



NEWS RELEASE

# Diversified Healthcare Trust Provides Business Updates and Announces Amendments to Credit Facilities

2/1/2021

As of January 29, 2021, Over 65% of Residents in DHC's SHOP Segment Have Received Vaccinations

Expects to Substantially Complete Vaccinations at DHC's SHOP Communities by End of First Quarter 2021

Rolling Four-Week Sales Leads as of January 24, 2021 up 83% Since Start of Fourth Quarter 2020

Obtains Waivers of Financial Covenants through June 30, 2022

NEWTON, Mass.--(BUSINESS WIRE)-- **Diversified Healthcare Trust (Nasdaq: DHC)** today provided certain business updates regarding the ongoing impacts of the COVID-19 pandemic on DHC's business and operating results. **Five Star Senior Living Inc. (Nasdaq: FVE)**, DHC's senior housing operating portfolio, or SHOP, segment operator has partnered with CVS to administer vaccines to SHOP community residents and staff, which commenced in December 2020. DHC expects vaccination clinics for SHOP community residents and staff to be substantially complete by the end of the first quarter of 2021. As it pertains to DHC's SHOP segment, as of January 29, 2021:

- Approximately 18,000 total residents and staff, or more than 65% of residents and more than 30% of staff at DHC's SHOP communities, have received vaccinations. This includes over 2,000 residents and staff who have received both doses of the vaccine;
- Approximately 93% of DHC's SHOP communities are currently open to new admissions; and;
- Approximately 3.5% of DHC's total SHOP community residents have or have had active cases of COVID-19, and approximately 67% of those who have tested positive for COVID-19 during the pandemic have since

recovered, as defined by CDC guidelines.

For the months ended September 30, October 31, November 30 and December 31, 2020, average occupancies in DHC's SHOP segment were 74.5%, 73.8%, 72.5%, and 70.7%, respectively. Although occupancy has declined because of reduced move-ins by residents, sales leads have increased substantially since the end of 2020. The rolling four-week average sales leads as of January 24, 2021 were 83% higher than the rolling four-week average sales leads at the beginning of the fourth quarter of 2020.

"The progress made to vaccinate residents and staff within our communities is a significant step toward recovery from the COVID-19 pandemic," stated **Jennifer Francis**, President and Chief Operating Officer of Diversified Healthcare Trust. "We expect to complete vaccination clinics by the end of the first quarter, and we believe it will vastly improve the health and well-being of our communities as well as enrich the resident experience at our properties. We expect growing confidence in the resident experience to drive resident move-ins, help stabilize our SHOP segment occupancy and lead to a recovery in senior living performance over time. We are also encouraged by the substantial increase in sales leads since the beginning of 2021, which is often an indicator of future move-in activity."

DHC also announced today that it has amended the agreements governing its revolving credit and term loan facilities. The amendments provide for a waiver of certain financial covenants under its credit and term loan agreements through June 30, 2022, during which period, subject to certain conditions, DHC continues to have access to undrawn amounts under its revolving credit facility, and also provide DHC with the option to further extend the revolving credit facility maturity date. The key terms of the amendments include:

- Certain financial covenants under the credit and term loan facilities have been waived through June 30, 2022;
- DHC has an additional option to extend the maturity of the revolving credit facility to January 2024;
- The revolving credit facility commitments have been reduced from \$1 billion to \$800 million;
- DHC has pledged the equity interests of certain of its subsidiaries which own properties with an undepreciated book value of \$1.4 billion as of December 31, 2020, and has agreed to provide first mortgage liens on 91 medical office and life science properties owned by these subsidiaries to secure its obligations under the credit and term loan facilities;
- The interest rate premiums over LIBOR under the credit and term loan facilities increased by up to 30 basis points;
- DHC has the ability to fund up to \$250 million of capital expenditures, as defined, per year, which amount increases to \$350 million per year following DHC's repayment of its \$200 million term loan;
- Certain other covenants and conditions, including restrictions on DHC's ability to make distributions, to incur debt and to acquire real property (in each case subject to various exceptions), and the requirement that DHC maintain a minimum liquidity of \$200 million, remain in place through the waiver period; and

- DHC is generally required to apply any net cash proceeds from dispositions or debt refinancings to repay its senior notes due in December 2021, its \$200 million term loan and any outstanding borrowings under its revolving credit facility.

Wells Fargo Securities, LLC, Citigroup Global Markets Inc., PNC Capital Markets, LLC and RBC Capital Markets acted as Joint Lead Arrangers for the amendment to DHC's revolving credit loan agreement and Wells Fargo Securities, LLC and PNC Capital Markets, LLC served as Joint Lead Arrangers for the amendment to term loan term loan agreement. Wells Fargo Bank, National Association is the Administrative Agent for both facilities.

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 September 30, 2020, DHC's \$8.2 billion portfolio included 407 properties in 37 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. To learn more about DHC, visit [www.dhcreit.com](http://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:

- This press release states that more than 65% of residents and more than 30% of staff at DHC's SHOP communities have received vaccinations and that DHC expects vaccination clinics for SHOP community residents and staff to be substantially complete by the end of the first quarter of 2021. However, the availability and rate of vaccinations may not continue at the current pace and may be delayed, including for reasons beyond the control of DHC.
- This press release discusses recent increases in sales leads and that sales leads are often an indicator of future move-ins. However, recent increases in sales leads may not result in substantial move-ins by residents in the future, SHOP segment occupancy rates may not improve and could decline further, and senior living

performance may take longer to recover than DHC expects.

- Although DHC obtained a limited waiver of certain financial covenants under its revolving credit and term loan facility agreements through June 2022, DHC may fail to satisfy other covenants or conditions contained in those agreements or in the agreements governing its public debt. 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 further significantly and adversely impacted by the COVID-19 pandemic and its aftermath or otherwise, DHC may fail to satisfy those covenants and conditions.

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](http://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/news/home/20210201005256/en/): <https://www.businesswire.com/news/home/20210201005256/en/>

Michael Kodesch, Director, Investor Relations  
(617) 796-8234  
[www.dhcreit.com](http://www.dhcreit.com)

Source: Diversified Healthcare Trust