



NEWS RELEASE

Diversified Healthcare Trust Progresses on Transition of 108 Senior Living Communities to New Operators

7/20/2021

Enters into Three Senior Living Management Agreements for 66 Communities

Agreements Represent Approximately 61% of the Transitioning Communities

DHC Remains on Schedule to Complete All Operator Transitions by Year End

NEWTON, Mass.--(BUSINESS WIRE)-- **Diversified Healthcare Trust (Nasdaq: DHC)** announced today that it has entered into three new management agreements for a total of 66 communities with 4,084 units in its Senior Housing Operating Portfolio ("SHOP") as follows:

- Charter Senior Living will manage communities in Florida, Maryland, Tennessee and Virginia;
- Oaks-CaraVita Senior Care will manage communities in Georgia and South Carolina; and
- Phoenix Senior Living will manage communities in Alabama, Arkansas, Kentucky, Missouri, North Carolina and South Carolina.

These three agreements represent approximately 61% of DHC's SHOP communities to be transitioned from **Five Star Senior Living Inc.** (Nasdaq: FVE), or Five Star, to other third-party operators as previously announced.

Jennifer Francis, President and Chief Executive Officer of Diversified Healthcare Trust, commented, "We continue to make progress in ensuring our communities are managed by the best possible operators. We are pleased to announce the transition of communities to operators we have identified as best in class for the markets served. These new agreements are generally for five years at market terms, which include base and incentive management fees. In certain circumstances, these agreements provide terms that are more favorable to the new operators than

our existing management agreements with Five Star, which we believe will provide strong incentives for performance and alignment of interests as well as facilitate a faster recovery of the transitioning communities with the new operators. We believe we remain on schedule to complete all of the transitions by year-end and are excited to engage with new operators who bring new perspectives and expertise to our communities as we begin to recover from the COVID-19 pandemic.”

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, 2021, DHC’s \$8.2 billion portfolio included 396 properties in 36 states and Washington, D.C., occupied by more than 600 tenants, and totaling approximately 11.2 million square feet of life science and medical office properties and more than 29,000 senior living units. DHC is managed by the operating subsidiary of **The RMR Group Inc.** (Nasdaq: RMR), an alternative asset management company that is headquartered in Newton, MA. To learn more about DHC, visit www.dhcreit.com.

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:

- Ms. Francis’s statements regarding DHC’s new operators and new management agreements may imply that DHC’s SHOP communities will achieve similar or better results of operations with such operators under the new management agreements. However, the results of operations for the 108 senior living communities being transitioned may not improve under the management of new operators as a result of the transition as DHC currently expects, or may not recover as quickly as anticipated, and the results of operations of any or all of DHC’s senior living communities may decline for various reasons, some of which may be beyond DHC’s control.
- DHC may be unable to identify additional new operators for the other 42 of 108 senior living communities being transitioned from Five Star that DHC believes are sufficiently qualified or may be unable to reach agreement with any such operators on management terms before year end 2021 or at all, and any agreement

DHC may reach with any such operators may not be on the terms DHC currently expects or desires, and may not be equal to or more favorable to DHC than the terms of DHC's current management arrangements with Five Star.

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.

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Source: Diversified Healthcare Trust