERTIES. We record properties at our cost and calculate depreciation on real estate investments on a straight line basis over estimated useful lives generally up to 40 years.

We allocate the purchase prices of our properties to land, building and improvements based on determinations of the fair values of these assets assuming the properties are vacant. We determine the fair value of each property using methods similar to those used by independent appraisers, which may involve estimated cash flows that are based on a number of factors, including capitalization rates and discount rates, among others. In some circumstances, we engage independent real estate appraisal firms to provide market information and evaluations which are relevant to our purchase price allocations and determinations of depreciable useful lives; however, we are ultimately responsible for the purchase price allocations and determinations of useful lives. We allocate a portion of the purchase price to above market and below market leases based on the present value (using an interest rate which reflects the risks associated with acquired in place leases at the time each property was acquired by us) of the difference, if any, between (i) the contractual amounts to be paid pursuant to the acquired in place leases and (ii) our estimates of fair market lease rates for the corresponding leases, measured over a period equal to the terms of the respective leases. The terms of below market leases that include bargain renewal options, if any, are further adjusted if we determine that renewal is probable. We allocate a portion of the purchase price to acquired in place leases and tenant relationships based upon market estimates to lease up the property based on the leases in place at the time of purchase. In making these allocations, we consider factors such as estimated carrying costs during the expected lease up periods, including real estate taxes, insurance and other operating income and expenses and costs, such as leasing commissions, legal and other related expenses, to execute similar leases in current market conditions at the time a property was acquired by us. We allocate this aggregate value between acquired in place lease values and tenant relationships based on our evaluation of the specific characteristics of each tenant's lease. However, we have not separated the value of tenant relationships from the value of acquired in place leases because such value and related amortization expense is immaterial to our consolidated financial statements. If the value of tenant relationships becomes material in the future, we may separately allocate those amounts and amortize the allocated amount over the estimated life of the relationships.

We amortize capitalized above market lease values (included in acquired real estate leases and other intangible assets, net in our consolidated balance sheets) as a reduction to rental income over the remaining

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 2. Summary of Significant Accounting Policies (Continued)

non-cancelable terms of the respective leases. We amortize capitalized below market lease values (included in other liabilities in our consolidated balance sheets) as an increase to rental income over the non-cancelable periods of the respective leases. We amortize the value of in place leases exclusive of the value of above market and below market in place leases to depreciation and amortization expense over the remaining non-cancelable periods of the respective leases and during the years ended December 31, 2025, 2024 and 2023, such amortization totaled $5,249, $7,367 and $10,996, respectively. If a lease is terminated prior to its stated expiration, we fully amortize the unamortized amount relating to that lease at that time.

As of December 31, 2025 and 2024, our acquired real estate leases and assumed real estate lease obligations, excluding properties held for sale, if any, were as follows:

	December 31,	
	2025	2024
Acquired real estate leases:		
Capitalized above market lease values	$ 2,728	$ 2,846
Less: accumulated amortization	(2,408)	(2,324)
Capitalized above market lease values, net	320	522
Lease origination value	48,862	66,731
Less: accumulated amortization	(28,519)	(40,953)
Lease origination value, net	20,343	25,778
Acquired real estate leases and other intangible assets, net	$ 20,663	$ 26,300
Assumed real estate lease obligations:		
Capitalized below market lease values	$ 1,204	$ 1,600
Less: accumulated amortization	(1,011)	(1,305)
Assumed real estate lease obligations, net	$ 193	$ 295

As of December 31, 2025, the weighted average amortization periods for capitalized above market lease values, lease origination value and capitalized below market lease values were 2.4 years, 5.2 years and 6.7 years, respectively. Future amortization of net acquired real estate lease assets and obligations to be recognized over the current terms of the associated leases as of December 31, 2025 is estimated to be $3,925 in 2026, $3,436 in 2027, $2,585 in 2028, $2,428 in 2029, $2,377 in 2030 and $5,719 thereafter.

CASH AND CASH EQUIVALENTS. We consider highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents.

RESTRICTED CASH. Restricted cash consists of amounts escrowed for real estate taxes, insurance and capital expenditures at certain of our mortgaged properties.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES. We account for our derivative instrument at fair value. Accounting for changes in the fair value of a derivative instrument depends on the intended use of the derivative instrument and the designation of the derivative instrument. The change in fair value of the effective portion of the derivative instrument that is not designated as a hedge or that does not meet the hedge accounting criteria is recorded as a gain or loss to operations.

EQUITY METHOD INVESTMENTS. As of December 31, 2025, we owned a 10% equity interest in an unconsolidated joint venture that owns a life science property located in Boston, Massachusetts, or the Seaport JV, and a 20% equity interest in an unconsolidated joint venture for 10 medical office and life science properties, or the LSMD JV. The properties owned by the Seaport JV and LSMD JV are encumbered by

Note 2. Summary of Significant Accounting Policies (Continued)

an aggregate $1,000,000 and $456,625 of mortgage debts, respectively. We do not control the activities that are most significant to these joint ventures and, as a result, we account for our investment in these joint ventures under the equity method of accounting under the fair value option. See Notes 3 and 10 for more information regarding these joint ventures.

As of December 31, 2025, we owned approximately 34.0% of the outstanding common shares of AlerisLife Inc., or AlerisLife. We do not control the activities that are most significant to AlerisLife and, as a result, we account for our non-controlling interest in AlerisLife using the equity method of accounting. See Notes 3 and 8 for more information regarding our investment in AlerisLife.

DEBT ISSUANCE COSTS. Debt issuance costs include issuance or assumption costs related to borrowings and we amortize those costs as interest expense over the terms of the respective loans. Debt issuance costs for our senior secured and unsecured notes and other secured debt totaled $66,323 and $68,067 at December 31, 2025 and 2024, respectively, and accumulated amortization of debt issuance costs totaled $24,827 and $32,307, respectively, and are presented in our consolidated balance sheet as a direct deduction from the associated debt liability. Future amortization of debt issuance costs to be recognized with respect to our loans as of December 31, 2025 is estimated to be $7,258 in 2026, $7,258 in 2027, $5,445 in 2028, $4,914 in 2029, $4,230 in 2030 and $12,391 thereafter.

DEFERRED LEASING COSTS. Deferred leasing costs include capitalized brokerage costs and inducements associated with the successful negotiation of leases. We amortize deferred leasing costs, which are included in depreciation and amortization expense, and inducements, which are included as a reduction in rental income, on a straight line basis over the terms of the respective leases. Deferred leasing costs are included in other assets, net in our consolidated balance sheets. Deferred leasing costs totaled $49,748 and $59,286 at December 31, 2025 and 2024, respectively, and accumulated amortization of deferred leasing costs totaled $21,453 and $22,377 at December 31, 2025 and 2024, respectively. At December 31, 2025, the remaining weighted average amortization period is approximately 7.8 years. Future amortization of deferred leasing costs to be recognized during the current terms of our existing leases as of December 31, 2025 are estimated to be $5,429 in 2026, $4,571 in 2027, $4,026 in 2028, $3,101 in 2029, $2,746 in 2030 and $8,422 thereafter.

FAIR VALUE OF FINANCIAL INSTRUMENTS. We determine the estimated fair value of financial assets and liabilities using the three-tier fair value hierarchy established by accounting principles generally accepted in the United States, or GAAP, which prioritizes observable inputs in active markets when measuring fair value. The three levels of inputs that may be used to measure fair value in order of priority are as follows:

Level 1—Inputs include quoted prices in active markets for identical assets or liabilities that we have the ability to access.

Level 2—Inputs include quoted prices in markets that are less active or inactive or for which all significant inputs are observable, either directly or indirectly.

Level 3—Inputs include unobservable prices and are supported by little or no market activity and are significant to the overall fair value measurement.

REVENUE RECOGNITION. We are a lessor of senior living communities, medical office and life science properties and other healthcare related properties. Our leases provide our tenants with the contractual right to use and economically benefit from all of the premises demised under the leases; therefore, we have determined to evaluate our leases as lease arrangements.

Our leases provide for base rent payments and in addition may include variable payments. Rental income from operating leases, including any payments derived by index or market based indices, is recognized

Note 2. Summary of Significant Accounting Policies (Continued)

on a straight line basis over the lease term when we have determined that the collectability of substantially all of the lease payments is probable. Some of our leases have options to extend or terminate the lease exercisable at the option of our tenants, which are considered when determining the lease term. We do not include in our measurement of our lease receivables certain variable payments, including changes in the index or market based indices after the inception of the lease, certain tenant reimbursements and other income until the specific events that trigger the variable payments have occurred.

Certain of our leases contain non-lease components, such as property level operating expenses and capital expenditures reimbursed by our tenants as well as other required lease payments. We have determined that all of our leases qualify for the practical expedient to not separate the lease and non-lease components because (i) the lease components are operating leases and (ii) the timing and pattern of recognition of the non-lease components are the same as those of the lease components. We apply the Accounting Standards, or ASC, Codification Topic 842, *Leases,* to the combined component. Income derived by our leases is recorded in rental income in our consolidated statements of comprehensive income (loss).

Certain tenants are obligated to pay directly their obligations under their leases for insurance, real estate taxes and certain other expenses. These obligations, which have been assumed by the tenants under the terms of their respective leases, are not reflected in our consolidated financial statements. To the extent any tenant responsible for any such obligations under the applicable lease defaults on such lease or if it is deemed probable that the tenant will fail to pay for such obligations, we would record a liability for such obligations.

For the years ended December 31, 2025, 2024 and 2023, we recognized the rental income from our operating leases on a straight line basis over the term of each lease agreement. We recognized percentage rents when realizable and earned, which was generally during the fourth quarter of the year. For the years ended December 31, 2025, 2024 and 2023, percentage rents earned aggregated $1,657, $3,435 and $2,949, respectively.

For leases where we are the lessee, we recognize a right of use asset and a lease liability equal to the present value of the minimum lease payments with rental payments being applied to the lease liability and the right of use asset being amortized over the term of the lease. The right of use assets and related lease liabilities are included within other assets, net and other liabilities, respectively, within our consolidated balance sheets. In addition, we lease equipment at certain of our managed senior living communities. These leases are short term in nature, are cancelable with no fee or do not result in an annual expense in excess of our capitalization policy and, as a result, are not recorded on our consolidated balance sheets.

As of December 31, 2025, we owned 212 senior living communities that are managed by third party managers for our account. We derive our revenues at these managed senior living communities primarily from services our managers provide to residents on our behalf and we record revenues when the services are provided. We use the taxable REIT subsidiary, or TRS, structure authorized by the REIT Investment Diversification and Empowerment Act for our managed senior living communities.

Under the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, the U.S. Department of Health and Human Services established a Provider Relief Fund. Subsequently, the American Rescue Plan Act, or ARPA, was enacted. Retention and use of the funds received under the CARES Act and ARPA are subject to certain terms and conditions. The terms and conditions require that the funds be utilized to compensate for lost revenues that are attributable to the COVID-19 pandemic and for eligible costs to prevent, prepare for and respond to the COVID-19 pandemic that are not covered by other sources. Further, fund recipients are required to be participating in Medicare at the time of distribution and are subject to certain other terms and conditions, including quarterly reporting requirements. In addition, fund recipients are required to have billed Medicare during 2019 and to continue to provide care after January 31, 2020 for diagnosis, testing or care for individuals with possible or actual COVID-19 cases. Any funds not

Note 2. Summary of Significant Accounting Policies (Continued)

used in accordance with the terms and conditions must be returned. We recognize income from government grants on a systematic and rational basis over the period in which we recognize the related expenses or loss of revenues for which the grants are intended to compensate when there is reasonable assurance that we will comply with the applicable terms and conditions of the grant and there is reasonable assurance that the grant will be received. During the years ended December 31, 2025, 2024 and 2023, we received \$0, \$0 and \$1,581, respectively, in funds to be used to support the operations of our managed senior living communities. We have recognized \$0, \$0 and \$1,581 as interest and other income in our consolidated statements of comprehensive income (loss) with respect to our senior housing operating portfolio, or SHOP, segment for the years ended December 31, 2025, 2024 and 2023, respectively. As of December 31, 2025, we have recognized all funds and no amount remained in other liabilities in our consolidated balance sheets.

PER COMMON SHARE AMOUNTS. We calculate basic earnings per common share by dividing net income (loss) by the weighted average number of our common shares of beneficial interest, \$.01 par value, or our common shares, outstanding during the period. We calculate diluted earnings per common share using the more dilutive of the two class method or the treasury stock method. Unvested share awards and other potentially dilutive common shares, together with the related impact on earnings, are considered when calculating diluted earnings per share.

INCOME TAXES. We have elected to be taxed as a REIT under the United States Internal Revenue Code of 1986, as amended, and, as such, are generally not subject to federal and most state income taxation on our operating income provided we distribute our taxable income to our shareholders and meet certain organization and operating requirements. We do, however, lease our managed senior living communities to our wholly owned TRSs that, unlike most of our subsidiaries, file a separate consolidated federal corporate income tax return and are subject to federal and state income taxes. Our consolidated income tax provision includes the income tax provision related to the operations of our TRSs and certain state income taxes we incur despite our taxation as a REIT. Our current income tax expense (or benefit) fluctuates from period to period based primarily on the timing of our income, including gains on the disposition of properties or losses in a particular quarter.

The Income Taxes Topic of the Codification prescribes how we should recognize, measure and present in our consolidated financial statements uncertain tax positions that have been taken or are expected to be taken in a tax return. Tax benefits are recognized to the extent that it is “more likely than not” that a particular tax position will be sustained upon examination or audit. To the extent the “more likely than not” standard has been satisfied, the benefit associated with a tax position is measured as the largest amount that has a greater than 50% likelihood of being realized upon settlement. We classify interest and penalties related to uncertain tax positions, if any, in our consolidated financial statements as a component of general and administrative expense.

USE OF ESTIMATES. Preparation of these consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported in these consolidated financial statements and related notes. The actual results could differ from these estimates. Significant estimates in the consolidated financial statements include purchase price allocations, useful lives of fixed assets and assessment of impairment of real estate and the related intangibles.

SEGMENT REPORTING. As of December 31, 2025, we operate in, and report financial information for, the following two segments: SHOP and our portfolio of medical office and life science properties, or our Medical Office and Life Science Portfolio. See Note 12 for further information regarding our reportable operating segments.

RECENT ACCOUNTING PRONOUNCEMENTS.

On December 14, 2023, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax*

Note 2. Summary of Significant Accounting Policies (Continued)

Disclosures, or ASU No. 2023-09, which requires public entities to enhance their annual income tax disclosures by requiring: (i) consistent categories and greater disaggregation of information in the rate reconciliation, and (ii) income taxes paid disaggregated by jurisdiction. ASU No. 2023-09 should be applied prospectively but entities have the option to apply it retrospectively to all prior periods presented in the consolidated financial statements. ASU No. 2023-09 is effective for annual periods beginning after December 15, 2024, with early adoption permitted. We included additional disclosures in the notes to our consolidated financial statements as a result of the implementation of ASU No. 2023-09; however, these changes did not have a material effect on our consolidated financial statements.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statements Expenses,* or ASU No. 2024-03, which requires public entities to disclose specific expense categories such as employee compensation, depreciation and intangible asset amortization. These details must be presented in a tabular format in the notes to consolidated financial statements for both interim and annual reporting periods. ASU 2024-03 is required to be applied prospectively but can be applied retrospectively, and is effective for the first annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. We are currently evaluating the impact of ASU 2024-03 will have on our consolidated financial statements.

Note 3. Real Estate and Other Investments

Acquisitions:

We did not acquire any real estate properties during the years ended December 31, 2025, 2024 and 2023.

Impairment:

We regularly evaluate our assets for indicators of impairment. Impairment indicators may include declining tenant or resident occupancy, weak or declining profitability from the property, decreasing tenant cash flows or liquidity, our decision to dispose of an asset before the end of its estimated useful life and legislative, market or industry changes that could permanently reduce the value of an asset. If indicators of impairment are present, we evaluate the carrying value of the affected assets by comparing it to the expected future undiscounted cash flows to be generated from those assets. The future cash flows are subjective and are based in part on assumptions regarding hold periods, market rents and terminal capitalization rates. If the sum of these expected future cash flows is less than the carrying value, we reduce the net carrying value of the asset to its estimated fair value.

During 2025, we recorded impairment charges of $109,597 to adjust the carrying value of 18 medical office and life science properties to their estimated fair values. We sold all of these properties in 2025. During 2025, we also recorded impairment charges of $56,105 to adjust the carrying value of 25 senior living communities to their estimated fair values. We sold 12 of these communities in 2025. The remaining 13 communities were classified as held for sale in our consolidated balance sheet as of December 31, 2025. These impairment charges, in aggregate, are included in impairment of assets in our consolidated statements of comprehensive income (loss).

During 2024, we recorded impairment charges of $70,734 to adjust the carrying value of six medical office and life science properties to their estimated fair value. We sold three of these medical office and life science properties in 2024. Three of these medical office and life science properties were classified as held for sale in our consolidated balance sheet as of December 31, 2024 and were sold in 2025. These impairment charges, in aggregate, are included in impairment of assets in our consolidated statements of comprehensive income (loss).

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 3. Real Estate and Other Investments (Continued)

During 2023, we recorded impairment charges of $14,034 to adjust the carrying value of four medical office and life science properties to their estimated fair value. We sold three of these medical office and life science properties in 2023. One of these medical office properties was classified as held for sale in our consolidated balance sheet as of December 31, 2023. During 2023, we also recorded impairment charges of $4,346 to adjust the carrying values of two senior living communities to their aggregate estimated fair value. We sold one of these senior living communities in 2023. These impairment charges, in aggregate, are included in impairment of assets in our consolidated statements of comprehensive income (loss).

Dispositions:

The table below represents the sale prices (excluding closing costs) of our dispositions for the years ended December 31, 2025, 2024 and 2023. We do not believe these sales represent a strategic shift in our business. As a result, the results of operations for these properties are included in continuing operations through the date of sale of such properties in our consolidated statements of comprehensive income (loss).

Date of Sale	State	Type of Property	Number of Properties	Number of Units or Square Feet	Sales Price	Gain (Loss) on Sale
Dispositions during the year ended December 31, 2025:						
January 2025	Delaware	Senior Living	1	102 units(1)	$ 2,900	$ 1,263
January 2025	California	Life Science	3	185,978 sq. ft.(2)	159,025	9,723
February 2025	Arizona	Life Science	1	82,266 sq. ft.	16,800	65
February 2025	Various	Senior Living	18	876 units(2)	135,000	97,560
March 2025	Connecticut	Medical Office	1	64,800 sq. ft.(2)	7,100	1,529
May 2025	Tennessee	Senior Living	1	120 units(1)	11,150	(5,261)
May 2025	Missouri	Medical Office	1	219,644 sq. ft.	5,250	(2,168)
July 2025	Missouri and Wisconsin	Medical Office	2	244,491 sq. ft.	4,800	(3)
July 2025	New Jersey	Senior Living	1	97 units(1)	4,000	1,554
August 2025	Pennsylvania	Medical Office	1	131,945 sq. ft.	1,800	(19)
September 2025	Georgia	Senior Living	1	40 units(1)	1,600	(218)
September 2025	Maryland	Medical Office	1	92,180 sq. ft.	4,250	(54)
October 2025	Georgia, South Carolina and Wyoming	Senior Living	7	428 units(1)	21,430	4,122
October 2025	Massachusetts	Medical Office	1	124,803 sq. ft.(2)	10,700	2,051
November 2025	Georgia and South Carolina	Senior Living	4	193 units(1)	10,000	(571)
November 2025	Illinois and North Carolina	Medical Office	2	154,041 sq. ft.(2)	11,766	(63)
December 2025	Delaware, Georgia and Indiana	Senior Living	5	662 units(1)	56,510	8,687
December 2025	Various	Medical Office	18	1,094,474 sq. ft.(2)	140,793	(467)
			69		$604,874	$117,730
Dispositions during the year ended December 31, 2024:						
March 2024	Arizona	Medical Office	1	126,084 sq. ft.	$ 3,600	$ (5,874)
June 2024	Texas	Medical Office	1	94,137 sq. ft.	4,200	(13,213)
July 2024	Illinois and Minnesota	Medical Office	2	205,673 sq. ft.	21,275	111
November 2024	Kansas	Life Science	1	239,366 sq. ft.	6,600	38
			5		$ 35,675	$ (18,938)

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 3. Real Estate and Other Investments (Continued)

Date of Sale	State	Type of Property	Number of Properties	Number of Units or Square Feet	Sales Price	Gain (Loss) on Sale
Dispositions during the year ended December 31, 2023:						
February 2023	Pennsylvania and South Carolina	Senior Living	3	—units [1]	$ 2,800	$ 293
October 2023	Pennsylvania	Medical Office	1	30,866 sq. ft.	1,800	15
October 2023	Tennessee	Senior Living	1	—units [1]	2,830	627
October 2023	Maryland	Life Science	1	58,880 sq. ft.	6,200	(360)
November 2023	Virginia	Senior Living	1	—units [1]	1,800	945
December 2023	South Carolina	Medical Office	1	115,108 sq. ft.	3,450	(1,255)
			8		$ 18,880	$ 265

(1) These communities were closed prior to their respective dispositions.

(2) We used aggregate net proceeds of $402,234 from the sales of these properties to partially redeem our then outstanding senior secured notes due 2026.

During the year ended December 31, 2023, we recognized a gain of $940 related to the sales of skilled nursing bed licenses at certain of our senior living communities.

As of December 31, 2025, we had 13 properties classified as held for sale as follows:

Segment	Number of Properties	Real Estate Properties, Net
SHOP	13	$22,048

As of February 20, 2026, these 13 properties were under agreement to sell for an aggregate sales price of $23,000, excluding closing costs. We may not complete the sales of any or all of the properties we currently plan to sell. Also, we may sell some or all of these properties at amounts that are less than currently expected and/or less than the carrying values of such properties, and we may incur losses on any such sales as a result.

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 3. Real Estate and Other Investments (Continued)

Investments and Capital Expenditures:

The following is a summary of capital expenditures, development, redevelopment and other activities for the periods presented:

	For the Year Ended December 31,		
	2025	2024	2023
SHOP fixed assets and capital improvements	$ 96,940	$ 93,043	$100,981
Medical Office and Life Science Portfolio capital expenditures:			
Lease related costs[1]	26,706	21,289	38,070
Building improvements[2]	7,802	6,002	12,984
Recurring capital expenditures—Medical Office and Life Science Portfolio	34,508	27,291	51,054
Wellness centers lease related costs[1]	—	20,618	9,721
Total recurring capital expenditures	$131,448	$140,952	$161,756
Development, redevelopment and other activities—SHOP[3]	$ 14,194	$ 46,558	$ 82,207
Development, redevelopment and other activities—Medical Office and Life Science Portfolio[3]	308	3,012	9,244
Total development, redevelopment and other activities	$ 14,502	$ 49,570	$ 91,451
Capital expenditures by segment:			
SHOP	$111,134	$139,601	$183,188
Medical Office and Life Science Portfolio	34,816	30,303	60,298
All Other—wellness centers	—	20,618	9,721
Total capital expenditures	$145,950	$190,522	$253,207

(1) Includes capital expenditures to improve tenants' space or amounts paid directly to tenants to improve their space and other leasing related costs, such as brokerage commissions and tenant inducements.

(2) Includes capital expenditures to replace obsolete building components that extend the useful life of existing assets or other improvements to increase the marketability of the property.

(3) Includes capital expenditures that reposition a property or result in change of use or new sources of revenue.

Equity Method Investments in Unconsolidated Joint Ventures:

As of December 31, 2025, we had equity investments in unconsolidated joint ventures as follows:

Equity Method Investments in Joint Ventures	DHC Ownership	DHC Carrying Value of Investment at December 31, 2025	Number of Properties	State	Square Feet
Seaport Innovation LLC	10%	$ 73,471	1	MA	1,134,479
The LSMD Fund REIT LLC	20%	46,655	10	CA, MA, NY, TX, WA	1,068,763
		$120,126	11		2,203,242

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 3. Real Estate and Other Investments (Continued)

The following table provides a summary of the mortgage debts of these joint ventures as of December 31, 2025:

Joint Venture	Coupon Rate	Maturity Date	Principal Balance(1)
Mortgage Notes Payable (secured by one property in Massachusetts)(2)(3)	5.60%	9/1/2030	$1,000,000
Mortgage Notes Payable (secured by nine properties in five states)(4)	3.46%	2/11/2032	189,800
Mortgage Notes Payable (secured by one property in California)(4)(5)	5.65%	2/9/2027	266,825
Weighted Average / Total	5.33%		$1,456,625

(1) Amounts are not adjusted for our minority equity interest.

(2) We provide certain limited recourse guaranties on this debt, with our liability limited to $100,000.

(3) Reflects August 2025 refinancing of the previous mortgage loan with an original principal balance of $620,000.

(4) The debt securing these properties is non-recourse to us.

(5) The joint venture exercised its final one-year extension option for the maturity date of this mortgage loan and purchased an interest rate cap effective through February 2027 with an annual rate of secured overnight financing rate, or SOFR, strike rate of approximately 5.94%. This mortgage loan requires that interest be paid at an annual rate of SOFR plus a premium of 1.90%.

We account for the Seaport JV and LSMD JV using the equity method of accounting under the fair value option. We recognized changes in the fair value of our investments in our unconsolidated joint ventures of $13,767, $(7,550) and $(20,461) during the years ended December 31, 2025, 2024 and 2023, respectively.

On August 21, 2025, the Seaport JV paid an aggregate cash distribution of $280,000 to its investors in connection with the refinancing of its prior mortgage loan in August 2025. Our pro rata share of this cash distribution was $28,000 and our basis in the equity method investment in the Seaport JV was reduced by such amount. For the year ended December 31, 2025, we also received $1,000 of operating distributions from the Seaport JV and made $8,500 of contributions to the Seaport JV.

Equity Method Investment in AlerisLife:

As of December 31, 2025, we owned approximately 34.0% of the outstanding common shares of AlerisLife Inc., or AlerisLife. We do not control the activities that are most significant to AlerisLife and, as a result, we account for our non-controlling interest in AlerisLife using the equity method of accounting.

As of December 31, 2025, AlerisLife had ceased operations and was in the process of winding-down its operations. We have recorded the book value of our remaining investment and fully amortized the remaining basis difference between our initial investment and the equity value of AlerisLife. As of December 31, 2025, our investment in AlerisLife had a carrying value of $27,200. We recognized income of $22,993 for the year ended December 31, 2025. This amount is included in equity in net earnings (losses) of investees in our consolidated statements of comprehensive income (loss).

On February 14, 2025, AlerisLife paid an aggregate cash dividend of $50,000 to its stockholders. Our pro rata share of this cash dividend was $17,000 and our basis in the equity method investment in AlerisLife was reduced by such amount. On July 15, 2025, AlerisLife paid an aggregate cash dividend of $10,000 to

Note 3. Real Estate and Other Investments (Continued)

its stockholders. Our pro rata share of this cash dividend was $3,400 and our basis in the equity method investment in AlerisLife was reduced by such amount. On January 9, 2026, AlerisLife paid an aggregate cash dividend of $80,000 to its stockholders. Our pro rata share of this cash dividend was $27,200. See Notes 2 and 8 for more information regarding our investment in AlerisLife.

Other:

In September 2022, certain of our managed senior living communities located in Florida experienced hurricane related damage. We carry comprehensive property, casualty, flood and business interruption insurances which covered our losses at these senior living communities, subject to a deductible. During the year ended December 31, 2025, we recognized a gain on insurance recoveries of $7,522 as a result of insurance proceeds received for these damaged senior living communities and the closing of the associated claim.

In January 2026, we provided notice to exercise our purchase option for the two properties securing our finance leases for $14,500, with closing expected in April 2026.

Note 4. Leases

We are a lessor of medical office and life science properties, senior living communities and other healthcare related properties. Our leases provide our tenants with the contractual right to use and economically benefit from all of the premises demised under the leases; therefore, we have determined to evaluate our leases as lease arrangements.

Our leases provide for base rent payments and, in addition, may include variable payments. Rental income from operating leases, including any payments derived by index or market based indices, is recognized on a straight line basis over the lease term when we have determined that the collectability of substantially all of the lease payments is probable. Some of our leases have options to extend or terminate the lease exercisable at the option of our tenants, which are considered when determining the lease term.

We increased rental income to record revenue on a straight line basis by $962 and $1,445 for the years ended December 31, 2025 and 2024, respectively. We decreased rental income to record revenue on a straight line basis by $1,095 for the year ended December 31, 2023. Rents receivable, excluding receivables related to our properties classified as held for sale, if any, include $62,163 and $69,814 of straight line rent receivables at December 31, 2025 and 2024, respectively, and are included in other assets, net in our consolidated balance sheets.

We do not include in our measurement of our lease receivables certain variable payments, including changes in the index or market based indices after the inception of the lease, certain tenant reimbursements and other income until the specific events that trigger the variable payments have occurred. Such payments totaled $41,610, $48,873 and $51,367 for the years ended December 31, 2025, 2024 and 2023, respectively, of which tenant reimbursements totaled $39,923, $45,255 and $48,215, respectively.

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 4. Leases (Continued)

The following table presents our operating lease maturity analysis, excluding lease payments from properties classified as held for sale, if any, as of December 31, 2025:

Year	Amount
2026	$145,437
2027	132,996
2028	118,638
2029	103,714
2030	95,568
Thereafter	384,181
Total	$980,534

Right of Use Asset and Lease Liability. For leases where we are the lessee, we recognize a right of use asset and a lease liability equal to the present value of the minimum lease payments with rental payments being applied to the lease liability and the right of use asset being amortized over the term of the lease. The values of the right of use assets and related liabilities representing our future obligation under the respective lease arrangements for which we are the lessee were $16,537 and $16,921, respectively, as of December 31, 2025, and $20,025 and $20,411, respectively, as of December 31, 2024. The right of use assets and related lease liabilities are included within other assets, net and other liabilities, respectively, within our consolidated balance sheets. In addition, we lease equipment at certain of our managed senior living communities. These leases are short term in nature, are cancelable with no fee or do not result in an annual expense in excess of our capitalization policy and, as a result, are not recorded on our consolidated balance sheets.

Note 5. Shareholders' Equity

We have common shares available for issuance under the terms of our equity compensation plan adopted in 2012, as amended, or the 2012 Plan. During the years ended December 31, 2025, 2024 and 2023, we awarded to our officers and certain other employees of The RMR Group LLC, or RMR, and certain current and former employees of AlerisLife annual share awards of 950,895, 881,767 and 800,000 of our common shares, respectively, valued at $4,070, $2,954 and $1,864, in aggregate, respectively. In accordance with our Trustee compensation arrangements, we also awarded each of our then Trustees 29,141 common shares with an aggregate value of $665 ($95 per Trustee), 37,037 common shares with an aggregate value of $630 ($90 per Trustee) and 20,000 common shares with an aggregate value of $244 ($35 per Trustee) in 2025, 2024 and 2023, respectively. In March 2025, in connection with the election of one of our Trustees, we awarded 33,582 of our common shares to this Trustee with a value of $90. In September 2023, in connection with the election of another one of our Trustees, we awarded 20,000 of our common shares to this Trustee with a value of $45. The values or numbers, as applicable, of the share awards were based upon the closing price of our common shares trading on The Nasdaq Stock Market LLC, or Nasdaq, on the dates of awards. The common shares awarded to our Trustees vested immediately. The common shares awarded to our officers and certain other employees of RMR and certain employees of AlerisLife vest in five equal annual installments beginning on the date of award. We recognize share forfeitures as they occur and include the value of awarded shares in general and administrative expenses in our consolidated statements of comprehensive income (loss) ratably over the vesting period. At December 31, 2025, 3,493,033 of our common shares remain available for issuance under the 2012 Plan.

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 5. Shareholders' Equity (Continued)

A summary of shares awarded, forfeited, vested and unvested under the terms of the 2012 Plan from January 1, 2023 to December 31, 2025 is as follows:

	Number of Shares	Weighted Average Award Date Fair Value
Unvested shares at December 31, 2022	1,116,000	$2.50
Shares awarded in 2023	960,000	$2.24
Shares vested / forfeited in 2023	(847,800)	$2.53
Unvested shares at December 31, 2023	1,228,200	$2.28
Shares awarded in 2024	1,141,026	$3.14
Shares vested / forfeited in 2024	(1,049,225)	$2.54
Unvested shares at December 31, 2024	1,320,001	$2.80
Shares awarded in 2025	1,188,464	$4.06
Shares vested / forfeited in 2025	(1,077,788)	$3.12
Unvested shares at December 31, 2025	1,430,677	$3.60

The 1,430,677 unvested shares as of December 31, 2025 are scheduled to vest as follows:

	Unvested Shares
2026	492,755
2027	420,972
2028	330,548
2029	186,402
Total	1,430,677

As of December 31, 2025, the estimated future compensation for the unvested shares was $4,670 based on the adjusted award date fair value of these shares. At December 31, 2025, the weighted average period over which the compensation expense will be recorded is approximately 1.9 years.

During the years ended December 31, 2025, 2024 and 2023, we recorded share based compensation expense of $3,411, $2,747 and $1,840, respectively.

During the years ended December 31, 2025, 2024 and 2023, we purchased an aggregate of 276,078, 268,221 and 184,344 of our common shares, respectively, from certain of our Trustees and officers and certain other current and former officers and employees of RMR and certain current and former employees of AlerisLife, in satisfaction of tax withholding and payment obligations in connection with the vesting of prior awards of our common shares.

A summary of cash distributions paid to common shareholders, for federal income tax purposes, are as follows for the periods presented:

			Characterization of Distribution		
Year	Annual Per Share Distribution	Total Distribution	Ordinary Income	Capital Gain	Return of Capital
2025	$0.04	$9,661	—%	—%	100.0%
2024	$0.04	$9,627	—%	—%	100.0%
2023	$0.04	$9,595	—%	—%	100.0%

Note 5. Shareholders' Equity (Continued)

On January 15, 2026, we declared a quarterly distribution to common shareholders of record on January 26, 2026 of $0.01 per share, or approximately $2,421. We paid this distribution on February 19, 2026 using cash on hand.

Note 6. Senior Living Community Management Agreements

Our managed senior living communities are operated by third parties pursuant to management agreements. Beginning in September 2025, we transitioned the management of 116 of our senior living communities previously managed by Five Star Senior Living, or Five Star, which was an operating division of AlerisLife, to seven different third party managers in connection with AlerisLife's sale of all of its assets and the wind-down of its business. As of December 31, 2025, we completed the transition of the management agreements for all of the Five Star managed senior living communities to these managers. We lease nearly all of our senior living communities managed by third party managers, to our TRSs.

Management Arrangements with Five Star. Prior to the transition of the Five Star management agreements described above, we and Five Star were parties to an amended and restated master management agreement, or the Master Management Agreement, for the senior living communities that Five Star managed for us. Pursuant to an amended and restated guaranty agreement, AlerisLife guaranteed the payment and performance of each of its applicable subsidiary's obligations under the applicable management agreements.

Pursuant to the Master Management Agreement, Five Star received a management fee equal to 5% of the gross revenues realized at the applicable senior living communities plus reimbursement for its direct costs and expenses related to such communities. The Master Management Agreement was scheduled to expire in 2036. In December 2025, we and Five Star terminated the Master Management Agreement as part of the wind-down of AlerisLife's operations.

In connection with ABP Trust's acquisition of AlerisLife on March 20, 2023, we amended the Master Management Agreement to eliminate any change of control default or event of default provisions effective upon the consummation of the AlerisLife acquisition by ABP Trust. See Note 8 for further information regarding ABP Trust's acquisition of AlerisLife.

In January 2025, we sold a closed senior living community that had previously been managed by Five Star. Additionally, in October 2025, we sold two senior living communities that had previously been managed by Five Star. We and Five Star terminated our management agreements for these senior living communities in connection with these sales. See Note 3 for further information regarding these sales.

Our Senior Living Communities Managed by Five Star. Five Star managed 0, 118 and 119 of our senior living communities as of December 31, 2025, 2024 and 2023, respectively.

We incurred management fees payable to Five Star of $36,226, $42,474 and $40,119 for the years ended December 31, 2025, 2024 and 2023, respectively. For the years ended December 31, 2025, 2024 and 2023, $34,617, $40,212 and $37,436, respectively, of the total management fees were expensed to property operating expenses in our consolidated statements of comprehensive income (loss) and $1,609, $2,262 and $2,683, respectively, were capitalized in our consolidated balance sheets. The amounts capitalized are being depreciated over the estimated useful lives of the related capital assets.

Prior to the sale of their Ageility business to Fox Rehabilitation on June 17, 2024, Five Star also provided certain other services to residents at some of the senior living communities it managed for us, such as rehabilitation services. At senior living communities Five Star managed for us where Five Star provided rehabilitation services on an outpatient basis, the residents, third party payers or government programs paid Five Star for those rehabilitation services. At senior living communities Five Star managed for us where Five Star provided both inpatient and outpatient rehabilitation services, we generally paid Five Star for those

Note 6. Senior Living Community Management Agreements (Continued)

rehabilitation services and charges for these services were included in amounts charged to residents, third party payers or government programs. During 2023, Five Star closed all inpatient clinics and as such we do not expect to incur these fees to Five Star in the future. We incurred fees $1,213 for the year ended December 31, 2023, with respect to rehabilitation services Five Star provided at our senior living communities that are payable by us. These amounts are included in property operating expenses in our consolidated statements of comprehensive income (loss).

Until December 31, 2025, we leased space to Five Star at certain of our senior living communities, which, prior to June 17, 2024, Five Star used to provide certain outpatient rehabilitation and wellness services through the Ageility branded business. Beginning on June 17, 2024, Five Star subleased this space to a subsidiary of Fox Rehabilitation, which acquired the Ageility branded business from AlerisLife on that date.

Our Senior Living Communities Managers. As of December 31, 2025, 2024 and 2023, respectively, our managers managed 212, 114 and 113 of our senior living communities, including closed communities. The terms of the management agreements with our third party managers are generally as follows: the managers will receive a management fee equal to 5% to 6% of the gross revenues realized at the applicable senior living communities. Certain of our management agreements also provide that the manager will receive a reimbursement for direct costs and expenses related to such communities. Additionally, the managers have the ability to earn incentive fees equal to 15% to 30% of the amount by which EBITDA of the applicable communities exceeds the target EBITDA for the applicable communities. The managers can also earn a construction supervision fee ranging between 3% and 5% of construction costs.

The initial terms of the management agreements are generally five to ten years, subject to automatic extensions of successive terms of two years each unless earlier terminated or timely notice of nonrenewal is delivered. The management agreements also generally provide us with the right to terminate the management agreements for communities that do not earn 70% to 85% of the target EBITDA for such communities, after an agreed upon stabilized period.

As a result of the transition of 116 of our senior living communities managed by Five Star to different third party managers, we incurred transition costs, including certain termination fees and other costs associated with the re-branding and marketing of these communities. For the year ended December 31, 2025, we recorded $10,356 of these costs to acquisition and certain other transaction related costs in our consolidated statements of comprehensive income (loss).

In March 2024, we terminated our management agreement with one of our managers which managed 13 of our communities located in Wisconsin and Illinois and transitioned these communities to another manager with which we have an existing relationship. The terms of the management agreement for these communities are generally consistent with the terms of the existing management agreements with our managers. We paid transition costs, including termination and other fees, of $2,228 related to the transition of these communities for the year ended December 31, 2024.

We incurred management fees payable to our managers, other than Five Star, of $32,861, $23,283 and $21,863 for the years ended December 31, 2025, 2024 and 2023, respectively. Additionally, we incurred incentive fees to certain of our operators of $637 and $241 during the years ended December 31, 2025 and 2024, respectively. These amounts are included in property operating expenses in our consolidated statements of comprehensive income (loss).

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 6. Senior Living Community Management Agreements (Continued)

The following table presents residents fees and services revenue from all of our managed senior living communities disaggregated by the type of contract and payer:

	Year Ended December 31,		
Revenue from contracts with customers:	**2025**	**2024**	**2023**
Basic housing and support services	$1,040,322	$ 972,307	$ 915,528
Private pay and other third party payer SNF services	167,709	171,741	146,767
Medicare and Medicaid programs	104,624	100,341	89,613
Total residents fees and services	$1,312,655	$1,244,389	$1,151,908

The following table provides a summary of our managers that manage a large concentration of our senior living communities as of December 31, 2025:

Manager	Number of Communities	% of Gross Real Estate Properties
Sinceri Senior Living	38	30.8%
Discovery Senior Living	44	23.7%
Tutera Senior Living	18	8.9%
Charter Senior Living	30	7.0%
Phoenix Senior Living	26	5.7%
All other managers	55	23.9%
Total(1)	211	100.0%

(1) Excludes one closed senior living community.

Note 7. Business and Property Management Agreements with RMR

We have no employees. The personnel and various services we require to operate our business are provided to us by RMR. We have two agreements with RMR to provide management services to us: (1) a business management agreement, which relates to our business generally; and (2) a property management agreement, which relates to the property level operations of many of our properties, including our medical office and life science properties, and major renovation or repositioning activities at our senior living communities that we may request RMR to manage from time to time. See Note 8 for further information regarding our relationship, agreements and transactions with RMR.

Management Agreements with RMR. Our management agreements with RMR provide for an annual base management fee, an annual incentive management fee and property management and construction supervision fees, payable in cash, among other terms:

- *Base Management Fee*. The annual base management fee payable to RMR by us for each applicable period is equal to the lesser of:
  - the sum of (a) 0.5% of the daily weighted average of the aggregate book value of our real estate assets owned by us or our subsidiaries as of October 12, 1999, or the Transferred Assets, plus (b) 0.7% of the average aggregate historical cost of our real estate investments excluding the Transferred Assets up to $250,000, plus (c) 0.5% of the average aggregate historical cost of our real estate investments excluding the Transferred Assets exceeding $250,000; and

Note 7. Business and Property Management Agreements with RMR (Continued)

- the sum of (a) 0.7% of the average closing price per share of our common shares on the stock exchange on which such shares are principally traded during such period, multiplied by the average number of our common shares outstanding during such period, plus the daily weighted average of the aggregate liquidation preference of each class of our preferred shares outstanding during such period, plus the daily weighted average of the aggregate principal amount of our consolidated indebtedness during such period, or, together, our Average Market Capitalization, up to $250,000, plus (b) 0.5% of our Average Market Capitalization exceeding $250,000.

The average aggregate historical cost of our real estate investments includes our consolidated assets invested, directly or indirectly, in equity interests in or loans secured by real estate and personal property owned in connection with such real estate (including acquisition related costs and costs which may be allocated to intangibles or are unallocated), all before reserves for depreciation, amortization, impairment charges or bad debts or other similar non-cash reserves.

- *Incentive Management Fee*. The incentive management fee which may be earned by RMR for an annual period is calculated as follows:
- An amount, subject to a cap, based on the value of our common shares outstanding, equal to 12.0% of the product of:
  - our equity market capitalization on the last trading day of the year immediately prior to the relevant three year measurement period, and
  - the amount (expressed as a percentage) by which the total return per share, as defined in the business management agreement and further described below, of our common shareholders (i.e., share price appreciation plus dividends) exceeds the total shareholder return of the applicable market index, or the benchmark return per share, for the relevant measurement period. The MSCI U.S. REIT/Health Care REIT Index is the applicable benchmark index.

For purposes of the total return per share of our common shareholders, share price appreciation for a measurement period is determined by subtracting (1) the closing price of our common shares on Nasdaq on the last trading day of the year immediately before the first year of the applicable measurement period, or the initial share price, from (2) the average closing price of our common shares on the 10 consecutive trading days having the highest average closing prices during the final 30 trading days in the last year of the measurement period.

  - The calculation of the incentive management fee (including the determinations of our equity market capitalization, initial share price and the total return per share of our common shareholders) is subject to adjustments if we issue or repurchase our common shares, or if our common shares are forfeited, during the measurement period.
  - No incentive management fee is payable by us unless our total return per share during the measurement period is positive.
  - The measurement periods are three year periods ending with the year for which the incentive management fee is being calculated.
  - If our total return per share exceeds 12.0% per year in any measurement period, the benchmark return per share is adjusted to be the lesser of the total shareholder return of the applicable market index for such measurement period and 12.0% per year, or the adjusted benchmark return per share. In instances where the adjusted benchmark return per share applies, the incentive management fee will be reduced if our total return per share is between 200 basis points and 500 basis points below the applicable market index in any year, by a low return factor, as defined in the business management agreement, and there will be no incentive management fee paid if, in

Note 7. Business and Property Management Agreements with RMR (Continued)

these instances, our total return per share is more than 500 basis points below the applicable market index in any year, determined on a cumulative basis (i.e. between 200 basis points and 500 basis point per year multiplied by the number of years in the measurement period and below the applicable market index).

- The incentive management fee is subject to a cap. The cap is equal to the value of the number of our common shares which would, after issuance, represent 1.5% of the number of our common shares then outstanding multiplied by the average closing price of our common shares during the 10 consecutive trading days having the highest average closing prices during the final 30 trading days of the relevant measurement period.
- Incentive management fees we paid to RMR for any period may be subject to "clawback" if our consolidated financial statements for that period are restated due to material non-compliance with any financial reporting requirements under the securities laws as a result of the bad faith, fraud, willful misconduct or gross negligence of RMR and the amount of the incentive management fee we paid was greater than the amount we would have paid based on the restated consolidated financial statements.

We incurred a $17,905 incentive management fee pursuant to our business management agreement for the year ended December 31, 2025. We paid this incentive management fee to RMR in January 2026. We did not incur any incentive management fee pursuant to our business management agreement for the years ended December 31, 2024 or 2023.

- *Property Management and Construction Supervision Fees.* The property management fees payable to RMR by us for each applicable period are equal to 3.0% of gross collected rents and the construction supervision fees payable to RMR by us for each applicable period are equal to 5.0% of construction costs. Pursuant to our property management agreement with RMR, RMR provides oversight of agreed upon major capital projects and repositionings at our senior living communities and RMR receives 3.0% of the cost of any such major capital project or repositioning.
- *Expense Reimbursement.* We are generally responsible for all our operating expenses, including certain expenses incurred or arranged by RMR on our behalf. We are generally not responsible for payment of RMR's employment, office or administrative expenses incurred to provide management services to us, except for the employment and related expenses of RMR's employees assigned to work exclusively or partly at our properties, our share of the wages, benefits and other related costs of RMR's centralized accounting personnel, our share of RMR's costs for providing our internal audit function, or as otherwise agreed. Our property level operating expenses are generally incorporated into the rents charged to our tenants, including certain payroll and related costs incurred by RMR.
- *Term.* Our management agreements with RMR have terms that end on December 31, 2045, and automatically extend on December 31st of each year for an additional year, so that the terms of our management agreements thereafter end on the 20th anniversary of the date of the extension.
- *Termination Rights.* We have the right to terminate one or both of our management agreements with RMR: (i) at any time on 60 days' written notice for convenience, (ii) immediately on written notice for cause, as defined therein, (iii) on written notice given within 60 days after the end of an applicable calendar year for a performance reason, as defined therein, and (iv) by written notice during the 12 months following a change of control of RMR, as defined therein. RMR has the right to terminate the management agreements for good reason, as defined therein.
- *Termination Fee.* If we terminate one or both of our management agreements with RMR for convenience, or if RMR terminates one or both of our management agreements for good reason, we have agreed to pay RMR a termination fee in an amount equal to the sum of the present values of the monthly future fees, as defined therein, for the terminated management agreement(s) for the term

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 7. Business and Property Management Agreements with RMR (Continued)

that was remaining prior to such termination, which, depending on the time of termination would be between 19 and 20 years. If we terminate one or both of our management agreements with RMR for a performance reason, we have agreed to pay RMR the termination fee calculated as described above, but assuming a 10 year term was remaining prior to the termination. We are not required to pay any termination fee if we terminate our management agreements with RMR for cause or as a result of a change of control of RMR.

- *Transition Services.* RMR has agreed to provide certain transition services to us for 120 days following an applicable termination by us or notice of termination by RMR, including cooperating with us and using commercially reasonable efforts to facilitate the orderly transfer of the management and real estate investment services provided under our business management agreement and to facilitate the orderly transfer of the management of the managed properties under our property management agreement, as applicable.
- *Vendors.* Pursuant to our management agreements with RMR, RMR may from time to time negotiate on our behalf with certain third party vendors and suppliers for the procurement of goods and services to us. As part of this arrangement, we may enter agreements with RMR and other companies to which RMR or its subsidiaries provide management services for the purpose of obtaining more favorable terms from such vendors and suppliers.
- *Investment Opportunities.* Under our business management agreement with RMR, we acknowledge that RMR may engage in other activities or businesses and act as the manager to any other person or entity (including other REITs) even though such person or entity has investment policies and objectives similar to ours and we are not entitled to preferential treatment in receiving information, recommendations and other services from RMR.

For the years ended December 31, 2025, 2024 and 2023, the business management fees, incentive management fees, property management fees and construction supervision fees and expense reimbursements recognized in our consolidated financial statements were as follows:

		Year Ended December 31,		
	Financial Statement Line Item	2025	2024	2023
Pursuant to business management agreement:				
Business management fees	General and administrative expenses[1]	$15,761	$16,468	$13,965
Incentive management fees	General and administrative expenses	17,905	—	—
		$33,666	$16,468	$13,965
Pursuant to property management agreement[2]:				
Property management fees	Property operating expenses	$ 4,816	$ 5,683	$ 5,686
Construction supervision fees	Building and improvements[3]	1,063	2,005	3,200
		$ 5,879	$ 7,688	$ 8,886
Expense Reimbursement:				
Other expenses	General and administrative expenses	$ 200	$ 304	$ 288
Property level expenses	Property operating expenses	12,993	14,719	14,299
		$13,193	$15,023	$14,587

(1) The net business management fees we recognized for the years ended December 31, 2025, 2024 and 2023 reflect a reduction of $2,974 for each of those years for the amortization of the liability we recorded in connection with our former investment in The RMR Group Inc., or RMR Inc.

Note 7. Business and Property Management Agreements with RMR (Continued)

(2) The net property management and construction supervision fees we recognized for the years ended December 31, 2025, 2024 and 2023 reflect a reduction of $797 for each of those years for the amortization of the liability we recorded in connection with our former investment in RMR Inc., as further described in Note 8.

(3) Amounts capitalized as building improvements are depreciated over the estimated useful lives of the related capital assets.

In January 2025, in connection with a $100,000 credit agreement and related security agreement entered into by RMR and certain of its subsidiaries with Citibank, N.A., or Citibank, and the other lenders party thereto, we consented to the pledge and assignment of RMR's interest in our management agreements under the security agreement. Pursuant to the consent, we agreed, among other things, that upon notice that an event of default under the RMR credit agreement has occurred and is continuing, we will continue to make all payments under our management agreements in accordance with the instructions of Citibank, and that if there is an event of default by RMR under our management agreements that would allow us to terminate or suspend our obligations, we will not terminate or suspend without notice to Citibank and provide Citibank 30 days to cure the default on RMR's behalf. The consent was approved by our Independent Trustees.

Management Agreements between our Joint Ventures and RMR. We have two separate joint venture arrangements with third party institutional investors, the Seaport JV and the LSMD JV. RMR provides management services to both of these joint ventures. Our joint ventures are not our consolidated subsidiaries and, as a result, we are not obligated to pay management fees to RMR under our management agreements with RMR for the services it provides regarding the joint ventures.

Note 8. Related Person Transactions

We have relationships and historical and continuing transactions with RMR, RMR Inc., AlerisLife (including Five Star) and others related to them, including other companies to which RMR or its subsidiaries provide management services and some of which have trustees, directors or officers who are also our Trustees or officers. RMR is a majority owned subsidiary of RMR Inc. The Chair of our Board of Trustees and one of our Managing Trustees, Adam D. Portnoy, is the sole trustee, an officer and the controlling shareholder of ABP Trust, which is the controlling shareholder of RMR Inc., chair of the board of directors, a managing director and the president and chief executive officer of RMR Inc., an officer and employee of RMR and, until the acquisition of AlerisLife by ABP Trust on March 20, 2023, the chair of the board of directors and a managing director of AlerisLife, and currently the sole director of AlerisLife. Christopher J. Bilotto, our other Managing Trustee and President and Chief Executive Officer is also an executive of RMR Inc., Matthew C. Brown, our Chief Financial Officer and Treasurer, is also an executive vice president and the chief financial officer and treasurer of RMR Inc. and an officer of ABP Trust, and each of our officers is also an officer and employee of RMR. Jeffrey C. Leer, the president and chief executive officer of AlerisLife, is an executive officer of RMR. Some of our Independent Trustees also serve as independent trustees of other public companies to which RMR or its subsidiaries provide management services. Adam D. Portnoy serves as the chair of the board and as a managing trustee of these companies. Other officers of RMR, including Mr. Bilotto, Mr. Brown and certain of our officers, serve as managing trustees, or officers of certain of these companies. In addition, officers of RMR and RMR Inc. serve as our officers and officers of other companies to which RMR or its subsidiaries provide management services. As of December 31, 2025, ABP Trust and Adam D. Portnoy owned 9.8% of our outstanding common shares.

AlerisLife. Until March 20, 2023, we were AlerisLife's largest stockholder, owning approximately 31.9% of AlerisLife's outstanding common shares, and ABP Acquisition LLC, or ABP Acquisition, a subsidiary of ABP Trust, together with ABP Trust, owned approximately 6.1% of AlerisLife's outstanding common shares. Five Star is an operating division of AlerisLife. Prior to December 31, 2025, Five Star

Note 8. Related Person Transactions (Continued)

managed certain of the senior living communities we own pursuant to the Master Management Agreement. RMR provides management services to both us and AlerisLife. AlerisLife participated in our property insurance program for the senior living communities AlerisLife owned. The premiums AlerisLife paid for this coverage were allocated pursuant to a formula based on the profiles of the properties included in the program. See Note 6 for further information regarding our relationships, agreements and transactions with AlerisLife (including Five Star) and Note 2 for further information regarding our investment in AlerisLife.

In connection with ABP Trust's acquisition of AlerisLife in 2023 pursuant to a tender offer, we tendered all of the AlerisLife common shares that we or our subsidiaries then owned at a price of $1.31 per share, or the Tender Offer Price, subject to the right to purchase AlerisLife common shares at the Tender Offer Price prior to December 31, 2023. Pursuant to an extension of this right, on February 16, 2024, we, together with our applicable TRS, exercised our right to purchase and acquired 34.0% of the then outstanding AlerisLife common shares from ABP Trust at the Tender Offer Price for a total purchase price of $15,459, including transaction related costs, and we, our applicable TRS, ABP Trust and AlerisLife entered into a stockholders agreement.

In connection with AlerisLife's sale of its Ageility branded business to a subsidiary of Fox Rehabilitation on June 17, 2024, we approved Five Star's sublease to a subsidiary of Fox Rehabilitation of space at certain of our senior living communities, which is used to provide certain outpatient rehabilitation and wellness services.

On February 14, 2025 and July 15, 2025, AlerisLife paid aggregate cash dividends of $50,000 and $10,000, respectively, to its stockholders and our pro rata share of these cash dividends was $17,000 and $3,400, respectively.

In connection with the wind-down of its business, on January 9, 2026 AlerisLife paid an aggregate cash dividend of $80,000 to its stockholders. Our pro rata share of this cash dividend was $27,200. See Note 6 for further information regarding our relationships, agreements and transactions with AlerisLife (including Five Star) and Note 2 for further information regarding our investment in AlerisLife.

Our Manager, RMR. We have two agreements with RMR to provide management services to us: (1) a business management agreement, which relates to our business generally; and (2) a property management agreement, which relates to the property level operations of many of our properties, including our medical office and life science properties, and major renovation or repositioning activities at our senior living communities that we may request RMR to manage from time to time. See Note 7 for further information regarding our management agreements with RMR.

Our Joint Ventures. In connection with our entering into the LSMD JV in January 2022, we paid mortgage escrow amounts and closing costs that were payable by that joint venture. The remaining costs totaled $3,965 as of December 31, 2025 and are included in other assets, net, in our consolidated balance sheet. RMR provides management services to each of the Seaport JV and the LSMD JV. See Note 7 for further information regarding those management agreements with RMR.

Leases with RMR. We lease office space to RMR in certain of our properties for RMR's property management offices. We recognized rental income from RMR for leased office space of $423, $460 and $196 for the years ended December 31, 2025, 2024 and 2023, respectively. Our office space leases with RMR are terminable by RMR if our management agreements with RMR are terminated.

Share Awards to RMR Employees. As described in Note 5, we award shares to our officers and other employees of RMR annually. Generally, one fifth of these awards vest on the award date and one fifth vests on each of the next four anniversaries of the award dates. In certain instances, we may accelerate the vesting of an award, such as in connection with the award holder's retirement as an officer of us or an officer or employee of RMR. These awards to RMR employees are in addition to the share awards to our

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 8. Related Person Transactions (Continued)

Managing Trustees, as Trustee compensation, and the fees we paid to RMR. See Note 5 for information regarding our share awards and activity as well as certain share purchases we made in connection with share award recipients satisfying tax withholding obligation on vesting share awards.

Note 9. Indebtedness

At December 31, 2025 and 2024, our outstanding indebtedness consisted of the following:

Senior Unsecured Notes:

			Principal Balance as of December 31,	
	Coupon Rate	Maturity	2025	2024
Senior unsecured notes[1]	9.750%	June 2025	$ —	$ 380,000
Senior unsecured notes	4.750%	February 2028	500,000	500,000
Senior unsecured notes[1]	4.375%	March 2031	500,000	500,000
Senior unsecured notes	5.625%	August 2042	350,000	350,000
Senior unsecured notes	6.250%	February 2046	250,000	250,000
Total			1,600,000	1,980,000
Unamortized discount			(1,796)	(2,639)
Unamortized debt issuance costs			(17,478)	(20,042)
Senior unsecured notes, net			$1,580,726	$1,957,319

(1) These notes are or were fully and unconditionally guaranteed, on a joint, several and unsecured basis, by all of our subsidiaries except certain excluded subsidiaries. The notes and related guarantees are effectively subordinated to all of our and the subsidiary guarantors' secured indebtedness, respectively, to the extent of the value of the applicable collateral, and are structurally subordinated to all indebtedness and other liabilities and any preferred equity of any of our subsidiaries that do not guarantee the notes.

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 9. Indebtedness (Continued)

Secured and Other Debt:

	Number of Properties Securing		Principal Balance as of December 31,(1)				Net Book Value of Collateral as of December 31,	
	At December 31, 2025	At December 31, 2024	2025	2024	Interest Rate	Maturity	2025	2024
Secured revolving credit facility	14	—	$ —	$ —	6.47%	June 2029	$ 326,565	$ —
Senior secured notes(2)	—	95	—	940,534	0.00%	January 2026	—	1,064,171
Senior secured notes(3)	36	—	375,000	—	7.25%	October 2030	402,797	—
Floating rate mortgage loan(4)	14	—	140,000	—	6.19%	March 2028	142,947	—
Mortgage note	4	—	63,499	—	6.57%	June 2030	135,772	—
Mortgage note	8	8	120,000	120,000	6.86%	June 2034	182,848	191,186
Mortgage notes(5)	7	—	108,873	—	6.22%	May 2035	148,477	—
Mortgage notes(6)	2	—	30,284	—	6.36%	June 2035	34,328	—
Mortgage note	1	1	5,847	7,464	6.44%	July 2043	12,893	13,097
Finance Leases(7)	2	2	613	2,338	7.70%	April 2026	20,128	21,606
Total	88	106	844,116	1,070,336			$1,406,755	$1,290,060
Unamortized discount(2)			—	(101,035)				
Unamortized debt issuance costs(8)			(24,018)	(15,716)				
Total secured and other debt, net			$820,098	$ 953,585				

(1) The principal balances are the amounts stated in the contracts. In accordance with GAAP, our carrying values and recorded interest expense may be different because of market conditions at the time we assumed certain of these debts.

(2) These notes required no cash interest to accrue prior to maturity and accreted at a rate of 11.25% per annum compounded semiannually on January 15 and July 15 of each year, such that the accreted value equaled the principal amount at maturity. The unamortized discount is related to these notes. These notes were redeemed in full in December 2025.

(3) These notes are fully and unconditionally guaranteed, on a joint, several and senior secured basis by certain of our subsidiaries that own 36 properties, or the 2030 Collateral Guarantors, and on a joint, several and unsecured basis, by all of our subsidiaries other than the 2030 Collateral Guarantors and certain excluded subsidiaries. These notes and the guarantees provided by the 2030 Collateral Guarantors are secured by a first priority lien on and security interest in 100% of the equity interests in each of the 2030 Collateral Guarantors. The unsecured guarantees related to these notes are effectively subordinated to all of the subsidiary guarantors' secured indebtedness to the extent of the value of the applicable collateral, and the notes and related guarantees are structurally subordinated to all indebtedness and other liabilities and any preferred equity of any of our subsidiaries that do not guarantee the notes.

(4) This mortgage loan requires that interest be paid at an annual rate of SOFR plus a premium of 2.50% with interest-only payments through April 2027, and we have two six-month extension options of the interest-only period, subject to satisfaction of certain conditions. In connection with this mortgage loan, we have purchased an interest rate cap with a SOFR strike rate equal to 4.50% pursuant to the terms of the applicable loan agreement.

(5) These mortgage loans require interest-only payments through May 2030.

(6) These mortgage loans require interest-only payments through June 2028.

Note 9. Indebtedness (Continued)

(7) In January 2026, we provided notice to exercise our purchase option for these two properties for $14,500, with closing expected in April 2026.

(8) Excludes unamortized debt issuance costs for our revolving credit facility as these costs are included in other assets, net in our consolidated balance sheets.

As of December 31, 2025, all $500,000 of our 4.375% senior notes due 2031 were fully and unconditionally guaranteed, on a joint, several and unsecured basis, by all of our subsidiaries except certain excluded subsidiaries. The notes and related guarantees are effectively subordinated to all of our and the subsidiary guarantors' secured indebtedness, respectively, to the extent of the value of the applicable collateral, and the notes and related guarantees are structurally subordinated to all indebtedness and other liabilities and any preferred equity of any of our subsidiaries that do not guarantee the notes. Our remaining $1,100,000 of senior unsecured notes do not have the benefit of any guarantees as of December 31, 2025.

Until the redemption in full thereof on December 29, 2025, our senior secured notes due 2026 were fully and unconditionally guaranteed, on a joint, several and senior secured basis by certain of our subsidiaries, or the 2026 Collateral Guarantors, and on a joint, several and unsecured basis, by all of our subsidiaries other than the 2026 Collateral Guarantors and certain excluded subsidiaries. These notes and the guarantees provided by the 2026 Collateral Guarantors were secured by a first priority lien and security interest in each of the collateral properties and 100% of the equity interests in each of the 2026 Collateral Guarantors. No cash interest accrued on these notes prior to maturity. The accreted value of these notes increased at a rate of 11.25% per annum compounded semiannually on January 15 and July 15 of each year, such that the accreted value equaled the principal amount at maturity. During the years ended December 31, 2025 and 2024, we recognized discount accretion of $63,241 and $86,778, respectively, for our senior secured notes due 2026 in interest expense in our consolidated statements of comprehensive income (loss).

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 9. Indebtedness (Continued)

The table below represents our indebtedness repayments, excluding scheduled payments on amortizing debt, for the years ended December 31, 2025, 2024 and 2023:

Date	Debt Instrument	Secured Property Count	Interest Rate	Original Maturity Date	Outstanding Principal Balance	Repayment Amount	Remaining Principal Balance	Loss on Modification or Early Extinguishment of Debt
Repayments during the year ended December 31, 2025:								
March 2025	Senior secured notes	73	0.00%	January 2026	$940,534	$ 299,158	$641,376	$29,071
April 2025	Senior unsecured notes	—	9.75%	June 2025	$380,000	140,000	$240,000	82
May 2025	Senior unsecured notes	—	9.75%	June 2025	$240,000	140,000	$100,000	44
June 2025	Senior unsecured notes	—	9.75%	June 2025	$100,000	100,000	$ —	—
September 2025(1)	Senior secured notes	58	0.00%	January 2026	$641,376	307,006	$334,370	11,191
October 2025	Senior secured notes	57	0.00%	January 2026	$334,370	10,249	$324,121	257
December 2025	Senior secured notes	—	0.00%	January 2026	$324,121	324,121	$ —	1,881
Total						$1,320,534		$42,526
Repayments during the year ended December 31, 2024:								
June 2024	Senior unsecured notes	—	9.75%	June 2025	$500,000	$ 60,000	$440,000	$ 209
November 2024	Senior unsecured notes	—	9.75%	June 2025	$440,000	60,000	$380,000	115
Total						$ 120,000		$ 324
Repayments during the year ended December 31, 2023:								
January 2023	Secured credit facility(2)	61	6.88%	January 2024	$700,000	$ 113,627	$586,373	$ —
February 2023	Secured credit facility(2)	61	7.05%	January 2024	$586,373	136,373	$450,000	1,075
April 2023	Mortgage note	1	6.64%	June 2023	$ 14,565	14,565	$ —	—
December 2023	Secured credit facility(2)	62	8.36%	January 2024	$450,000	450,000	$ —	314
December 2023	Senior unsecured notes	—	4.75%	May 2024	$250,000	250,000	$ —	1,079
Total						$ 964,565		$ 2,468

(1) In September 2025, we redeemed a portion of our senior secured notes due 2026 for a redemption price equal to the principal amount of $307,006. As a result of this partial redemption, 15 of the properties that secured these senior secured notes were released. There are now first priority liens on and security interests in 100% of the equity interests in the subsidiaries owning these 15 properties that secure our 7.25% senior secured notes due 2030.

(2) The interest rate presented for the secured credit facility reflects the interest rate at the time repayment was made.

In December 2023, we issued $940,534 in aggregate principal amount at maturity of our senior secured notes due 2026 in a private offering, raising net proceeds of $730,359, after deducting initial purchaser discounts and estimated offering costs.

In May 2024, we executed a $120,000 fixed rate, interest only mortgage loan secured by eight medical office and life science properties. This mortgage loan matures in June 2034 and requires that interest be paid at an annual rate of 6.864%.

Note 9. Indebtedness (Continued)

In March 2025, we executed a $140,000 floating rate mortgage loan secured by 14 SHOP communities. This mortgage loan matures in March 2028 and requires that interest be paid at an annual rate of SOFR plus a premium of 2.50% with interest-only payments through April 2027.

In April 2025, we executed a $108,873 fixed rate mortgage financing secured by seven SHOP communities. These mortgage loans mature in May 2035 and require that interest be paid at an annual rate of 6.22% with interest-only payments through May 2030.

In May 2025, we executed a $64,000 fixed rate mortgage loan secured by four SHOP communities. This mortgage loan matures in June 2030 and requires that interest be paid at an annual rate of 6.57%.

In May 2025, we executed a $30,284 fixed rate mortgage financing secured by two SHOP communities. These mortgage loans mature in June 2035 and require that interest be paid at an annual rate of 6.36% with interest-only payments through June 2028.

From April through June 2025, we used the net proceeds from the 2025 mortgage financings, together with cash on hand, to fully redeem the remaining $380,000 principal balance of our 9.75% senior unsecured notes due June 2025.

In June 2025, we obtained a $150,000 revolving credit facility secured by 14 senior living communities in our SHOP segment. Our revolving credit facility is available for general business purposes, including acquisitions. We can borrow, repay and reborrow funds available under our revolving credit facility, and no principal repayments are due, until maturity. Availability of borrowings under the agreement governing our revolving credit facility, or our credit agreement, is subject to satisfying certain financial covenants and other credit facility conditions. Our revolving credit facility matures in June 2029 and we have two six-month extension options for the maturity date of the facility, subject to satisfaction of certain conditions and payment of an extension fee.

Interest payable on borrowings under our revolving credit facility is based on SOFR plus a premium of 2.50% to 3.00%, depending on our net leverage ratio, as defined in our credit agreement, which was 2.50% as of December 31, 2025. We also pay an unused commitment fee of 25 to 35 basis points per annum based on amounts outstanding under our revolving credit facility. As of December 31, 2025 the annual interest rate payable on borrowings under our revolving credit facility was 6.47%. As of December 31, 2025 and February 23, 2026, we had no borrowings under our revolving credit facility and $150,000 available for borrowings.

In September 2025, we issued $375,000 in aggregate principal amount of our 7.25% senior secured notes due 2030 in a private placement, raising net proceeds of $364,726, after deducting discounts and commissions to the initial purchasers and other estimated fees and expenses. These notes require semi-annual interest payments through maturity. We used $307,006 of the net proceeds from the offering to partially redeem our then outstanding $641,376 senior secured notes due 2026. As a result of this partial redemption, we recorded a loss on modification or early extinguishment of debt of $11,191 for the year ended December 31, 2025.

In addition to the September 2025 senior secured notes issuance, during the year ended December 31, 2025, we used net proceeds from the disposition of 35 encumbered properties, together with cash on hand, to redeem all amounts outstanding under our then senior secured notes due 2026. As a result of this redemption in full, 45 properties securing our then senior secured notes due 2026 were released.

Interest on our senior unsecured notes and our 7.25% senior secured notes due 2030 is payable either semi-annually or quarterly in arrears; however, no principal repayments are due until maturity. Our mortgage loan maturing in June 2034 requires monthly interest payments and no principal payment is due until maturity, while our mortgage loans maturing in March 2028, May 2035 and June 2035 require monthly

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 9. Indebtedness (Continued)

interest payments and no principal payment is due for a specified amount of time. Our mortgage loans maturing in June 2030 and July 2043 require monthly principal and interest payments. Payments under our finance leases are due monthly. We include amortization of finance lease assets in depreciation and amortization expense.

Our credit agreement, our mortgage loan agreements and our senior notes indentures and their supplements provide for acceleration of payment of all amounts outstanding upon the occurrence and continuation of certain events of default. Our credit agreement and our senior notes indentures and their supplements also contain covenants that restrict our ability to incur debts, including debts secured by mortgages on our properties, in excess of calculated amounts and require us to maintain various financial ratios. Borrowings under our revolving credit facility are subject to satisfying certain financial covenants and other credit facility conditions. We believe we were in compliance with the terms and conditions of our debt agreements as of December 31, 2025.

Required principal payments on our outstanding debt as of December 31, 2025, were as follows:

Year	Principal Payment
2026	$ 1,866
2027	2,273
2028	640,650
2029	1,883
2030	435,151
Thereafter	1,362,293
Total	$2,444,116

Note 10. Fair Value of Assets and Liabilities

The following table presents certain of our assets that are measured at fair value at December 31, 2025 and 2024, categorized by the level of inputs as defined in the fair value hierarchy under GAAP, used in the valuation of each asset.

	As of December 31, 2025		As of December 31, 2024	
Description	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Recurring Fair Value Measurements Assets:				
Investment in unconsolidated joint venture (Level 3)(1)	$73,471	$73,471	$81,949	$81,949
Investment in unconsolidated joint venture (Level 3)(2)	$46,655	$46,655	$44,910	$44,910
Interest rate cap (Level 2)(3)	$ —	$ —	$ —	$ —
Non-Recurring Fair Value Measurements Assets:				
Real estate properties held for sale (Level 2)(4)	$22,048	$22,048	$ —	$ —

(1) The 10% equity interest we own in the Seaport JV is included in investments in unconsolidated joint ventures in our consolidated balance sheet, and is reported at fair value, which is based on significant unobservable inputs (Level 3 inputs). The assumptions made in the fair value analysis are based on the location, type and nature of the property, and current and anticipated market conditions. See Note 3 for further information regarding this joint venture.

(2) The 20% equity interest we own in the LSMD JV is included in investments in unconsolidated joint ventures in our consolidated balance sheet, and is reported at fair value, which is based on significant

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 10. Fair Value of Assets and Liabilities (Continued)

unobservable inputs (Level 3 inputs). The assumptions we made in the fair value analysis are based on the location, type and nature of each property, and current and anticipated market conditions. See Note 3 for further information regarding this joint venture.

(3) The fair value of our interest rate cap derivative is based on prevailing market prices in secondary markets for similar derivative contracts as of the measurement date.

(4) We have assets in our consolidated balance sheets that are measured at fair value on a non-recurring basis. During the year ended December 31, 2025, we recorded impairment charges of $30,999 to reduce the carrying value of 13 SHOP communities that were classified as held for sale to their estimated aggregate sales price, less estimated costs to sell, of $22,048 under an agreement we have entered into with a third party. See Note 3 for further information about impairment charges and the properties we have classified as held for sale.

The discount rates, exit capitalization rates and holding periods used to determine the fair value of our investment in the unconsolidated joint venture are Level 3 significant unobservable inputs and are shown in the table below:

	Valuation Technique	Discount Rates	Exit Capitalization Rates	Holding Periods
As of December 31, 2025				
Investment in unconsolidated joint venture (Level 3)(1)	Discounted cash flow	7.00%	6.00%	10 years
Investment in unconsolidated joint venture (Level 3)(2)	Discounted cash flow	6.25% – 8.75%	5.25% – 8.00%	10 – 12 years
As of December 31, 2024				
Investment in unconsolidated joint venture (Level 3)(1)	Discounted cash flow	7.00%	6.00%	10 years
Investment in unconsolidated joint venture (Level 3)(2)	Discounted cash flow	6.25% – 7.75%	5.00% – 7.00%	10 years

(1) The 10% equity interest we own in the Seaport JV is included in investments in unconsolidated joint ventures in our consolidated balance sheet, and is reported at fair value, which is based on significant unobservable inputs (Level 3 inputs). The assumptions made in the fair value analysis are based on the location, type and nature of the property, and current and anticipated market conditions. See Note 3 for further information regarding this joint venture.

(2) The 20% equity interest we own in the LSMD JV is included in investments in unconsolidated joint ventures in our consolidated balance sheet, and is reported at fair value, which is based on significant unobservable inputs (Level 3 inputs). The assumptions we made in the fair value analysis are based on the location, type and nature of each property, and current and anticipated market conditions. See Note 3 for further information regarding this joint venture.

In addition to the assets described in the tables above, our financial instruments at December 31, 2025 and December 31, 2024 included cash and cash equivalents, restricted cash, certain other assets, our revolving credit facility, senior unsecured notes, senior secured notes, secured debt and finance leases and certain other unsecured obligations and liabilities. The fair values of these financial instruments approximated their carrying values in our consolidated financial statements as of such dates, except as follows:

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 10. Fair Value of Assets and Liabilities (Continued)

	As of December 31, 2025		As of December 31, 2024	
Description	**Carrying Value[(1)]**	**Estimated Fair Value**	**Carrying Value[(1)]**	**Estimated Fair Value**
Senior unsecured notes, 9.750% coupon rate, due 2025	$ —	$ —	$ 379,392	$ 379,970
Senior secured notes, zero coupon rate, due 2026	—	—	826,974	885,108
Senior unsecured notes, 4.750% coupon rate, due 2028	497,290	482,635	496,018	429,170
Senior secured notes, 7.250% coupon rate, due 2030	365,005	383,434	—	—
Senior unsecured notes, 4.375% coupon rate, due 2031	495,561	440,000	494,702	368,240
Senior unsecured notes, 5.625% coupon rate, due 2042	343,683	224,140	343,302	218,260
Senior unsecured notes, 6.250% coupon rate, due 2046	244,192	175,000	243,905	157,700
Secured debt and finance leases	455,093	484,932	126,611	126,001
	$2,400,824	$2,190,141	$2,910,904	$2,564,449

(1) Includes unamortized net discounts, premiums and debt issuance costs, if any.

We estimated the fair values of our two issuances of senior unsecured notes due 2042 and 2046 based on the closing price on Nasdaq (Level 1 inputs as defined in the fair value hierarchy under GAAP) as of December 31, 2025 and 2024. We estimated the fair values of our three issuances of senior unsecured notes due 2025, 2028 and 2031 and our two issuances of senior secured notes due 2026 and 2030 using an average of the bid and ask price on Nasdaq on or about December 31, 2025 and 2024 (Level 2 inputs as defined in the fair value hierarchy under GAAP). We estimated the fair values of our secured debts by using discounted cash flows analyses and currently prevailing market terms as of the measurement date (Level 3 inputs as defined in the fair value hierarchy under GAAP). Because Level 3 inputs are unobservable, our estimated fair values may differ materially from the actual fair values.

Note 11. Derivatives and Hedging Activities

Risk Management Objective of Using Derivatives

We are exposed to certain risks relating to our ongoing business operations, including the impact of changes in interest rates. The only risk currently managed by us using derivative instruments is our interest rate risk. As required under the applicable loan agreement, we have an interest rate cap agreement to manage our interest rate risk exposure on our $140,000 floating rate mortgage loan secured by 14 SHOP communities with interest payable at a rate equal to SOFR plus a premium of 2.50%. The use of derivative financial instruments carries certain risks, including the risk that the counterparties to these contractual arrangements are not able to perform under the agreements. To mitigate this risk, we only enter into derivative financial instruments with counterparties with high credit ratings and with major financial institutions with which we or our related parties may also have other financial relationships. We do not anticipate that any of the counterparties will fail to meet their obligations.

Cash Flow Hedges of Interest Rate Risk

Our interest rate cap agreement is designated as a cash flow hedge of interest rate risk and is measured on a recurring basis at fair value. The following table summarizes the terms of our outstanding interest rate cap agreements designated as cash flow hedges of interest rate risk at December 31, 2025 and 2024:

					Fair Value at December 31,	
Balance Sheet Line Item	**Underlying Instrument**	**Maturity Date**	**Strike Rate**	**Notional Amount**	**2025**	**2024**
Other assets, net	Floating rate mortgage loan	3/31/2028	4.50%	$140,000	$—	$—

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 11. Derivatives and Hedging Activities (Continued)

Interest rate caps designated as cash flow hedges involve the receipt of variable amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an up-front premium. For derivatives designated and qualifying as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in cumulative other comprehensive income (loss) and subsequently reclassified into interest expense in the same period during which the hedged transaction affects earnings. Gains and losses on the derivative representing hedge components excluded from the assessment of effectiveness are recognized over the life of the hedge on a systematic and rational basis, as documented at hedge inception in accordance with our accounting policy election. The earnings recognition of excluded components is presented in interest expense. Amounts reported in cumulative other comprehensive income (loss) related to derivatives will be reclassified to interest expense as interest payments are made, if any, on our applicable debt.

The following table summarizes the activity related to our cash flow hedges within cumulative other comprehensive income (loss) for the periods shown:

	Year Ended December 31,		
	2025	2024	2023
Amount of loss recognized on derivative in other comprehensive income (loss)	$ (47)	$ —	$ —
Amount of loss reclassified from cumulative other comprehensive income (loss) into interest expense	$ (35)	$ —	$ —
Total amount of interest expense presented in the consolidated statements of comprehensive income (loss)	$(204,498)	$(235,239)	$(191,775)

Note 12. Segment Reporting

Our operating segments are based on our internal reporting structure and property type and are aligned with how our Chief Operating Decision Maker, or the CODM, reviews the operating results to allocate resources and assess segment performance. The CODM is our President and Chief Executive Officer. Our two reportable segments are SHOP and Medical Office and Life Science Portfolio. Our SHOP segment consists of managed senior living communities that provide short term and long term residential living and, in some instances, care and other services for residents where we pay fees to managers to operate the communities on our behalf. Our Medical Office and Life Science Portfolio segment primarily consists of medical office properties leased to medical providers and other medical related businesses, as well as life science properties primarily leased to biotech laboratories and other similar tenants. The significant expense categories and amounts presented below align with the segment-level information that is regularly provided to our CODM. The CODM reviews operating and financial results, including net income (loss) and its components, to assess performance, allocate resources and guide strategic decisions. The accounting policies of our reportable segments are the same as those described in Note 2. The tables below present information about our segments.

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 12. Segment Reporting (Continued)

	For the Year Ended December 31, 2025		
	SHOP	Medical Office and Life Science Portfolio	Total
Revenues:			
Rental income	$ —	$193,809	$ 193,809
Residents fees and services	1,312,655	—	1,312,655
Total segment revenues	1,312,655	193,809	1,506,464
Reconciliation of revenue:			
Other revenue(1)			31,389
Total revenues			1,537,853
Less:			
Senior living labor and benefits	663,431	—	663,431
Dietary	83,773	—	83,773
Utilities	74,742	13,127	87,869
Real estate taxes	45,877	22,811	68,688
Insurance	35,071	2,185	37,256
Other operating expenses(2)	270,505	47,556	318,061
Interest expense	18,728	9,096	27,824
Depreciation and amortization	189,985	62,413	252,398
Other segment items(3)	40,543	85,254	125,797
Segment loss	(110,000)	(48,633)	(158,633)
Reconciliation of segment loss:			
Other income(1)			21,602
General and administrative			(45,502)
Acquisition and certain other transaction related costs			(10,356)
Gain on sale of properties			99,114
Interest and other income			5,839
Interest expense			(176,674)
Loss on modification or early extinguishment of debt			(42,526)
Income tax expense			(1,743)
Equity in net earnings of an investee			22,993
Net loss			$ (285,886)

(1) Revenue and net income from our triple net leased wellness centers and senior living communities that are leased to third party operators, which we do not consider to be sufficiently material to constitute a separate reportable segment.

(2) Other operating expenses for each reportable segment include expenses such as management fees, repairs and maintenance, cleaning and other costs incurred in connection with the operation of our properties.

(3) Other segment items for each reportable segment include impairment of assets, gain (loss) on sale of properties, gain (loss) on modification or early extinguishment of debt, equity in net earnings (losses) of investees and interest and other income, as applicable.

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 12. Segment Reporting (Continued)

	For the Year Ended December 31, 2024		
	SHOP	Medical Office and Life Science Portfolio	Total
Revenues:			
Rental income	$ —	$213,320	$ 213,320
Residents fees and services	1,244,389	—	1,244,389
Total segment revenues	1,244,389	213,320	1,457,709
Reconciliation of revenue:			
Other revenue(1)			37,718
Total revenues			1,495,427
Less:			
Senior living labor and benefits	630,998	—	630,998
Dietary	85,620	—	85,620
Utilities	70,616	13,687	84,303
Real estate taxes	43,624	28,483	72,107
Insurance	41,066	3,000	44,066
Other operating expenses(2)	266,405	52,467	318,872
Interest expense	229	5,743	5,972
Depreciation and amortization	195,638	79,386	275,024
Other segment items(3)	—	97,222	97,222
Segment loss	(89,807)	(66,668)	(156,475)
Reconciliation of segment loss:			
Other income(1)			27,209
General and administrative			(26,518)
Acquisition and certain other transaction related costs			(2,510)
Interest and other income			8,950
Interest expense			(229,267)
Loss on modification or early extinguishment of debt			(324)
Income tax expense			(467)
Equity in net earnings of an investee			9,147
Net loss			$ (370,255)

(1) Revenue and net income from our triple net leased wellness center and senior living communities that are leased to third party operators, which we do not consider to be sufficiently material to constitute a separate reportable segment.

(2) Other operating expenses for each reportable segment include expenses such as management fees, repairs and maintenance, cleaning and other costs incurred in connection with the operation of our properties.

(3) Other segment items for each reportable segment include impairment of assets, gain (loss) on sale of properties, gain (loss) on modification or early extinguishment of debt, equity in net earnings (losses) of investees and interest and other income, as applicable.

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 12. Segment Reporting (Continued)

	For the Year Ended December 31, 2023		
	SHOP	Medical Office and Life Science Portfolio	Total
Revenues:			
Rental income	$ —	$220,530	$ 220,530
Residents fees and services	1,151,908	—	1,151,908
Total segment revenues	1,151,908	220,530	1,372,438
Reconciliation of revenue:			
Other revenue(1)			37,870
Total revenues			1,410,308
Less:			
Senior living labor and benefits	603,711	—	603,711
Dietary	78,508	—	78,508
Utilities	69,280	13,918	83,198
Real estate taxes	44,476	29,445	73,921
Insurance	39,572	2,854	42,426
Other operating expenses(2)	239,544	51,747	291,291
Interest expense	551	449	1,000
Depreciation and amortization	175,926	98,205	274,131
Other segment items(3)	(40)	36,095	36,055
Segment loss	(99,620)	(12,183)	(111,803)
Reconciliation of segment loss:			
Other income(1)			26,822
General and administrative			(26,131)
Acquisition and certain other transaction related costs			(10,853)
Gains on equity securities, net			8,126
Interest and other income			13,955
Interest expense			(190,775)
Loss on modification or early extinguishment of debt			(2,468)
Income tax expense			(445)
Net loss			$ (293,572)

(1) Revenue and net income from our triple net leased wellness centers and senior living communities that are leased to third party operators, which we do not consider to be sufficiently material to constitute a separate reportable segment.

(2) Other operating expenses for each reportable segment include expenses such as management fees, repairs and maintenance, cleaning and other costs incurred in connection with the operation of our properties.

(3) Other segment items for each reportable segment include impairment of assets, gain (loss) on sale of properties, gain (loss) on modification or early extinguishment of debt, equity in net earnings (losses) of investees and interest and other income, as applicable.

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 12. Segment Reporting (Continued)

	As of December 31,		
	2025	2024	2023
Assets[1]			
SHOP	$2,867,025	$3,084,101	$3,134,978
Medical Office and Life Science Portfolio	1,192,731	1,688,034	1,866,422
All Other	301,494	364,870	444,736
Total assets	$4,361,250	$5,137,005	$5,446,136

(1) See Note 3 for further information regarding additions to long-lived assets.

Note 13. Income Taxes

Our provision for income taxes consists of the following:

	For the Year Ended December 31,		
	2025	2024	2023
Current:			
Federal	$1,147	$ —	$(168)
State	596	467	613
	1,743	467	445
Deferred:			
Federal	—	—	—
State	—	—	—
	—	—	—
Income tax provision	$1,743	$467	$ 445

The table below is a reconciliation of the statutory income tax rate to the effective tax rate for 2025, in accordance with the updated requirements of ASU 2023-09. See Note 2 for further information on the adoption of ASU 2023-09:

	For the Year Ended December 31, 2025	
	Amount	Percent
Taxes at statutory U.S. federal income tax rate	$(59,407)	21%
Nontaxable income	60,554	(21.4)%
State and local income taxes, net of federal tax benefit[1]	596	(0.2)%
Effective tax rate	$ 1,743	(0.6)%

(1) States taxes in Texas make up a majority (greater than 50%) of the tax effect in this category.

Income taxes paid (net of refunds) for the year ended December 31, 2025 were $1,776, with the majority of payments attributable to Texas state and federal taxes, in the amount of $626 and $1,150, respectively.

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 13. Income Taxes (Continued)

As previously disclosed, for the years ended December 31, 2024 and 2023, the following table reconciles the statutory income tax rate to the effective tax rate prior to the adoption of ASU 2023-09:

	For the Year Ended December 31,	
	2024	2023
Taxes at statutory U.S. federal income tax rate	21.0%	21.0%
Nontaxable income	(21.0)%	(21.0)%
Federal excise tax	—%	0.1%
State and local income taxes, net of federal tax benefit	(0.1)%	(0.2)%
Effective tax rate	(0.1)%	(0.1)%

Deferred income tax balances reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities in our consolidated balance sheets and the amounts used for income tax purposes and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered. Significant components of our deferred tax assets and liabilities were as follows:

	For the Year Ended December 31,	
	2025	2024
Deferred tax assets:		
Deferred income	$ 3,458	$ 2,388
Fair market value adjustment	(2,053)	(1,862)
Other	1,983	1,225
Tax loss carryforwards	110,013	102,940
	113,401	104,691
Valuation allowance	(113,401)	(104,691)
	—	—
Net deferred income taxes	$ —	$ —

Because of our TRSs' history of losses, we are not able to conclude that it is more likely than not we will realize the future benefit of our deferred tax assets; thus we have provided a 100% valuation allowance as of December 31, 2025 and 2024. If and when we believe it is more likely than not that we will recover our deferred tax assets, we will reverse the valuation allowance as an income tax benefit in our consolidated statements of comprehensive income (loss). As of December 31, 2025, our consolidated TRSs had net operating loss carry forwards for federal income tax purposes of approximately $424,755, which do not expire. As of December 31, 2025, we, excluding our subsidiaries, had net operating loss carry forwards for federal income tax purposes of approximately $933,931, which do not expire. In the normal course of business, income tax authorities in various income tax jurisdictions conduct routine audits of our income tax returns filed in prior years. Income tax years subsequent to 2021 may be open to examination in some of the income tax jurisdictions in which we operate.

Note 14. Weighted Average Common Shares

We calculate basic earnings per common share using the two class method. We calculate diluted earnings per share using the more dilutive of the two class method or the treasury stock method. Unvested share awards and other potentially dilutive common shares, together with the related impact on earnings, are considered when calculating diluted earnings per share.

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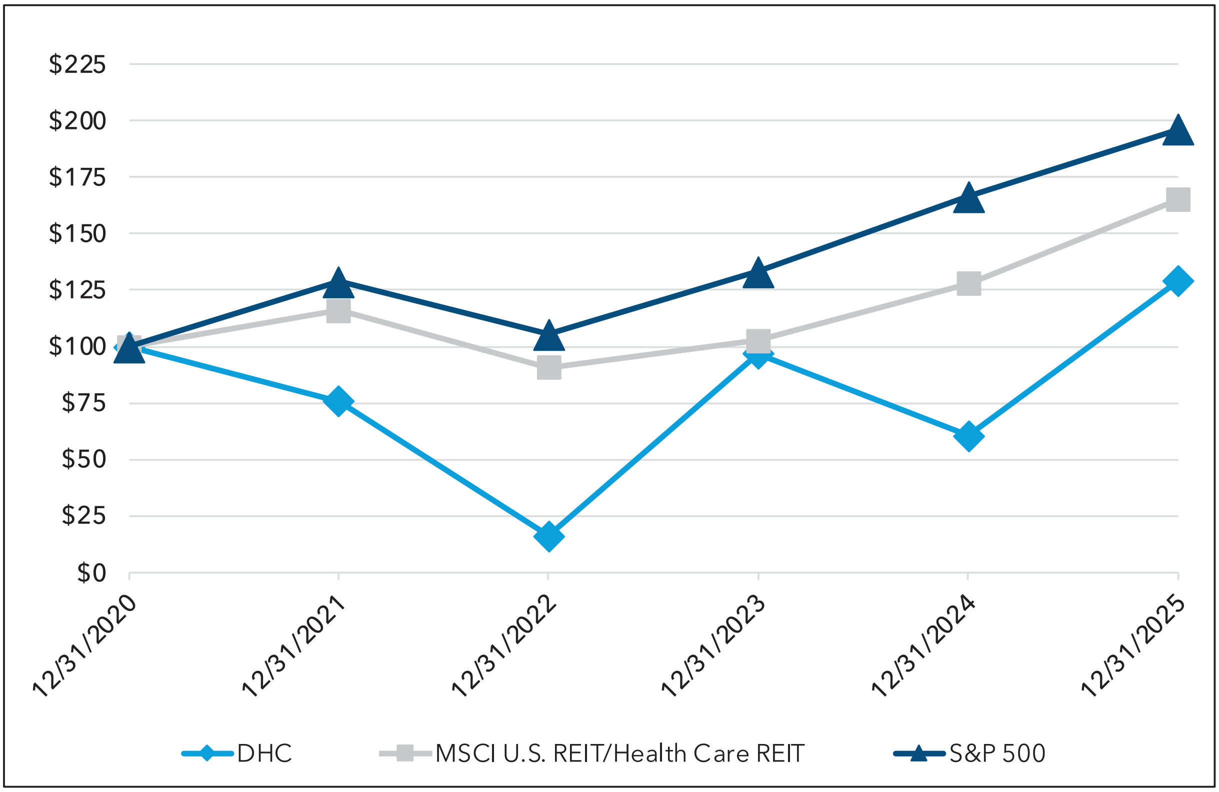
DHC Performance Chart

The graph below shows the cumulative total shareholder return on our common shares (assuming a $100 investment on December 31, 2020) for the past five years as compared with (a) the MSCI U.S. REIT/Health Care REIT Index and (b) the Standard & Poor's 500 Index, or the S&P 500. The graph assumes reinvestment of all cash distributions.

Note: FactSet is the data source.



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CORPORATE INFORMATION

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SENIOR NOTES TRUSTEE AND REGISTRAR

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ANNUAL MEETING

Our annual meeting of shareholders will be held virtually on Wednesday, June 10, 2026 at 9:30 a.m.

AVAILABLE INFORMATION

A copy of our 2025 Annual Report on Form 10-K, including the financial statements and schedule (excluding exhibits), as filed with the Securities and Exchange Commission, can be obtained without charge through our website at www.dhcreit.com.

Diversified Healthcare Trust

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