



NEWS RELEASE

# Diversified Healthcare Trust Provides Monthly SHOP Performance Update

10/23/2023

NEWTON, Mass.--(BUSINESS WIRE)-- **Diversified Healthcare Trust (Nasdaq: DHC)** today provided an update regarding the recent performance of its Senior Housing Operating Portfolio, or SHOP, segment.

## Monthly Unaudited Results in DHC's Total SHOP Comparable Properties:

- September 2023 occupancy was 79.4%, 660 basis points below September 2019, and 10 basis points above August 2023.
- September 2023 Resident Fees and Services revenue was \$96.1 million, \$4.0 million, or 4.0%, below September 2019, and \$1.4 million, or 1.5%, above August 2023.
- September 2023 net operating income, or NOI, was \$8.8 million, \$5.9 million, or 40.0%, below September 2019, and \$3.5 million, or 66.4% above August 2023.
- September 2023 NOI margin was 9.2%, 550 basis points below September 2019, and 360 basis points above August 2023.

## Year to Date Unaudited Results in DHC's Total SHOP Comparable Properties:

- Year to date occupancy through September 30, 2023, was 78.3%, 820 basis points below the same period in 2019.
- Year to date Resident Fees and Services revenue through September 30, 2023, was \$833.9 million, \$86.2 million, or 9.4%, below the same period in 2019.
- Year to date NOI through September 30, 2023, was \$59.1 million, \$99.4 million, or 62.7%, below the same period in 2019.

- Year to date NOI margin through September 30, 2023, was 7.1%, 1,010 basis points below the same period in 2019.

## Diversified Healthcare Trust(1)

(dollars in thousands, except average monthly rate)

COMPARABLE (2)	2023									
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD
<b>ALR/Five Star Managed Communities</b>										
Number of Properties	117	117	117	117	117	117	117	117	117	117
Number of Units	16,995	16,995	16,995	16,995	16,995	16,995	16,995	16,995	16,951	16,951
Occupancy	78.0%	77.9%	78.5%	78.7%	78.8%	79.3%	79.5%	79.9%	80.0%	79.0%
Average Monthly Rate	\$ 4,278	\$ 4,907	\$ 4,384	\$ 4,541	\$ 4,417	\$ 4,549	\$ 4,405	\$ 4,411	\$ 4,582	\$ 4,492
Residents Fees and Services	\$ 58,695	\$ 60,666	\$ 60,434	\$ 60,769	\$ 61,178	\$ 61,309	\$ 61,524	\$ 61,831	\$ 62,160	\$ 548,566
Property Operating Expenses	(52,606)	(51,786)	(54,777)	(50,892)	(54,500)	(54,324)	(55,532)	(55,526)	(55,153)	(485,096)
NOI (3)	\$ 6,089	\$ 8,880	\$ 5,657	\$ 9,877	\$ 6,678	\$ 6,985	\$ 5,992	\$ 6,305	\$ 7,007	\$ 63,470
NOI Margin	10.4%	14.6%	9.4%	16.3%	10.9%	11.4%	9.7%	10.2%	11.3%	11.6%
<b>Other Operator Managed Communities</b>										
Number of Properties	106	106	106	106	106	106	106	106	106	106
Number of Units	7,130	7,130	7,130	7,130	7,130	7,130	7,130	7,130	7,154	7,154
Occupancy	74.2%	75.9%	76.2%	76.6%	76.3%	77.2%	77.6%	77.8%	77.9%	76.7%
Average Monthly Rate	\$ 5,665	\$ 5,944	\$ 5,662	\$ 5,668	\$ 5,566	\$ 5,749	\$ 5,675	\$ 5,723	\$ 6,095	\$ 5,748
Residents Fees and Services	\$ 30,788	\$ 29,808	\$ 31,504	\$ 30,938	\$ 31,303	\$ 31,664	\$ 32,461	\$ 32,933	\$ 33,981	\$ 285,380
Property Operating Expenses	(33,025)	(30,118)	(32,590)	(31,725)	(32,096)	(31,472)	(32,549)	(33,946)	(32,181)	(289,702)
NOI (3)	\$ (2,237)	\$ (310)	\$ (1,086)	\$ (787)	\$ (793)	\$ 192	\$ (88)	\$ (1,013)	\$ 1,800	\$ (4,322)
NOI Margin	(7.3)%	(1.0)%	(3.4)%	(2.5)%	(2.5)%	0.6%	(0.3)%	(3.1)%	5.3%	(1.5)%
<b>Total SHOP Comparable</b>										
Number of Properties	223	223	223	223	223	223	223	223	223	223
Number of Units	24,125	24,125	24,125	24,125	24,125	24,125	24,125	24,125	24,105	24,105
Occupancy	76.9%	77.3%	77.8%	78.1%	78.1%	78.7%	79.0%	79.3%	79.4%	78.3%
Average Monthly Rate	\$ 4,671	\$ 5,206	\$ 4,751	\$ 4,868	\$ 4,749	\$ 4,897	\$ 4,774	\$ 4,793	\$ 5,023	\$ 4,855
Residents Fees and Services	\$ 89,483	\$ 90,474	\$ 91,938	\$ 91,707	\$ 92,481	\$ 92,973	\$ 93,985	\$ 94,764	\$ 96,141	\$ 833,946
Property Operating Expenses	(85,631)	(81,904)	(87,367)	(82,617)	(86,596)	(85,796)	(88,081)	(89,472)	(87,334)	(774,798)
NOI (3)	\$ 3,852	\$ 8,570	\$ 4,571	\$ 9,090	\$ 5,885	\$ 7,177	\$ 5,904	\$ 5,292	\$ 8,807	\$ 59,148
NOI Margin	4.3%	9.5%	5.0%	9.9%	6.4%	7.7%	6.3%	5.6%	9.2%	7.1%

COMPARABLE (2)	2019 Pro Forma (4)									
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD
<b>ALR/Five Star Managed Communities</b>										
Number of Properties	117	117	117	117	117	117	117	117	117	117
Number of Units	16,995	16,995	16,995	16,995	16,995	16,995	16,995	16,995	16,951	16,951
Occupancy	88.0%	88.0%	88.0%	88.0%	87.9%	88.0%	87.9%	87.9%	87.3%	87.9%
Average Monthly	\$ 4,700	\$ 5,000	\$ 4,700	\$ 4,800	\$ 4,700	\$ 4,800	\$ 4,600	\$ 4,600	\$ 4,750	\$ 4,700

Rate	\$	4,709	\$	5,099	\$	4,723	\$	4,833	\$	4,703	\$	4,834	\$	4,695	\$	4,695	\$	4,756	\$	4,779
Residents Fees and Services	\$	72,761	\$	71,079	\$	72,954	\$	72,277	\$	72,562	\$	72,250	\$	72,451	\$	72,447	\$	70,879	\$	649,660
Property Operating Expenses		(57,168)		(53,411)		(59,496)		(56,989)		(58,708)		(56,515)		(60,161)		(59,247)		(58,304)		(519,999)
NOI (3)	\$	15,593	\$	17,668	\$	13,458	\$	15,288	\$	13,854	\$	15,735	\$	12,290	\$	13,200	\$	12,575	\$	129,661
NOI Margin		21.4%		24.9%		18.4%		21.2%		19.1%		21.8%		17.0%		18.2%		17.7%		20.0%

### Other Operator Managed Communities

Number of Properties		106		106		106		106		106		106		106		106		106		106
Number of Units		7,130		7,130		7,130		7,130		7,130		7,130		7,130		7,154		7,154		7,154
Occupancy		82.5%		82.6%		82.6%		82.6%		82.5%		82.6%		82.7%		82.6%		82.6%		82.6%
Average Monthly Rate	\$	5,889	\$	6,344	\$	5,929	\$	6,041	\$	5,896	\$	6,011	\$	5,889	\$	5,855	\$	5,872	\$	5,965
Residents Fees and Services	\$	30,304	\$	29,501	\$	30,539	\$	30,100	\$	30,336	\$	29,956	\$	30,355	\$	30,158	\$	29,256	\$	270,505
Property Operating Expenses		(26,798)		(24,627)		(27,785)		(26,329)		(27,284)		(26,260)		(27,853)		(27,539)		(27,145)		(241,620)
NOI (3)	\$	3,506	\$	4,874	\$	2,754	\$	3,771	\$	3,052	\$	3,696	\$	2,502	\$	2,619	\$	2,111	\$	28,885
NOI Margin		11.6%		16.5%		9.0%		12.5%		10.1%		12.3%		8.2%		8.7%		7.2%		10.7%

### Total SHOP Comparable

Number of Properties		223		223		223		223		223		223		223		223		223		223
Number of Units		24,125		24,125		24,125		24,125		24,125		24,125		24,125		24,105		24,105		24,105
Occupancy		86.6%		86.6%		86.6%		86.6%		86.5%		86.5%		86.5%		86.5%		86.0%		86.5%
Average Monthly Rate	\$	5,004	\$	5,410	\$	5,024	\$	5,135	\$	5,001	\$	5,128	\$	4,994	\$	4,985	\$	5,035	\$	5,076
Residents Fees and Services	\$	103,065	\$	100,580	\$	103,493	\$	102,377	\$	102,898	\$	102,206	\$	102,806	\$	102,605	\$	100,135	\$	920,165
Property Operating Expenses		(83,966)		(78,038)		(87,281)		(83,318)		(85,992)		(82,775)		(88,014)		(86,786)		(85,449)		(761,619)
NOI (3)	\$	19,099	\$	22,542	\$	16,212	\$	19,059	\$	16,906	\$	19,431	\$	14,792	\$	15,819	\$	14,686	\$	158,546
NOI Margin		18.5%		22.4%		15.7%		18.6%		16.4%		19.0%		14.4%		15.4%		14.7%		17.2%

- (1)The information regarding DHC's SHOP segment results for July, August and September 2023 and year to date 2023, and on a pro forma basis for the 2019 periods indicated, reflects preliminary estimates with respect to certain results of DHC for such periods, based on currently available information. Because the quarterly financial close process and review for those periods is not yet complete, DHC's final results upon completion of its quarterly close process and review may vary from these preliminary estimates.
- (2)Comparable properties consist of properties owned and in service continuously since January 1, 2019; excludes properties classified as held for sale, closed or out of service and communities previously leased to operators that did not provide monthly financial results.
- (3)The calculation of NOI shown excludes certain components of net income (loss) in order to provide results that are more closely related to DHC's property level results of operations. DHC defines NOI as income from its real estate less its property operating expenses. NOI excludes amortization of capitalized tenant improvement costs and leasing commissions that DHC records as depreciation and amortization. DHC calculates comparable property NOI in the same manner that it calculates the corresponding NOI amount, except that it only includes comparable properties in calculating comparable property NOI. DHC uses NOI and comparable property NOI to evaluate individual and company wide property level performance. Other real estate companies and real estate investment trusts, or REITs, may calculate NOI and comparable property NOI differently than DHC does.
- (4)Many of the senior living communities currently operated on DHC's behalf in its SHOP segment were leased in 2019. DHC believes pro forma operating results are a meaningful supplemental performance measure as they present historical community level operating results regardless of the form of contractual arrangements. The table presents pro forma residents fees and services revenue, pro forma property operating expenses and pro forma NOI as if the communities had been managed for DHC's account throughout all periods presented to assist in understanding community level operating results.

### Calculation and Reconciliation of NOI and Comparable Property NOI for SHOP Segment (dollars in thousands)

	For the Nine Months Ended			
	SHOP	Restructuring Transaction	Pro Forma	SHOP
Calculation of NOI:				
Rental income	\$ 105,451	\$ (105,451)	\$ -	\$ -

Residents fees and services	324,767	630,181	954,948	857,572
Property operating expenses	(263,612)	(526,767)	(790,379)	(796,733)
NOI	<u>166,606</u>	<u>(2,037)</u>	<u>164,569</u>	<u>60,839</u>

#### Reconciliation of NOI to Comparable Property NOI:

NOI	\$ 166,606	\$ (2,037)	\$ 164,569	\$ 60,839
NOI of properties not included in comparable results	(1,007)	(5,016)	(6,023)	(1,691)
Comparable property NOI	<u>\$ 165,599</u>	<u>\$ (7,053)</u>	<u>\$ 158,546</u>	<u>\$ 59,148</u>

	For the Nine Months Ended			
	9/30/2019		9/30/2023	
	SHOP	Restructuring Transaction	Pro Forma	SHOP
<b>Revenues:</b>				
Rental income	\$ 105,451	\$ (105,451)	\$ -	\$ -
Residents fees and services	324,767	630,181	954,948	857,572
Total revenues	430,218	524,730	954,948	857,572
<b>Expenses:</b>				
Property operating expenses	263,612	526,767	790,379	796,733
Depreciation and amortization	100,080	-	100,080	129,891
Impairment of assets	9,041	-	9,041	4,346
Total expenses	372,733	526,767	899,500	930,970
Gain on sale of properties	15,207	-	15,207	1,233
Interest and other income	-	-	-	1,581
Interest expense	(2,481)	-	(2,481)	(502)
Loss on early extinguishment of debt	(17)	-	(17)	-
Net income (loss)	70,194	(2,037)	68,157	(71,086)
Add (less): Interest expense			2,481	502
Interest and other income			-	(1,581)
Depreciation and amortization			100,080	129,891
Impairment of assets			9,041	4,346
Gain on sale of properties			(15,207)	(1,233)
Loss on early extinguishment of debt			17	-
NOI			164,569	60,839
NOI of properties not included in comparable results			(6,023)	(1,691)
Comparable property NOI			<u>\$ 158,546</u>	<u>\$ 59,148</u>

## About Diversified Healthcare Trust:

DHC is a real estate investment trust 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 June 30, 2023, DHC's approximately \$7.1 billion portfolio included 376 properties in 36 states and Washington, D.C., occupied by approximately 500 tenants, and totaling approximately 9 million square feet of life science and medical office properties and more than 27,000 senior living units. DHC is managed by **The RMR Group (Nasdaq: RMR)**, a leading U.S. alternative asset management company with approximately \$36 billion in assets under management as of June 30, 2023 and more than 35 years of institutional experience in buying, selling, financing and operating commercial real estate. To learn more about DHC, visit [www.dhcreit.com](http://www.dhcreit.com).

### Warning Concerning Forward-Looking Statements

This press release contains 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, it 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. For example, the information regarding DHC’s SHOP segment results provided in this press release reflects certain preliminary estimates based on currently available information, and DHC’s final results upon completion of its quarterly financial close process and review may vary from these preliminary estimates, and as a result, the information provided herein may not provide a meaningful measure of DHC’s SHOP segment results as expected.

The information contained in DHC’s periodic reports filed with the Securities and Exchange Commission, or the SEC, including under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” or incorporated therein, also identifies 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 any 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.

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