



NEWS RELEASE

Diversified Healthcare Trust Amends Credit and Term Loan Agreements and Provides COVID Related Business Updates

7/2/2020

NEWTON, Mass.--(BUSINESS WIRE)-- **Diversified Healthcare Trust (Nasdaq: DHC)** today announced that it has amended the agreements governing its \$1 billion unsecured revolving credit facility and \$200 million unsecured term loan, and is also providing certain business updates in light of the ongoing COVID-19 (coronavirus) pandemic.

Credit Facility and Term Loan Amendments

On June 30, 2020, DHC amended the agreements governing its \$1 billion unsecured revolving credit facility and \$200 million unsecured term loan. The amendments modify certain of the financial covenants under these agreements through June 30, 2021, or the Amendment Period, during which, subject to certain conditions, DHC will continue to have access to undrawn amounts under its revolving credit facility.

During the Amendment Period:

- DHC will be required to maintain unrestricted liquidity (unrestricted cash and undrawn availability under its revolving credit facility) of not less than \$200 million;
- DHC's interest rate premium over LIBOR under its revolving credit facility and term loan will be increased by 50 basis points;
- DHC's ability to pay distributions on its common shares will be limited to paying a cash dividend of \$0.01 per common share per quarter and amounts required to maintain its qualification for taxation as a real estate investment trust, or REIT, and to avoid the payment of certain income and excise taxes;
- DHC will be subject to certain additional covenants, including additional restrictions on its ability to incur

indebtedness (with exceptions for borrowings under its revolving credit facility and certain other categories of secured and unsecured indebtedness), and to acquire real property or make other investments (with exceptions for, among other things, certain categories of capital expenditures and costs); and

- DHC will generally be required to apply the net cash proceeds from the disposition of assets, capital markets transactions, debt financings or COVID-19 government stimulus programs to the repayment of outstanding loans under the credit agreement, if any.

DHC has the right to terminate the Amendment Period prior to June 30, 2021, subject to certain conditions.

Office Segment

DHC's Office Segment, which contains Medical Office and Life Science assets, has maintained strength through the pandemic. As of June 30, 2020, DHC had granted rent deferrals equal to \$2.2 million in its Office Segment, which represents only 0.6% of DHC's annualized total revenues. During the second quarter of 2020, DHC had collected approximately 99% of its Office Segment rents that were due in April, May and June 2020, after giving effect to rent deferrals.

Senior Housing Operating Portfolio (SHOP) Segment

In light of the pandemic, DHC has worked closely with its operator, **Five Star Senior Living Inc.**, or Five Star, to ensure that early and comprehensive measures were taken at DHC's senior living communities, including active engagement by Five Star with its employees who are responsible for implementing protocols from the Centers for Disease Control and Prevention and/or local-equivalent public health authorities and other best practices measures.

As a result of these proactive measures, DHC's SHOP Segment has maintained occupancies that are generally consistent with its peers and slightly better than DHC's expectations. As of March 31, April 30 and May 31, 2020, occupancy in DHC's SHOP Segment was 81.6%, 79.5% and 78.2%, respectively. As of June 30, 2020, occupancy in DHC's SHOP Segment was 77.4%.

Diversified Healthcare Trust (Nasdaq: DHC) is a real estate investment trust (REIT) focused on owning high-quality healthcare properties located throughout the United States. DHC seeks diversification across the health services spectrum: by care delivery and practice type, by scientific research disciplines, and by property type and location. As of March 31, 2020, DHC's \$8.4 billion portfolio included 416 properties in 38 states and Washington, D.C., occupied by more than 600 tenants, and totaling approximately 12 million square feet of medical office and life science properties and more than 30,000 living units. DHC is managed by the operating subsidiary of **The RMR Group Inc.** an alternative asset management company that is headquartered in Newton, MA.

WARNING REGARDING FORWARD-LOOKING STATEMENTS

This press release contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. Also, whenever DHC uses words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “estimate”, “will”, “may” and negatives or derivatives of these or similar expressions, DHC is making forward-looking statements. These forward-looking statements are based upon DHC’s present intent, beliefs or expectations, but forward-looking statements are not guaranteed to occur and may not occur. Actual results may differ materially from those contained in or implied by DHC’s forward-looking statements as a result of various factors. Forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond DHC’s control. For example:

- Although the amendments to DHC’s revolving credit facility and term loan agreements provide for certain modifications to the financial covenants included in those agreements through June 30, 2021 and provide DHC continued access to undrawn amounts under its credit facility during that period, subject to conditions, DHC may fail to satisfy those covenants, as modified, or the additional covenants included in those amendments. DHC’s ability to borrow under its revolving credit facility is subject to DHC satisfying those covenants and other conditions. If DHC’s operating results and financial condition are significantly and adversely impacted by current economic conditions or otherwise, DHC may fail to satisfy those covenants and conditions and may be unable to borrow under its revolving credit facility.
- This press release includes information regarding Office Segment rent deferrals DHC has provided as of June 30, 2020, Office Segment rents DHC collected during the second quarter of 2020, SHOP occupancies as of each month end in the second quarter of 2020 and statements that those SHOP occupancies were better than DHC had expected they would be. These statements may imply that DHC’s operating results for the second quarter of 2020 will be better than DHC and other market participants previously expected. However, the determination of DHC’s operating results has not been completed and DHC’s financial results for the second quarter of 2020 may not be better and could be worse than it and other market participants may have previously expected.
- This press release includes statements that DHC’s Office Segment has maintained strength through the COVID-19 pandemic, and that, as a result of certain proactive measures taken at DHC’s senior living communities in light of the pandemic, DHC’s SHOP Segment has maintained occupancies that are generally consistent with DHC’s peers and slightly better than DHC’s expectations. These statements may imply that DHC’s Office Segment and SHOP Segment will continue to maintain similar or better results in the future. However, if the pandemic and related economic downturn continue for a sustained period or worsen, DHC’s results of operations and liquidity would likely be significantly negatively impacted.

The information contained in DHC’s filings with the SEC including under “Risk Factors” in DHC’s periodic reports, or

incorporated therein, identifies other important factors that could cause DHC's actual results to differ materially from those stated in or implied by DHC's forward-looking statements. DHC's filings with the SEC are available on the SEC's website at www.sec.gov.

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

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

A Maryland Real Estate Investment Trust with transferable shares of beneficial interest listed on the Nasdaq.
No shareholder, Trustee or officer is personally liable for any act or obligation of the Trust.

View source version on [businesswire.com](https://www.businesswire.com): <https://www.businesswire.com/news/home/20200702005108/en/>

Michael Kodesch, Director, Investor Relations
(617) 796-8234

Source: Diversified Healthcare Trust