



Diversified Healthcare Trust Second Quarter 2023 Financial Results and Supplemental Information

August 1, 2023



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DHC
Nasdaq Listed

Trading Symbols:

Common Shares: DHC
Senior Unsecured Notes due 2042: DHCNI
Senior Unsecured Notes due 2046: DHCNL

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All amounts in this presentation are unaudited.

Please refer to Non-GAAP Financial Measures and Certain Definitions for terms used throughout this document.

Diversified Healthcare Trust Announces Second Quarter 2023 Financial Results



"Second quarter normalized FFO of \$0.05 per share was flat to last quarter. Consolidated NOI for the second quarter was also flat with last quarter, with SHOP NOI increases offset by declines in non-SHOP NOI. While any material improvement in operating performance is expected to come from our SHOP segment in the future, we expect second half 2023 SHOP NOI performance will be flat with first half 2023 SHOP NOI, with no real growth, because any SHOP revenue increases are expected to be offset by higher SHOP operating costs, including expected higher insurance and labor costs. As a result, the earliest we expect to be in debt covenant compliance and able to access debt markets to refinance debt maturities will be mid-year 2024, which is after \$700 million of DHC debt matures.

The SHOP recovery has been elusive and there is substantial risk that it may take longer than expected for SHOP to recover and for DHC to achieve debt covenant compliance. Because of this difficult situation, we continue to believe that the best path forward for DHC and its shareholders is the announced merger with Office Properties Income Trust. Upon closing of the merger, the combined company will be immediately in debt covenant compliance and able to access multiple capital sources to refinance near term debt maturities and to continue investing required capital into SHOP to fund its recovery."

Jennifer Francis, President and Chief Executive Officer

Newton, MA (August 1, 2023): Diversified Healthcare Trust (Nasdaq: DHC) today announced its financial results for the quarter ended June 30, 2023.

Dividend

DHC has declared a quarterly dividend on its common shares of \$0.01 per share to shareholders of record as of the close of business on July 24, 2023. This dividend will be paid on or about August 17, 2023.

Conference Call

A conference call to discuss DHC's second quarter 2023 financial results will be held on Wednesday, August 2, 2023 at 10:00 a.m. Eastern Time. The conference call may be accessed by dialing (877) 329-4297 or (412) 317-5435 (if calling from outside the United States and Canada); a pass code is not required. A replay will be available for one week by dialing (412) 317-0088; the replay pass code is 3536783. A live audio webcast of the conference call will also be available in a listen-only mode on DHC's website, at www.dhcreit.com. The archived webcast will be available for replay on DHC's website after the call. The transcription, recording and retransmission in any way are strictly prohibited without the prior written consent of DHC.

About Diversified Healthcare Trust

DHC is a real estate investment trust, or 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 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. DHC is headquartered in Newton, MA. For more information, visit www.dhcreit.com.

Second Quarter 2023 Highlights

Financial Results

- Net loss of \$72.6 million, or \$0.30 per share.
- Normalized FFO of \$12.1 million, or \$0.05 per share.

<i>Same Property Cash Basis NOI</i> <i>(dollars in thousands)</i>	For the Three Months Ended					
	June 30, 2023	March 31, 2023	Change	June 30, 2022	Change	
Office Portfolio	\$ 29,494	\$ 29,431	0.2 %	\$ 28,016	5.3 %	
SHOP	\$ 22,961	\$ 17,498	31.2 %	\$ 7,828	193.3 %	
Consolidated	\$ 59,842	\$ 55,594	7.6 %	\$ 44,583	34.2 %	

Operating Update

- Leased 323,781 square feet in DHC's Office Portfolio at weighted average rents that were 1.3% higher than prior rents for the same space.
- SHOP occupancy increased 420 basis points to 77.8% and average monthly rates increased by 7.3% year over year, resulting in a 13.7% increase in revenues.

Financing Activities and Liquidity

- As of June 30, 2023, DHC had approximately \$357.1 million of cash and cash equivalents and restricted cash.
- DHC has concluded that there is substantial doubt about its ability to continue as a going concern for at least one year from the date of issuance of DHC's financial statements, or August 1, 2023. For further information, please refer to Note 1 to DHC's consolidated financial statements included in Part I, Item 1 of DHC's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, filed with the Securities and Exchange Commission, or the SEC, on August 1, 2023.
- In April 2023, DHC prepaid approximately \$14.6 million of secured debt encumbering one of its senior living communities with an annual interest rate of 6.64% and a maturity date in June 2023, using cash on hand.

Merger with Office Properties Income Trust

- On April 11, 2023, DHC and Office Properties Income Trust, or OPI, entered into an agreement and plan of merger, pursuant to which DHC will be merged with and into OPI, with OPI continuing as the surviving entity in the merger, or the Merger. The Merger is subject to the approval of DHC and OPI shareholders and other customary closing conditions.
- On July 21, 2023, DHC announced the filing of the definitive joint proxy statement/prospectus with the SEC in connection with the Merger. The DHC Board of Trustees unanimously recommends that shareholders vote **"FOR"** the proposal to approve the Merger with OPI on the **WHITE** proxy card. The DHC Board of Trustees believes that the Merger is the best available opportunity for long term value for DHC shareholders. A Special Meeting of Shareholders is scheduled on Wednesday, August 30, 2023, at 11:00 a.m. Eastern Time. DHC shareholders of record as of the close of business on June 16, 2023, are eligible to vote. Subject to shareholder approval and satisfaction of all other closing conditions, the Merger is expected to close during the third quarter of 2023.

Second Quarter 2023 Results

(dollars in thousands, except per share data)

Financial Results	For the Three Months Ended					
	June 30, 2023	March 31, 2023	Change	June 30, 2022	Change	
Net loss	\$ (72,571)	\$ (52,658)	(37.8)%	\$ (109,383)	33.7 %	
Net loss per common share	\$ (0.30)	\$ (0.22)	(36.4)%	\$ (0.46)	34.8 %	
Normalized FFO	\$ 12,133	\$ 12,512	(3.0)%	\$ (10,395)	216.7 %	
Normalized FFO per common share	\$ 0.05	\$ 0.05	0.0 %	\$ (0.04)	225.0 %	
Adjusted EBITDAre	\$ 62,136	\$ 62,692	(0.9)%	\$ 47,975	29.5 %	

	As of and For the Three Months Ended				
	June 30, 2023	March 31, 2023	Basis Point Change	June 30, 2022	Basis Point Change
Occupancy					
Office Portfolio	85.8%	85.1%	70	88.1%	(230)
SHOP	77.8%	76.9%	90	73.6%	420
Same Property Occupancy					
Office Portfolio	93.0%	92.1%	90	93.1%	(10)
SHOP	78.0%	77.1%	90	73.6%	440

See page 8 for additional detail.

Key Financial Data

(dollars in thousands, except per share data)

	As of and For the Three Months Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Selected Balance Sheet Data:					
Total gross assets	\$ 7,493,885	\$ 7,545,727	\$ 7,830,445	\$ 7,857,421	\$ 7,884,243
Total assets	\$ 5,585,475	\$ 5,666,730	\$ 6,002,093	\$ 6,072,486	\$ 6,145,864
Total liabilities	\$ 3,076,086	\$ 3,082,911	\$ 3,363,482	\$ 3,366,431	\$ 3,356,239
Total equity	\$ 2,509,389	\$ 2,583,819	\$ 2,638,611	\$ 2,706,055	\$ 2,789,625
Selected Income Statement Data:					
Total revenues	\$ 346,219	\$ 346,030	\$ 336,885	\$ 322,920	\$ 313,028
Net loss	\$ (72,571)	\$ (52,658)	\$ (65,322)	\$ (81,492)	\$ (109,383)
NOI	\$ 59,991	\$ 59,950	\$ 51,719	\$ 33,824	\$ 46,962
Adjusted EBITDAre	\$ 62,136	\$ 62,692	\$ 59,713	\$ 35,782	\$ 47,975
FFO	\$ 6,090	\$ 9,768	\$ 4,463	\$ (14,996)	\$ (41,245)
Normalized FFO	\$ 12,133	\$ 12,512	\$ 8,138	\$ (14,167)	\$ (10,395)
Per Common Share Data (basic and diluted):					
Net loss	\$ (0.30)	\$ (0.22)	\$ (0.27)	\$ (0.34)	\$ (0.46)
FFO	\$ 0.03	\$ 0.04	\$ 0.02	\$ (0.06)	\$ (0.17)
Normalized FFO	\$ 0.05	\$ 0.05	\$ 0.03	\$ (0.06)	\$ (0.04)
Dividends:					
Annualized dividend declared per common share	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04
Annualized dividend yield (at end of period)	1.8 %	3.0 %	6.2 %	4.0 %	2.2 %
Normalized FFO payout ratio	20.0 %	20.0 %	33.3 %	(16.7)%	(25.0)%



Condensed Consolidated Balance Sheets

(dollars in thousands, except share data)

	June 30, 2023	December 31, 2022
Assets		
Real estate properties:		
Land	\$ 656,245	\$ 668,918
Buildings and improvements	6,055,915	6,023,625
Total real estate properties, gross	6,712,160	6,692,543
Accumulated depreciation	(1,908,410)	(1,828,352)
Total real estate properties, net	4,803,750	4,864,191
Investments in unconsolidated joint ventures	155,119	155,477
Assets of properties held for sale	22,023	385
Cash and cash equivalents	338,431	658,065
Restricted cash	18,652	30,237
Acquired real estate leases and other intangible assets, net	39,309	45,351
Other assets, net	208,191	248,387
Total assets	\$ 5,585,475	\$ 6,002,093
Liabilities and Shareholders' Equity		
Credit facility	\$ 450,000	\$ 700,000
Senior unsecured notes, net	2,320,113	2,317,700
Secured debt and finance leases, net	14,390	30,177
Liabilities of properties held for sale	305	—
Accrued interest	28,215	29,417
Other liabilities	263,063	286,188
Total liabilities	3,076,086	3,363,482
Commitments and contingencies		
Shareholders' equity:		
Common shares of beneficial interest, \$.01 par value: 300,000,000 shares authorized, 239,792,354 and 239,694,842 shares issued and outstanding, respectively	2,398	2,397
Additional paid in capital	4,617,831	4,617,031
Cumulative net income	1,946,621	2,071,850
Cumulative distributions	(4,057,461)	(4,052,667)
Total shareholders' equity	2,509,389	2,638,611
Total liabilities and shareholders' equity	\$ 5,585,475	\$ 6,002,093



Condensed Consolidated Statements of Income (Loss)

(amounts in thousands, except share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues:				
Rental income	\$ 61,373	\$ 62,522	\$ 127,811	\$ 127,807
Residents fees and services	284,846	250,506	564,438	495,954
Total revenues	346,219	313,028	692,249	623,761
Expenses:				
Property operating expenses	286,228	266,066	572,308	534,808
Depreciation and amortization	68,394	58,261	133,194	115,520
General and administrative	7,284	7,207	13,157	14,492
Acquisition and certain other transaction related costs	6,043	609	6,136	1,537
Impairment of assets	11,299	—	17,224	—
Total expenses	379,248	332,143	742,019	666,357
(Loss) gain on sale of properties	—	(686)	1,233	327,108
Gains and losses on equity securities, net	—	(10,157)	8,126	(18,710)
Interest and other income ⁽¹⁾	5,134	2,266	9,329	2,661
Interest expense (including net amortization of debt premiums, discounts and issuance costs of \$2,249, \$2,318, \$4,323 and \$4,790, respectively)	(47,384)	(55,975)	(95,164)	(113,106)
Loss on modification or early extinguishment of debt	—	(29,560)	(1,075)	(30,043)
(Loss) income before income tax (expense) benefit and equity in net earnings of investees	(75,279)	(113,227)	(127,321)	125,314
Income tax (expense) benefit	(221)	640	(190)	(832)
Equity in net earnings of investees	2,929	3,204	2,282	6,558
Net (loss) income	\$ (72,571)	\$ (109,383)	\$ (125,229)	\$ 131,040
Weighted average common shares outstanding (basic and diluted)	238,682	238,197	238,636	238,173
Per common share data (basic and diluted):				
Net (loss) income	\$ (0.30)	\$ (0.46)	\$ (0.52)	\$ 0.55

(1) See footnote on the following page.

Condensed Consolidated Statements of Income (Loss) (Additional Data)

(dollars in thousands)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
<u>Additional Data:</u>				
General and administrative expenses / total assets (at end of period)	0.1 %	0.1 %	0.2 %	0.2 %
Non-cash straight line rent adjustments included in rental income	\$ (4,457)	\$ 2,710	\$ (2,009)	\$ 4,455
Lease value amortization included in rental income	\$ (25)	\$ (57)	\$ 286	\$ (162)
Non-cash share based compensation	\$ 565	\$ 665	\$ 834	\$ 980
Non-cash amortization included in property operating expenses	\$ 199	\$ 199	\$ 398	\$ 398
Non-cash amortization included in general and administrative expenses	\$ 743	\$ 743	\$ 1,487	\$ 1,487
COVID-19 Economic Relief ⁽¹⁾	\$ 1,466	\$ 760	\$ 1,466	\$ 959

(1) DHC recognized as other income funds received under the Coronavirus Aid, Relief, and Economic Security Act, the American Rescue Plan Act and similar state sponsored plans of \$1,466 and \$760 during the three months ended June 30, 2023 and 2022, respectively, and \$1,466 and \$959 during the six months ended June 30, 2023 and 2022, respectively.

Debt Summary

As of June 30, 2023

(dollars in thousands)

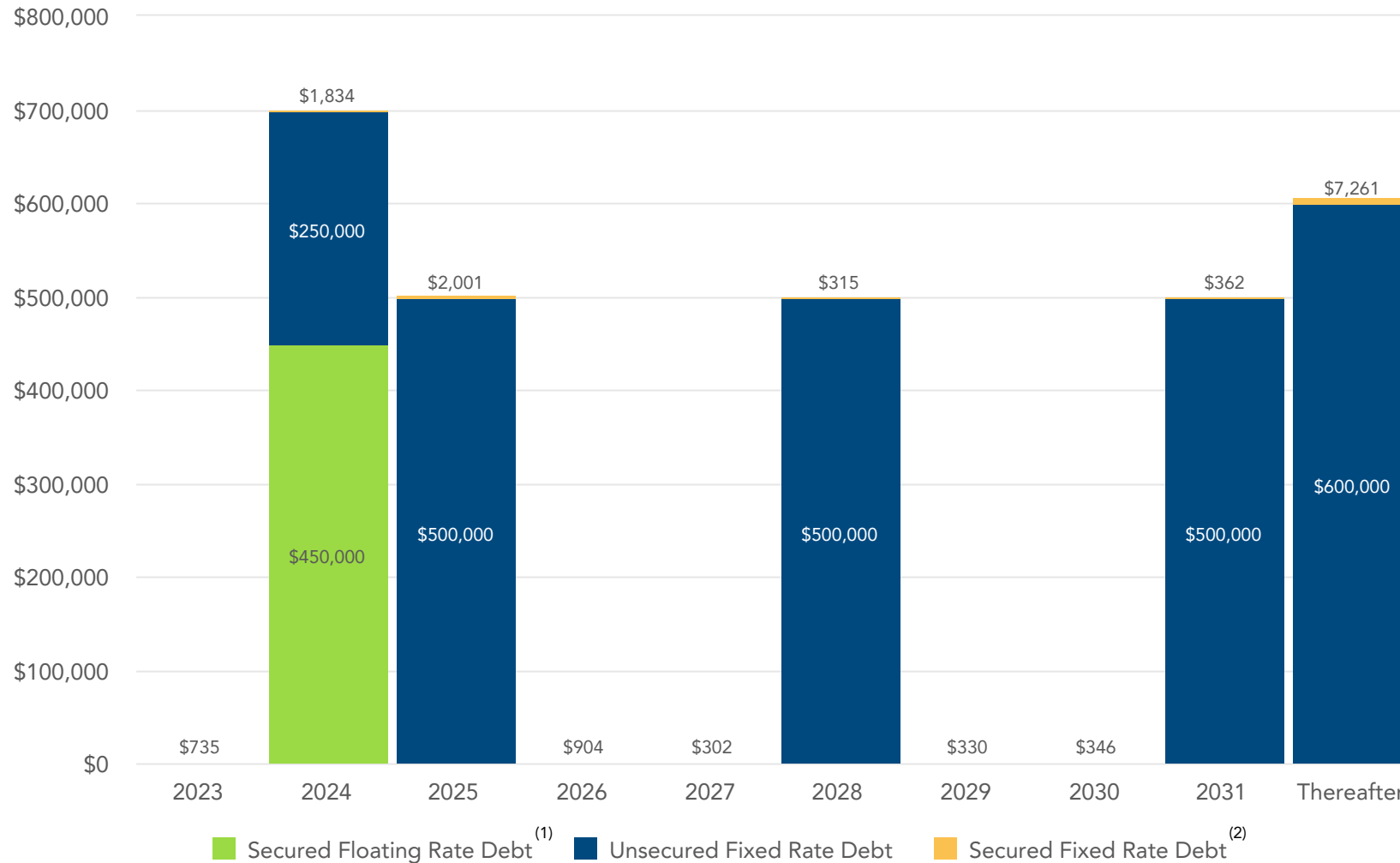
	Coupon Rate	Interest Rate	Principal Balance	Maturity Date	Due at Maturity	Years to Maturity
Secured Floating Rate Debt:						
Credit facility ⁽¹⁾	8.117%	8.117%	\$ 450,000	1/15/2024	\$ 450,000	0.5
Weighted average rate / total secured floating rate debt	8.117%	8.117%	\$ 450,000		\$ 450,000	0.5
Unsecured Fixed Rate Debt:						
Senior unsecured notes due 2024	4.750%	4.790%	\$ 250,000	5/1/2024	\$ 250,000	0.8
Senior unsecured notes due 2025 ⁽²⁾	9.750%	9.750%	500,000	6/15/2025	500,000	2.0
Senior unsecured notes due 2028	4.750%	4.966%	500,000	2/15/2028	500,000	4.6
Senior unsecured notes due 2031	4.375%	4.375%	500,000	3/1/2031	500,000	7.7
Senior unsecured notes due 2042	5.625%	5.625%	350,000	8/1/2042	350,000	19.1
Senior unsecured notes due 2046	6.250%	6.250%	250,000	2/1/2046	250,000	22.6
Weighted average rate / total unsecured fixed rate debt	6.024%	6.074%	\$ 2,350,000		\$ 2,350,000	8.4
Secured Fixed Rate Debt:						
Finance leases - 2 properties	7.700%	7.700%	4,518	4/30/2026	155	2.8
Mortgage - secured by 1 property ⁽³⁾	4.444%	4.444%	9,872	7/6/2043	1,698	20.0
Weighted average rate / total secured fixed rate debt	5.466%	5.466%	\$ 14,390		\$ 1,853	14.6
Weighted average rate / total debt	6.356%	6.398%	\$ 2,814,390		\$ 2,801,853	7.2

- (1) DHC pledged certain equity interests of subsidiaries owning properties to secure its obligations under the agreement governing its credit facility, or the credit agreement, and provided first mortgage liens on 61 of DHC's medical office and life science properties. On June 23, 2023, the administrative agent under DHC's credit facility notified DHC that the re-appraised value of the 61 properties had declined below the contractual threshold. DHC obtained a limited waiver from the administrative agent and requisite lenders under the credit agreement, which waived the event of default and decreased the required appraised value of the collateral properties through September 30, 2023.
- (2) DHC has the option to redeem all or a portion of its senior unsecured notes due 2025 at any time at a set redemption price.
- (3) Effective July 7, 2023, the coupon rate increased to 6.444%.

Debt Maturity Schedule

As of June 30, 2023

(dollars in thousands)



(1) Represents outstanding borrowings under DHC's credit facility as of June 30, 2023.
 (2) Includes \$4,518 of finance lease obligations due through April 2026.

Leverage Ratios, Coverage Ratios and Public Debt Covenants

	As of and For the Three Months Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Leverage Ratios:					
Net debt / total gross assets	32.8%	32.4%	30.6%	29.2%	28.4%
Net debt / gross book value of real estate assets	34.5%	34.4%	33.8%	32.8%	32.7%
Secured debt / total assets	8.3%	8.5%	12.2%	12.2%	12.3%
Variable rate debt / net debt	18.3%	18.4%	29.2%	30.5%	31.2%
Coverage Ratios:					
Net debt / annualized Adjusted EBITDAre	9.8x	9.6x	10.4x	15.8x	11.6x
Adjusted EBITDAre / interest expense	1.3x	1.3x	1.2x	0.8x	0.9x
	As of and For the Trailing Twelve Months Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Public Debt Covenants:					
<i>Maintenance Covenant</i>					
Total unencumbered assets / unsecured debt - required minimum 150.0%	264.4%	265.3%	276.6%	273.5%	266.9%
<i>Incurrence Covenants</i>					
Total debt / adjusted total assets - allowable maximum 60.0%	37.0%	37.0%	38.8%	38.8%	39.4%
Secured debt / adjusted total assets - allowable maximum 40.0%	6.1%	6.3%	9.2%	9.3%	9.6%
Consolidated income available for debt service / debt service - required minimum 1.50x ⁽¹⁾	1.08x	0.98x	0.83x	0.79x	0.85x

(1) As of June 30, 2023, DHC's ratio of consolidated income available for debt service to debt service was below the requirement under its credit facility and public debt covenants, and as a result, DHC is unable to refinance existing or maturing debt or issue new debt until this ratio is at or above the required level on a pro forma basis.



Summary of Capital Expenditures

(dollars and sq. ft. in thousands, except per sq. ft. and unit data)

	For the Three Months Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Office Portfolio lease related costs	\$ 9,284	\$ 6,748	\$ 9,558	\$ 4,277	\$ 4,633
Office Portfolio building improvements	2,561	856	4,516	3,535	3,319
Wellness centers lease related costs	884	—	—	—	—
SHOP fixed assets and capital improvements	18,407	23,644	39,418	24,724	25,059
Recurring capital expenditures	<u>\$ 31,136</u>	<u>\$ 31,248</u>	<u>\$ 53,492</u>	<u>\$ 32,536</u>	<u>\$ 33,011</u>
Office Portfolio avg. sq. ft. during period	8,803	8,810	8,811	8,767	8,724
SHOP avg. units managed during period	25,325	25,337	25,212	25,077	25,082
Office Portfolio building improvements per avg. sq. ft. during period	\$ 0.29	\$ 0.10	\$ 0.51	\$ 0.40	\$ 0.38
SHOP fixed assets and capital improvements per avg. unit managed during period	\$ 727	\$ 933	\$ 1,563	\$ 986	\$ 999
Development, redevelopment and other activities - Office Portfolio	\$ 4,792	\$ 1,922	\$ 5,111	\$ 9,069	\$ 17,593
Development, redevelopment and other activities - SHOP	20,405	16,223	59,981	28,224	14,282
Total development, redevelopment and other activities	<u>\$ 25,197</u>	<u>\$ 18,145</u>	<u>\$ 65,092</u>	<u>\$ 37,293</u>	<u>\$ 31,875</u>

Redevelopment Information

As of June 30, 2023

(dollars in millions)

Office Portfolio

Project	Location	Type of Property	Square Feet ⁽¹⁾	Estimated Project Costs	Total Costs Incurred as of June 30, 2023	Estimated Completion Date
10030 North MacArthur Boulevard	Irving, TX	Medical Office	94,137	\$ 3.5	\$ 2.5	Q3 2023
100 Hampshire Street	Mansfield, MA	Life Science	124,803	7.8	\$ 0.5	Q4 2023
2141 K Street NW	Washington, D.C.	Medical Office	82,592	52.5	\$ 1.7	Q2 2025
				<u>\$ 63.8</u>		

SHOP

Project	Location	Type of Property	Number of Units	Estimated Project Costs	Total Costs Incurred as of June 30, 2023	Estimated Completion Date
Five Star Premier Residences of Teaneck	Teaneck, NJ	IL/AL	218	\$ 9.8	\$ 9.2	Q4 2023
Five Star Residences of Dayton Place	Denver, CO	IL/AL/MC	239	6.0	\$ 3.7	Q4 2023
The Remington Club	San Diego, CA	IL/AL	342	18.0	\$ 7.5	Q1 2024
The Forum at Memorial Woods	Houston, TX	IL/AL/MC	325	15.0	\$ 3.7	Q1 2025
Five Star Premier Residences of Chevy Chase	Chevy Chase, MD	IL/AL	330	20.5	\$ 1.3	Q1 2025
Pueblo Norte Senior Living	Scottsdale, AZ	IL/AL	197	26.1	\$ 7.9	Q2 2025
The Forum at Desert Harbor	Peoria, AZ	IL/AL	230	16.0	\$ 1.0	Q2 2025
Other Projects	National	Various	8,357	175.7	\$ 27.9	Various
				<u>\$ 287.1</u>		

(1) Represents estimated square footage upon project completion.

Property Acquisitions / Dispositions Information Since January 1, 2023

(dollars in thousands)

Acquisitions:

DHC has not acquired any properties since January 1, 2023.

Dispositions: ⁽¹⁾

Date Sold	Location	Type of Property	Number of Properties	Gross Sales Price
2/3/2023	Columbia, SC	Senior Living ⁽²⁾	1	\$ 1,100
2/28/2023	South Park, PA	Senior Living ⁽²⁾	1	1,100
2/28/2023	Elizabeth, PA	Senior Living ⁽²⁾	1	600
Total Dispositions			3	\$ 2,800

- (1) As of July 27, 2023, DHC has four properties under agreements to sell for an aggregate sales price of approximately \$23,400, excluding closing costs. DHC may not complete the sales of any or all of the properties it currently plans to sell. Also, DHC 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 DHC may incur losses on any such sales as a result.
- (2) The property was closed prior to disposition.

Investments in Unconsolidated Joint Ventures ⁽¹⁾

As of June 30, 2023

(dollars in thousands)

Investments in Unconsolidated Joint Ventures

Joint Venture	Location	Type of Property	Number of Properties	Square Feet	Occupancy at June 30, 2023	Weighted Average Lease Term at June 30, 2023	DHC Ownership	DHC Carrying Value of Investment at June 30, 2023	Six Months Ended June 30, 2023	
									Joint Venture FFO	Joint Venture EBITDAre
Seaport Innovation LLC	Boston, MA	Life Science	1	1,134,479	100%	5.6 years	10%	\$ 106,305	\$ 29,667	\$ 40,841
The LSMD Fund REIT LLC	Various	Medical Office / Life Science	10	1,068,763	97%	5.7 years	20%	48,814	4,642	17,295
Total / Weighted Average			11	2,203,242	98%	5.6 years		\$ 155,119	\$ 34,309	\$ 58,136

Unconsolidated Debt

Joint Venture	Secured Debt ⁽²⁾	Coupon Rate	Maturity Date	Principal Balance at June 30, 2023 ⁽³⁾	DHC Ownership	DHC Share of Principal Balance at June 30, 2023 ⁽⁴⁾
Seaport Innovation LLC	Fixed Rate - 1 Property	3.530%	8/6/2026	\$ 620,000	10%	\$ 62,000
The LSMD Fund REIT LLC	Fixed Rate - 9 Properties	3.457%	2/11/2032	189,800	20%	37,960
The LSMD Fund REIT LLC	Floating Rate - 1 Property ⁽⁵⁾	5.900%	2/9/2024	266,825	20%	53,365
Total / Weighted Average		4.104%		\$ 1,076,625		\$ 153,325

(1) DHC's property list, including properties owned by these unconsolidated joint ventures, is available on DHC's website.

(2) The mortgage loans require interest-only payments until the respective maturity dates.

(3) Reflects the entire balance of the debt secured by the properties. DHC continues to provide certain guarantees on the debt secured by the Seaport Innovation LLC property. The debt secured by The LSMD Fund REIT LLC properties is non-recourse to DHC.

(4) Reflects DHC's proportionate share of the principal debt balances based on its ownership percentage of the joint ventures as of June 30, 2023.

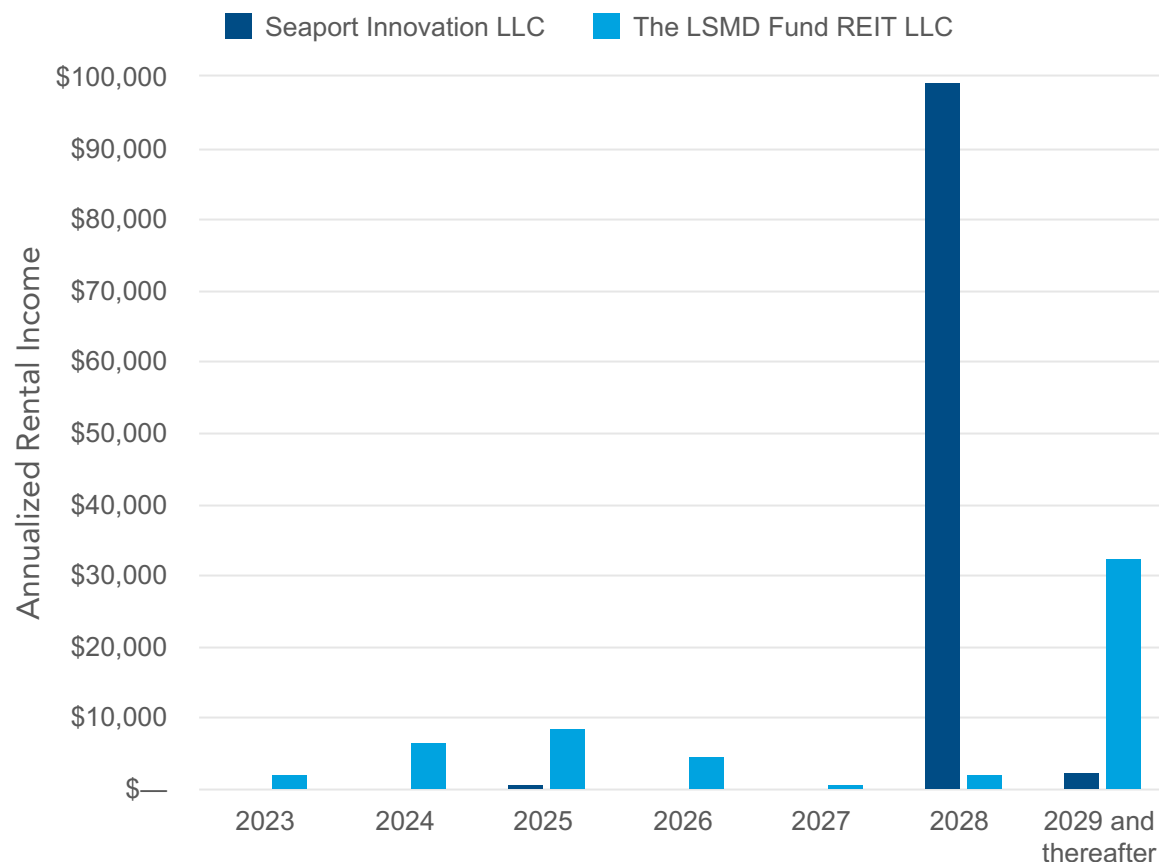
(5) Original maturity date of February 9, 2024 is subject to three, one year extension options and requires interest to be paid at an annual rate of secured overnight financing rate, or SOFR, plus a premium of 1.90%. Interest rate is as of June 30, 2023. The joint venture has also purchased an interest rate cap through February 2024 with a SOFR strike rate equal to 4.00%.

Investments in Unconsolidated Joint Ventures (continued) ⁽¹⁾

As of June 30, 2023

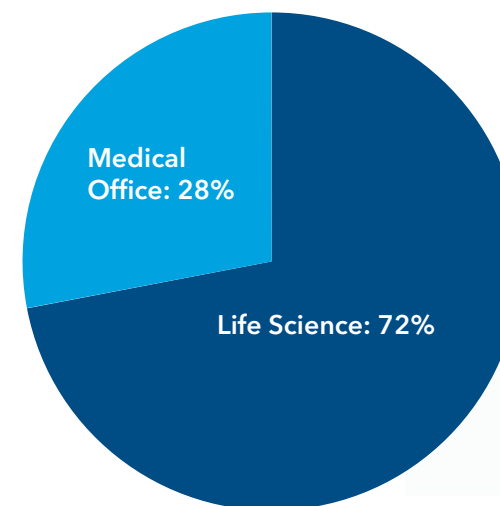
(dollars in thousands)

Unconsolidated Joint Ventures Lease Expiration Schedule

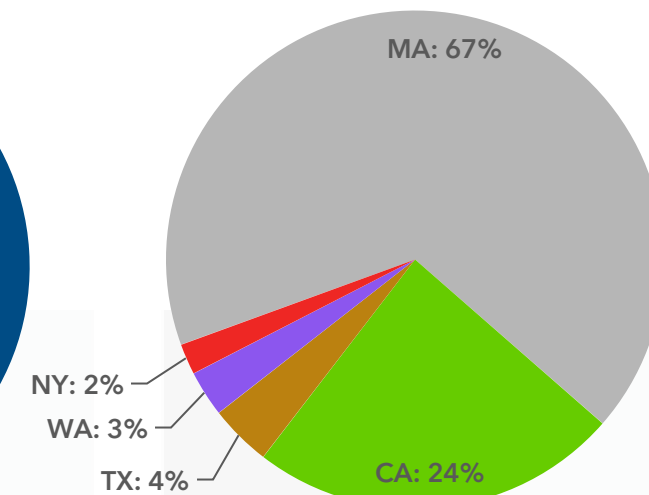


	2023	2024	2025	2026	2027	2028	2029 and thereafter
Number of Leases Expiring	13	10	19	12	5	10	36
% of Total Annualized Rental Income Expiring	1.4%	4.1%	5.9%	3.2%	0.4%	63.3%	21.7%

Property Type ⁽²⁾



Geographic Diversification ⁽²⁾



Major Tenants of Unconsolidated Joint Ventures

Joint Venture	Tenant	% of Annualized Rental Income of Joint Ventures
Seaport Innovation LLC	Vertex Pharmaceuticals Inc.	61.9%
The LSMD Fund REIT LLC	Cedars-Sinai Medical Center	11.3%
The LSMD Fund REIT LLC	Seattle Genetics, Inc.	2.7%
The LSMD Fund REIT LLC	Stryker Corporation	2.0%
The LSMD Fund REIT LLC	Complete Genomics, Inc.	1.9%

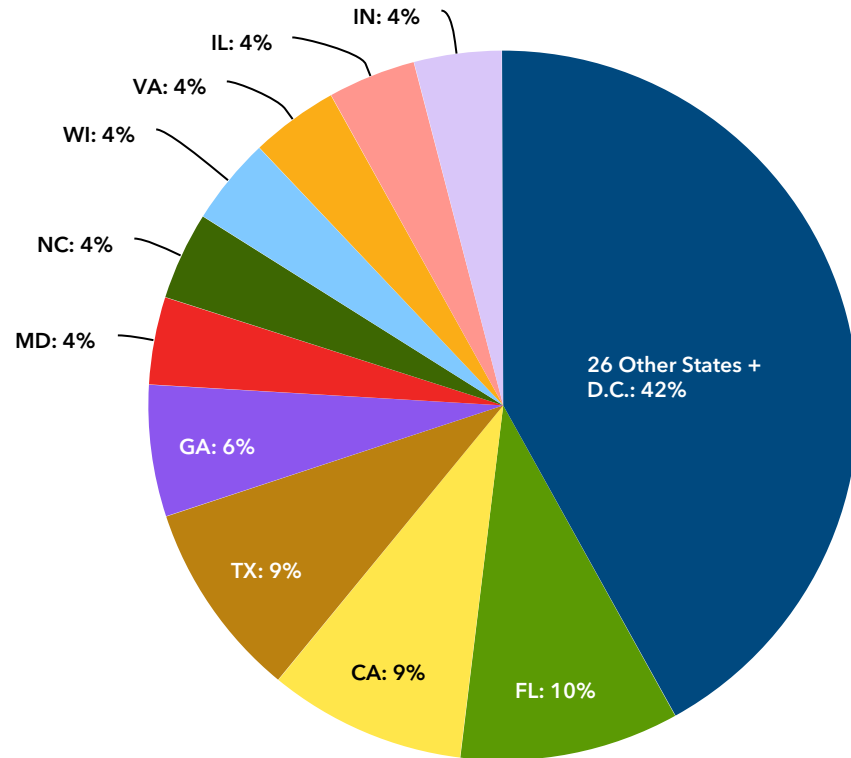
(1) DHC's property list, including properties owned by these unconsolidated joint ventures, is available on DHC's website.

(2) Based on the aggregate annualized rental income of DHC's unconsolidated joint ventures as of June 30, 2023.

Portfolio Summary by Geographic Diversification and Property Type

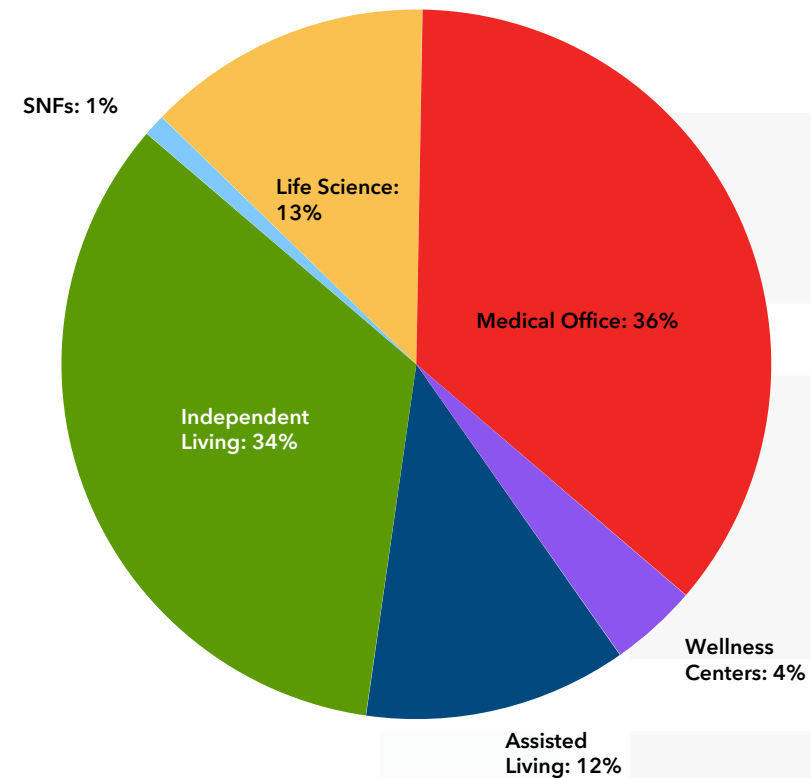
Geographic Diversification

(based on Gross Book Value of Real Estate Assets as of June 30, 2023)



Property Type^{(1) (2)}

(based on Q2 2023 Same Property NOI)



- (1) Senior living communities are categorized by the type of living units which constitute a majority of the living units at the community.
- (2) Memory care communities are classified as assisted living communities.

Portfolio Summary

As of June 30, 2023

(dollars in thousands, except investment per square foot or unit)

	Number of Properties	Square Feet or Number of Units	Gross Book Value of Real Estate Assets	% of Total Gross Book Value of Real Estate Assets	Investment Per Square Foot or Unit	Q2 2023 Revenues	% of Q2 2023 Total Revenues	Q2 2023 NOI	% of Q2 2023 Total NOI
Life science	24	2,621,501	\$ 802,618	11.3 %	\$ 306	\$ 15,464	4.5 %	\$ 8,442	14.1 %
Medical office	81	6,175,040	1,490,742	20.9 %	\$ 241	37,904	10.9 %	20,988	35.0 %
Subtotal Office Portfolio	105	8,796,541 sq. ft.	2,293,360	32.2 %	\$ 261	53,368	15.4 %	29,430	49.1 %
SHOP	234	25,322 units	4,448,414	62.4 %	\$ 175,674	284,846	82.3 %	22,887	38.2 %
Triple net leased senior living communities	27	2,062 units	202,737	2.8 %	\$ 98,321	5,198	1.5 %	5,198	8.7 %
Wellness centers	10	812,000 sq. ft.	179,025	2.6 %	\$ 220	2,807	0.8 %	2,476	4.0 %
Total	<u>376</u>		<u>\$ 7,123,536</u>	<u>100.0 %</u>		<u>\$ 346,219</u>	<u>100.0 %</u>	<u>\$ 59,991</u>	<u>100.0 %</u>

SHOP Units by Operator

Manager	Location	Number of Properties ⁽¹⁾	Unit Count as of June 30, 2023				
			Assisted Living	Independent Living and Active Adult	Memory Care	Skilled Nursing	Total
Five Star Senior Living	National	119	6,487	9,668	1,544	—	17,699
Oaks-Caravita Senior Care	GA/SC	26	1,061	40	314	—	1,415
Phoenix Senior Living	AL/AR/KY/MO/ NC/SC	23	971	137	190	164	1,462
Charter Senior Living	FL/MD/TN/VA	17	683	—	294	—	977
Cedarhurst Senior Living	IL/WI	13	680	10	95	—	785
Stellar Senior Living	CO/TX/WY	10	—	177	—	992	1,169
Northstar Senior Living	AZ/CA	7	121	—	297	—	418
Navion Senior Solutions	SC	5	210	—	25	—	235
Life Care Services	DE	3	71	196	12	238	517
Oaks Senior Living	GA	3	159	—	105	—	264
IntegraCare Senior Living	PA	2	127	—	16	—	143
Omega Senior Living	NE	1	69	—	—	—	69
The RMR Group	TX	1	—	169	—	—	169
Total		230	10,639	10,397	2,892	1,394	25,322

(1) Excludes four closed senior living communities.

Office Portfolio and Same Property - Results of Operations

Trailing Five Quarters

OFFICE PORTFOLIO - RESULTS OF OPERATIONS

(dollars and sq. ft. in thousands)

	As of and For the Three Months Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Number of Buildings	105	105	105	105	104
Square Feet	8,797	8,809	8,811	8,811	8,723
Occupancy	85.8 %	85.1 %	84.7 %	85.9 %	88.1 %
Rental Income	\$ 53,368	\$ 57,022	\$ 59,529	\$ 55,254	\$ 52,610
NOI	\$ 29,430	\$ 33,507	\$ 34,882	\$ 31,075	\$ 30,584
Cash Basis NOI	\$ 34,000	\$ 31,064	\$ 31,849	\$ 28,362	\$ 27,927
NOI Margin %	55.1 %	58.8 %	58.6 %	56.2 %	58.1 %
Cash Basis NOI Margin %	58.5 %	56.7 %	56.2 %	53.8 %	55.7 %
Sequential NOI % Change	(12.2)%	(3.9)%	12.3 %	1.6 %	
Sequential Cash Basis NOI % Change	9.5 %	(2.5)%	12.3 %	1.6 %	
Year Over Year NOI % Change	(3.8)%				
Year Over Year Cash Basis NOI % Change	21.7 %				

OFFICE PORTFOLIO SAME PROPERTY - RESULTS OF OPERATIONS ⁽¹⁾

(dollars and sq. ft. in thousands)

	As of and For the Three Months Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Number of Buildings	91	91	91	91	91
Square Feet	7,677	7,689	7,689	7,689	7,689
Occupancy	93.0 %	92.1 %	92.1 %	92.2 %	93.1 %
Rental Income	\$ 49,607	\$ 49,251	\$ 48,815	\$ 49,616	\$ 48,036
NOI	\$ 29,607	\$ 29,555	\$ 28,160	\$ 29,039	\$ 28,865
Cash Basis NOI	\$ 29,494	\$ 29,431	\$ 27,351	\$ 28,373	\$ 28,016
NOI Margin %	59.7 %	60.0 %	57.7 %	58.5 %	60.1 %
Cash Basis NOI Margin %	59.4 %	59.7 %	56.8 %	57.7 %	59.2 %
Sequential NOI % Change	0.2 %	5.0 %	(3.0)%	0.6 %	
Sequential Cash Basis NOI % Change	0.2 %	7.6 %	(3.6)%	1.3 %	
Year Over Year NOI % Change	2.6 %				
Year Over Year Cash Basis NOI % Change	5.3 %				

(1) Same property includes those properties classified as same property for the three months ended June 30, 2023 for all periods presented.

Office Portfolio and Same Property - Results of Operations (continued)

Three Months Ended June 30, 2023 and 2022

OFFICE PORTFOLIO - RESULTS OF OPERATIONS

(dollars and sq. ft. in thousands)

	As of and For the Three Months Ended June 30, 2023			As of and For the Three Months Ended June 30, 2022		
	Life Science	Medical Office	Total Office Portfolio	Life Science	Medical Office	Total Office Portfolio
Number of Buildings	24	81	105	23	81	104
Square Feet	2,622	6,175	8,797	2,533	6,190	8,723
Occupancy	85.9 %	85.7 %	85.8 %	94.9 %	85.4 %	88.1 %
Rental Income	\$ 15,464	\$ 37,904	\$ 53,368	\$ 15,223	\$ 37,387	\$ 52,610
NOI	\$ 8,442	\$ 20,988	\$ 29,430	\$ 9,488	\$ 21,096	\$ 30,584
Cash Basis NOI	\$ 13,142	\$ 20,858	\$ 34,000	\$ 7,574	\$ 20,353	\$ 27,927
NOI Margin %	54.6 %	55.4 %	55.1 %	62.3 %	56.4 %	58.1 %
Cash Basis NOI Margin %	65.0 %	55.0 %	58.5 %	56.7 %	55.3 %	55.7 %
NOI % Change	(11.0)%	(0.5)%	(3.8)%			
Cash Basis NOI % Change	73.5 %	2.5 %	21.7 %			

OFFICE PORTFOLIO SAME PROPERTY - RESULTS OF OPERATIONS

(dollars and sq. ft. in thousands)

	As of and For the Three Months Ended June 30, 2023			As of and For the Three Months Ended June 30, 2022		
	Life Science	Medical Office	Total Office Portfolio	Life Science	Medical Office	Total Office Portfolio
Number of Buildings	16	75	91	16	75	91
Square Feet	2,026	5,651	7,677	2,026	5,663	7,689
Occupancy	94.9 %	92.3 %	93.0 %	96.5 %	91.9 %	93.1 %
Rental Income	\$ 12,339	\$ 37,268	\$ 49,607	\$ 11,534	\$ 36,502	\$ 48,036
NOI	\$ 7,758	\$ 21,849	\$ 29,607	\$ 7,125	\$ 21,740	\$ 28,865
Cash Basis NOI	\$ 7,818	\$ 21,676	\$ 29,494	\$ 7,034	\$ 20,982	\$ 28,016
NOI Margin %	62.9 %	58.6 %	59.7 %	61.8 %	59.6 %	60.1 %
Cash Basis NOI Margin %	62.9 %	58.2 %	59.4 %	61.3 %	58.5 %	59.2 %
NOI % Change	8.9 %	0.5 %	2.6 %			
Cash Basis NOI % Change	11.1 %	3.3 %	5.3 %			

Office Portfolio and Same Property - Results of Operations (continued)

Six Months Ended June 30, 2023 and 2022

OFFICE PORTFOLIO - RESULTS OF OPERATIONS

(dollars and sq. ft. in thousands)

	As of and For the Six Months Ended June 30, 2023			As of and For the Six Months Ended June 30, 2022		
	Life Science	Medical Office	Total Office Portfolio	Life Science	Medical Office	Total Office Portfolio
Number of Buildings	24	81	105	23	81	104
Square Feet	2,622	6,175	8,797	2,533	6,190	8,723
Occupancy	85.9 %	85.7 %	85.8 %	94.9 %	85.4 %	88.1 %
Rental Income	\$ 34,487	\$ 75,903	\$ 110,390	\$ 28,982	\$ 78,625	\$ 107,607
NOI	\$ 20,639	\$ 42,298	\$ 62,937	\$ 16,779	\$ 45,355	\$ 62,134
Cash Basis NOI	\$ 23,231	\$ 41,833	\$ 65,064	\$ 14,023	\$ 43,866	\$ 57,889
NOI Margin %	59.8 %	55.7 %	57.0 %	57.9 %	57.7 %	57.7 %
Cash Basis NOI Margin %	62.5 %	55.2 %	57.6 %	53.3 %	56.6 %	55.8 %
NOI % Change	23.0 %	(6.7)%	1.3 %			
Cash Basis NOI % Change	65.7 %	(4.6)%	12.4 %			

OFFICE PORTFOLIO SAME PROPERTY - RESULTS OF OPERATIONS

(dollars and sq. ft. in thousands)

	As of and For the Six Months Ended June 30, 2023			As of and For the Six Months Ended June 30, 2022		
	Life Science	Medical Office	Total Office Portfolio	Life Science	Medical Office	Total Office Portfolio
Number of Buildings	16	75	91	16	75	91
Square Feet	2,026	5,651	7,677	2,026	5,663	7,689
Occupancy	94.9 %	92.3 %	93.0 %	96.5 %	91.9 %	93.1 %
Rental Income	\$ 24,302	\$ 74,556	\$ 98,858	\$ 22,522	\$ 73,259	\$ 95,781
NOI	\$ 15,181	\$ 43,982	\$ 59,163	\$ 13,289	\$ 44,125	\$ 57,414
Cash Basis NOI	\$ 15,452	\$ 43,473	\$ 58,925	\$ 12,576	\$ 42,767	\$ 55,343
NOI Margin %	62.5 %	59.0 %	59.8 %	59.0 %	60.2 %	59.9 %
Cash Basis NOI Margin %	62.7 %	58.5 %	59.5 %	57.5 %	59.3 %	58.9 %
NOI % Change	14.2 %	(0.3)%	3.0 %			
Cash Basis NOI % Change	22.9 %	1.7 %	6.5 %			

SHOP Segment and Same Property - Results of Operations

Trailing Five Quarters

SHOP SEGMENT - RESULTS OF OPERATIONS

(dollars in thousands, except average monthly rate)

	As of and For the Three Months Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Number of Properties	234	234	237	234	234
Number of Units	25,322	25,327	25,346	25,078	25,075
Occupancy	77.8 %	76.9 %	76.3 %	74.7 %	73.6 %
Average Monthly Rate	\$ 4,809	\$ 4,837	\$ 4,561	\$ 4,509	\$ 4,480
Year Over Year Average Monthly Rate % Change	7.3 %				
Residents Fees and Services	\$ 284,846	\$ 279,592	\$ 267,912	\$ 258,960	\$ 250,506
Property Operating Expenses	(261,959)	(262,329)	(260,043)	(264,722)	(244,040)
NOI	\$ 22,887	\$ 17,263	\$ 7,869	\$ (5,762)	\$ 6,466
NOI Margin %	8.0 %	6.2 %	2.9 %	(2.2)%	2.6 %
Sequential NOI % Change	32.6 %	119.4 %	236.6 %	(189.1)%	
Year Over Year NOI % Change	254.0 %				

SHOP SEGMENT SAME PROPERTY - RESULTS OF OPERATIONS ⁽¹⁾

(dollars in thousands, except average monthly rate)

	As of and For the Three Months Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Number of Properties	225	225	225	225	225
Number of Units	24,612	24,612	24,612	24,612	24,612
Occupancy	78.0 %	77.1 %	76.4 %	74.8 %	73.6 %
Average Monthly Rate	\$ 4,808	\$ 4,836	\$ 4,558	\$ 4,538	\$ 4,510
Year Over Year Average Monthly Rate % Change	6.6 %				
Residents Fees and Services	\$ 280,176	\$ 274,988	\$ 263,726	\$ 256,300	\$ 247,866
Property Operating Expenses	(257,215)	(257,490)	(257,664)	(258,096)	(240,038)
NOI	\$ 22,961	\$ 17,498	\$ 6,062	\$ (1,796)	\$ 7,828
NOI Margin %	8.2 %	6.4 %	2.3 %	(0.7)%	3.2 %
Sequential NOI % Change	31.2 %	188.7 %	437.5 %	(122.9)%	
Year Over Year NOI % Change	193.3 %				

(1) Same property includes those properties classified as same property for the three months ended June 30, 2023 for all periods presented.

SHOP Segment - Five Star Managed and Other Operator Managed Communities Results of Operations



Three Months Ended June 30, 2023 and 2022

SHOP SEGMENT - RESULTS OF OPERATIONS

(dollars in thousands, except average monthly rate)

	As of and For the Three Months Ended June 30, 2023			As of and For the Three Months Ended June 30, 2022		
	Five Star Managed Communities	Other Operator Managed Communities ⁽¹⁾	Total SHOP Segment	Five Star Managed Communities	Other Operator Managed Communities ⁽¹⁾	Total SHOP Segment
Number of Properties	119	115	234	120	114	234
Number of Units	17,699	7,623	25,322	17,886	7,189	25,075
Occupancy	77.9 %	77.5 %	77.8 %	74.1 %	72.4 %	73.6 %
Average Monthly Rate	\$ 4,487	\$ 5,560	\$ 4,809	\$ 4,108	\$ 5,431	\$ 4,480
Average Monthly Rate % Change	9.2 %	2.4 %	7.3 %			
Residents Fees and Services	\$ 186,017	\$ 98,829	\$ 284,846	\$ 165,157	\$ 85,349	\$ 250,506
Property Operating Expenses	(162,868)	(99,091)	(261,959)	(152,308)	(91,732)	(244,040)
NOI	\$ 23,149	\$ (262)	\$ 22,887	\$ 12,849	\$ (6,383)	\$ 6,466
NOI Margin %	12.4 %	(0.3)%	8.0 %	7.8 %	(7.5)%	2.6 %
NOI % Change	80.2 %	95.9 %	254.0 %			

(1) In 2022, DHC transitioned one community from Five Star. Also in 2022, DHC and an operator agreed to terminate the lease agreements for three senior living communities and replace them with management agreements. In 2023, DHC sold three former senior living communities.

SHOP Segment - Five Star Managed and Other Operator Managed Communities Results of Operations



Six Months Ended June 30, 2023 and 2022

SHOP SEGMENT - RESULTS OF OPERATIONS

(dollars in thousands, except average monthly rate)

	As of and For the Six Months Ended June 30, 2023			As of and For the Six Months Ended June 30, 2022		
	Five Star Managed Communities	Other Operator Managed Communities ⁽¹⁾	Total SHOP Segment	Five Star Managed Communities	Other Operator Managed Communities ⁽¹⁾	Total SHOP Segment
Number of Properties	119	115	234	120	114	234
Number of Units	17,699	7,623	25,322	17,886	7,189	25,075
Occupancy	77.6 %	76.7 %	77.4 %	74.1 %	71.3 %	73.3 %
Average Monthly Rate	\$ 4,491	\$ 5,600	\$ 4,823	\$ 4,096	\$ 5,463	\$ 4,476
Average Monthly Rate % Change	9.6 %	2.5 %	7.8 %			
Residents Fees and Services	\$ 368,479	\$ 195,959	\$ 564,438	\$ 327,704	\$ 168,250	\$ 495,954
Property Operating Expenses	(325,510)	(198,778)	(524,288)	(305,392)	(183,943)	(489,335)
NOI	\$ 42,969	\$ (2,819)	\$ 40,150	\$ 22,312	\$ (15,693)	\$ 6,619
NOI Margin %	11.7 %	(1.4)%	7.1 %	6.8 %	(9.3)%	1.3 %
NOI % Change	92.6 %	82.0 %	506.6 %			

(1) In 2022, DHC transitioned one community from Five Star. Also in 2022, DHC and an operator agreed to terminate the lease agreements for three senior living communities and replace them with management agreements. In 2023, DHC sold three former senior living communities.

Portfolio Leasing Summary ⁽¹⁾

(dollars and sq. ft. in thousands, except per sq. ft. data)

	Office Portfolio					Wellness Centers
	As of and For the Three Months Ended					As of and For the Three Months Ended
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022	3/31/2023
Buildings	105	105	105	105	104	10
Total square feet	8,797	8,809	8,811	8,811	8,723	812
Occupancy	85.8 %	85.1 %	84.7 %	85.9 %	88.1 %	100.0 %
Leasing Activity (sq. ft.):						
New leases	163	38	33	43	52	225
Renewals	161	34	149	178	211	—
Total	324	72	182	221	263	225
% Change in GAAP Rent: ⁽²⁾						
New leases	0.5 %	23.0 %	12.5 %	5.5 %	14.9 %	(9.9)%
Renewals	2.1 %	12.3 %	8.3 %	1.6 %	6.8 %	— %
Total	1.3 %	17.9 %	8.9 %	2.4 %	9.1 %	(9.9)%
Weighted Average Lease Term (years):						
New leases	8.2	11.9	5.9	5.0	5.8	18.6
Renewals	5.7	5.5	9.8	6.0	5.4	—
Total	6.9	8.9	9.2	5.8	5.5	18.6
Leasing Costs and Concession Commitments:						
New leases	\$ 8,602	\$ 4,170	\$ 1,267	\$ 2,334	\$ 2,986	\$ 30,071
Renewals	2,038	726	4,735	2,672	2,350	—
Total	\$ 10,640	\$ 4,896	\$ 6,002	\$ 5,006	\$ 5,336	\$ 30,071
Leasing Costs and Concession Commitments per Sq. Ft.:						
New leases	\$ 52.84	\$ 110.57	\$ 38.47	\$ 54.30	\$ 57.47	\$ 133.95
Renewals	\$ 12.66	\$ 20.96	\$ 31.83	\$ 15.02	\$ 11.13	\$ —
Total	\$ 32.86	\$ 67.67	\$ 33.04	\$ 22.66	\$ 20.28	\$ 133.95
Leasing Costs and Concession Commitments per Sq. Ft. per Year:						
New leases	\$ 6.47	\$ 9.32	\$ 6.57	\$ 10.95	\$ 9.91	\$ 7.20
Renewals	\$ 2.23	\$ 3.83	\$ 3.24	\$ 2.49	\$ 2.07	\$ —
Total	\$ 4.78	\$ 7.56	\$ 3.60	\$ 3.89	\$ 3.69	\$ 7.20

(1) The leasing summary on this page is based on leases entered into during the periods indicated.

(2) Percent difference in prior rents charged for same space or, in the case of vacant space acquired, market rental rates for similar space in the building at the date of acquisition. Rents include estimated recurring expense reimbursements paid to DHC, exclude lease value amortization and are net of lease concessions.

Tenants Representing 1% Or More of Total Annualized Rental Income

As of June 30, 2023

(dollars in thousands)

Tenant	Type of Property	Annualized Rental Income	% of Annualized Rental Income	Expiration
1 Advocate Aurora Health	Medical office	\$ 16,939	6.5%	2026-2031
2 Life Time Athletic ⁽¹⁾	Wellness center	12,285	4.7%	2040-2044
3 Brookdale Senior Living, Inc.	Senior living	9,559	3.7%	2032
4 Alamar Biosciences, Inc.	Life science	6,194	2.4%	2033
5 Stratford Retirement, LLC	Senior living	5,665	2.2%	2033
6 KSQ Therapeutics, Inc.	Life science	5,595	2.2%	2032
7 IQVIA Holdings Inc.	Life science	5,446	2.1%	2023
8 Prometheus Biosciences, Inc.	Life science	4,860	1.9%	2033
9 Medtronic, Inc.	Medical office	4,840	1.9%	2023-2027
10 Boston Children's Hospital	Medical office	4,704	1.8%	2028
11 Magellan Health Inc.	Medical office	4,643	1.8%	2025
12 Stellar Senior Living, LLC	Senior living	4,542	1.8%	2027
13 Sonova Holding AG	Life science	4,410	1.7%	2033
14 Abbvie Inc.	Life science	4,062	1.6%	2027
15 Tokio Marine Holdings Inc.	Medical office	3,982	1.5%	2023-2033
16 United Healthcare Services, Inc.	Medical office	3,947	1.5%	2026
17 Cigna Holding Co.	Medical office	3,914	1.5%	2024
18 PerkinElmer Health Sciences, Inc.	Life science	3,681	1.4%	2028
19 McKesson Corporation	Medical office	3,637	1.4%	2025-2028
20 HCA Holdings Inc.	Medical office	3,497	1.3%	2024-2027
21 Duke University	Medical office	3,451	1.3%	2024
22 Hawaii Pacific Health	Medical office	3,289	1.3%	2024-2029
23 New York University	Medical office	3,248	1.3%	2023-2028
24 Ultragenyx Pharmaceutical Inc.	Life science	3,123	1.2%	2026
25 Virginia Commonwealth University Health System	Medical office	2,920	1.1%	2032
All Other Tenants		127,012	48.9%	2025-2044
Total Tenants		<u>\$ 259,445</u>	<u>100.0%</u>	

(1) Includes \$3,180 of annualized rental income from two additional 20 year leases DHC entered into with Life Time Athletic in March 2023, which are expected to commence in the second and fourth quarters of 2024.

Office Portfolio Lease Expiration Schedule

As of June 30, 2023

(dollars in thousands)

Office Portfolio Annualized Rental Income Expiring

Year	Annualized Rental Income Expiring	% of Total Annualized Rental Income Expiring	Cumulative % of Total Annualized Rental Income Expiring
2023	\$ 15,076	6.8%	6.8%
2024	19,359	8.8%	15.6%
2025	17,732	8.1%	23.7%
2026	24,064	10.9%	34.6%
2027	21,580	9.8%	44.4%
2028	29,628	13.5%	57.9%
2029	14,468	6.6%	64.5%
2030	7,419	3.4%	67.9%
2031	25,982	11.8%	79.7%
2032 and thereafter	44,953	20.3%	100.0%
Total	\$ 220,261	100.0%	

Average remaining lease term for DHC's office portfolio (weighted by annualized rental income): 5.4 years

Office Portfolio Square Feet with Leases Expiring

Year	Leased Square Feet Expiring	% of Total Leased Square Feet Expiring	Cumulative % of Total Leased Square Feet Expiring
2023	493,363	6.5%	6.5%
2024	809,109	10.7%	17.2%
2025	709,745	9.4%	26.6%
2026	776,502	10.3%	36.9%
2027	874,557	11.6%	48.5%
2028	1,085,878	14.4%	62.9%
2029	490,707	6.5%	69.4%
2030	293,026	3.9%	73.3%
2031	896,062	11.9%	85.2%
2032 and thereafter	1,118,154	14.8%	100.0%
Total	7,547,103	100.0%	

4000 Old Court Road
Pikesville, MD



Non-Segment Lease Expiration Schedule

As of June 30, 2023

(dollars in thousands)

Non-Segment Annualized Rental Income Expiring

Year	Number of Properties	Number of Units or Square Feet	Annualized Rental Income Expiring	% of Total Annualized Rental Income Expiring	Cumulative % of Total Annualized Rental Income Expiring
2023	—	—	\$ —	—%	—%
2024	—	—	—	—%	—%
2025	3	129,500 sq. ft.	1,458	3.7%	3.7%
2026	—	—	—	—%	3.7%
2027	4	533 units	4,542	11.6%	15.3%
2028	—	—	—	—%	15.3%
2029	1	155 units	547	1.4%	16.7%
2030	2	283 units	3,496	8.9%	25.6%
2031 ⁽¹⁾	1	—	—	—%	25.6%
2032 and thereafter	26	1,091 units and 682,500 sq. ft.	29,141	74.4%	100.0%
Total	37		\$ 39,184	100.0%	

(1) Excludes annualized rental income from DHC's lease with a tenant of one closed senior living community. As of June 30, 2023, the tenant was in default on its obligations to DHC under this lease.

Company Profile and Research Coverage

The Company:

DHC is a 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 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 included in 149 market indices and comprises more than 1% of the following indices as of June 30, 2023: BI North America Healthcare REIT Valuation Peers (BIHLCRNP), Bloomberg US Micro Cap Real Estate Price Return Index (BMICR), Bloomberg Real Estate Investment Trust Small Cap Index (BBRESMLC) and Invesco S&P SmallCap 600 Pure Value ETF INAV Index (RZVIV).

Management:

DHC is managed by The RMR Group (Nasdaq: RMR). RMR is an alternative asset management company that is focused on commercial real estate and related businesses. RMR primarily provides management services to publicly traded real estate companies, privately held real estate funds and real estate related operating businesses. As of June 30, 2023, RMR had approximately \$36 billion of real estate assets under management and the combined RMR managed companies had more than \$5 billion of annual revenues, over 2,000 properties and over 20,000 employees. DHC believes that being managed by RMR is a competitive advantage for DHC because of RMR's depth of management and experience in the real estate industry. DHC also believes RMR provides management services to it at costs that are lower than DHC would have to pay for similar quality services if DHC were self managed.

Equity Research Coverage

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DHC is followed by the equity research analysts and its publicly held debt is rated by the rating agencies listed on this page. Please note that any opinions, estimates or forecasts regarding DHC's performance made by these analysts or agencies do not represent opinions, forecasts or predictions of DHC or its management. DHC does not by its reference on this page imply its endorsement of or concurrence with any information, conclusions or recommendations provided by any of these analysts or agencies.

Governance Information

Board of Trustees

John L. Harrington
Independent Trustee

David A. Pierce
Independent Trustee

Jennifer F. Francis
Managing Trustee

Lisa Harris Jones
Lead Independent Trustee

Jeffrey P. Somers
Independent Trustee

Adam D. Portnoy
Chair of the Board & Managing Trustee

Daniel F. LePage
Independent Trustee

Executive Officers

Jennifer F. Francis
President and Chief Executive Officer

Richard W. Siedel, Jr.
Chief Financial Officer and Treasurer



Non-GAAP Financial Measures and Certain Definitions

Non-GAAP Financial Measures

DHC presents certain "non-GAAP financial measures" within the meaning of applicable rules of the SEC, including net operating income, or NOI, Cash Basis NOI, same property NOI, same property Cash Basis NOI, earnings before interest, income tax, depreciation and amortization, or EBITDA, EBITDA for real estate, or EBITDA_{re}, Adjusted EBITDA_{re}, funds from operations, or FFO, and normalized funds from operations, or Normalized FFO. 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 DHC's operating performance or as measures of DHC's liquidity. These measures should be considered in conjunction with net income (loss) as presented in DHC's condensed consolidated statements of income (loss). DHC considers these non-GAAP measures to be appropriate supplemental measures of operating performance for a REIT, along with net income (loss). DHC believes 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 DHC's operating performance between periods and with other REITs and, in the case of NOI, Cash Basis NOI, same property NOI and same property Cash Basis 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 DHC's properties.

NOI, Cash Basis NOI, Same Property NOI and Same Property Cash Basis NOI

The calculations of NOI, Cash Basis NOI, same property NOI and same property Cash Basis NOI exclude 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 calculates NOI, Cash Basis NOI, same property NOI and same property Cash Basis NOI as shown on pages [37](#) through [43](#). 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 defines Cash Basis NOI as NOI excluding non-cash straight line rent adjustments, lease value amortization, lease termination fee amortization, if any, and non-cash amortization included in property operating expenses. DHC calculates same property NOI and same property Cash Basis NOI in the same manner that it calculates the corresponding NOI and Cash Basis NOI amounts, except that it only includes same properties in calculating same property NOI and same property Cash Basis NOI. DHC uses NOI, Cash Basis NOI, same property NOI and same property Cash Basis NOI to evaluate individual and company wide property level performance. Other real estate companies and REITs may calculate NOI, Cash Basis NOI, same property NOI and same property Cash Basis NOI differently than DHC does.

EBITDA, EBITDA_{re} and Adjusted EBITDA_{re}

DHC calculates EBITDA, EBITDA_{re} and Adjusted EBITDA_{re} as shown on page [44](#). EBITDA_{re} is calculated on the basis defined by the National Association of Real Estate Investment Trusts, or Nareit, which is EBITDA, excluding gains or losses on the sale of properties, equity in net earnings or losses of unconsolidated joint ventures, impairment of assets, if any, and including adjustments to reflect DHC's proportionate share of EBITDA_{re} of DHC's former equity method investment in AlerisLife for the periods DHC had an equity investment in AlerisLife that it accounted for as an equity method investment and DHC's proportionate share of EBITDA_{re} from its unconsolidated joint ventures, as well as certain other adjustments currently not applicable to DHC. In calculating Adjusted EBITDA_{re}, DHC adjusts for the items shown on page [44](#). Other real estate companies and REITs may calculate EBITDA, EBITDA_{re} and Adjusted EBITDA_{re} differently than DHC does.

FFO and Normalized FFO

DHC calculates FFO and Normalized FFO as shown on page [45](#). FFO is calculated on the basis defined by Nareit, 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 unconsolidated joint ventures, loss on impairment of real estate assets, gains or losses on equity securities, net, if any, and including adjustments to reflect DHC's proportionate share of FFO of DHC's former equity method investment in AlerisLife for the periods DHC had an equity investment in AlerisLife that it accounted for as an equity method investment and DHC's proportionate share of FFO from its unconsolidated joint ventures, plus real estate depreciation and amortization of consolidated properties, as well as certain other adjustments currently not applicable to DHC. In calculating Normalized FFO, DHC adjusts for the items shown on page [45](#), including similar adjustments for DHC's unconsolidated joint ventures, if any. FFO and Normalized FFO are among the factors considered by DHC's Board of Trustees when determining the amount of distributions to its shareholders. Other factors include, but are not limited to, requirements to maintain DHC's qualification for taxation as a REIT, limitations in the agreements governing DHC's debt, the availability to DHC of debt and equity capital, DHC's expectation of its future capital requirements and operating performance, and DHC's expected needs for and availability of cash to pay its obligations. Other real estate companies and REITs may calculate FFO and Normalized FFO differently than DHC does.

Non-GAAP Financial Measures and Certain Definitions (continued)

Adjusted total assets Adjusted total assets is the original cost of real estate assets calculated in accordance with GAAP before depreciation and after impairment write downs, if any, and excludes accounts receivable and intangible assets.

AlerisLife AlerisLife means AlerisLife Inc.

Annualized dividend yield Annualized dividend yield is the annualized dividend declared during the applicable period divided by the closing price of DHC's common shares on The Nasdaq Stock Market LLC, or Nasdaq, at the end of the relevant period.

Annualized rental income Annualized rental income is based on rents pursuant to existing leases as of June 30, 2023. Annualized rental income includes estimated percentage rents, straight line rent adjustments and estimated recurring expense reimbursements for certain net and modified gross leases; excludes lease value amortization at certain of DHC's medical office and life science properties and wellness centers. Annualized rental income amounts for DHC's medical office and life science properties also exclude 100% of rents pursuant to existing leases as of June 30, 2023 from the medical office and life science properties owned by unconsolidated joint ventures in which DHC owns an equity interest.

Average monthly rate Average monthly rate is calculated by taking the average daily rate, which is defined as total residents fees and services divided by occupied units during the period, and multiplying it by 30 days.

Building improvements Building improvements generally include expenditures to replace obsolete building components that extend the useful life of existing assets or other improvements to increase the marketability of the property.

Cash basis NOI margin % Cash basis NOI margin % is defined as cash basis NOI as a percentage of cash basis rental income. Cash basis rental income excludes non-cash straight line rent adjustments, lease value amortization and lease termination fee amortization, if any.

Consolidated income available for debt service Consolidated income available for debt service is earnings from operations excluding interest expense, depreciation and amortization, taxes, loss on asset impairment, gains or losses on equity securities, gains or losses on sales of properties and modification or early extinguishment of debt, determined together with debt service for the applicable period.

Coupon rate Coupon rate is the interest rate stated in, or determined pursuant to, the contract terms.

Development, redevelopment and other activities Development, redevelopment and other activities generally include capital expenditures that reposition a property or result in new sources of revenue. From time to time DHC invests in revenue producing capital improvements at certain of its triple net leased senior living communities. As a result, annual rents payable to DHC increase pursuant to the terms of the applicable leases. These capital improvements are not included in DHC's development, redevelopment and other activities.

Estimated completion date Estimated completion date can depend on various factors, including when lease agreements are signed with tenants. Therefore, the actual completion date may vary.

Estimated project costs Estimated project costs include estimated construction costs and leasing capital up to stabilization.

Five Star Five Star, or Five Star Senior Living, is an operating division of AlerisLife.

Five Star managed communities Five Star managed communities are the senior living communities in DHC's SHOP segment that are managed by Five Star.

Non-GAAP Financial Measures and Certain Definitions (continued)

GAAP GAAP is U.S. generally accepted accounting principles.

Gross book value of real estate assets Gross book value of real estate assets is real estate assets at cost plus certain acquisition costs, before depreciation and purchase price allocations, less impairment writedowns, if any.

Gross purchase price Gross purchase price includes assumed debt, if any, and excludes acquisition costs and purchase price allocation adjustments, if any.

Gross sales price Gross sales price excludes closing costs.

Incurrence covenants Incurrence covenants are financial covenants which DHC is required to comply with in order to incur debt under its credit agreement and its senior unsecured notes indentures and their supplements.

Interest rate Interest rate includes the effect of mark to market accounting for certain assumed mortgages and premiums and discounts on certain mortgages and unsecured notes; excludes effects of debt issuance costs and the facility fee on DHC's credit facility.

Investment per square foot or unit Investment per square foot or unit represents gross book value of real estate assets divided by number of rentable square feet or living units, as applicable, at June 30, 2023.

Lease related costs Lease related costs generally include capital expenditures to improve tenants' space or amounts paid directly to tenants to improve their space and leasing related costs, such as brokerage commissions and tenant inducements.

Leasing costs and concession commitments Leasing costs and concession commitments include commitments made for leasing expenditures and concessions, such as tenant improvements, leasing commissions, tenant reimbursements and free rent.

Maintenance covenant DHC's maintenance covenant is a financial covenant which it is required to comply with on a quarterly basis pursuant to the indentures governing DHC's senior unsecured notes.

Net debt Net debt is total debt less cash.

NOI margin % NOI margin % is defined as NOI as a percentage of rental income or residents fees and services, as appropriate.

Non-Segment Non-Segment operations consists of triple net leased senior living communities and wellness centers that are leased to third party operators from which we receive rents, and any other income or expenses that are not attributable to a specific reporting segment.

Occupancy Occupancy for DHC's Office Portfolio is presented as of the end of the period shown; occupancy for DHC's SHOP segment is presented for the duration of the period shown. Life science and medical office occupancy data 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.

Non-GAAP Financial Measures and Certain Definitions (continued)

Office Portfolio Office Portfolio consists of medical office properties leased to medical providers and other medical related businesses, as well as life science properties leased to biotech laboratories and other similar tenants. DHC's medical office and life science property leases include some triple net leases where, in addition to paying fixed rents, the tenants assume the obligation to operate and maintain the properties at their expense, and some net and modified gross leases where DHC is responsible for the operation and maintenance of the properties and DHC charges tenants for some or all of the property operating costs. A small percentage of DHC's medical office and life science property leases are full-service leases where DHC receives fixed rent from its tenants and no reimbursement for its property operating costs.

Other operator managed communities Other operator managed communities are senior living communities in DHC's SHOP segment, which are managed by third party managers other than Five Star.

Principal balance Principal balances are the amounts stated in the contracts less the principal amount of any repayments made. In accordance with GAAP, DHC's carrying values and recorded interest expense may be different because of market conditions at the time DHC assumed certain of these debts. The principal balance of DHC's credit facility includes amounts outstanding as of the date presented.

Same Property As of and for the three months ended June 30, 2023, same property consists of properties owned, in service, reported in the same segment and operated by the same operator continuously since April 1, 2022; excludes properties classified as held for sale, closed or out of service, if any, and medical office and life science properties owned by unconsolidated joint ventures in which DHC owns an equity interest. As of and for the six months ended June 30, 2023, same property consists of properties owned, in service, reported in the same segment and operated by the same operator continuously since January 1, 2022; excludes properties classified as held for sale, closed or out of service, if any, and medical office and life science properties owned by unconsolidated joint ventures in which DHC owns an equity interest.

SHOP SHOP, or Senior Housing Operating Portfolio, consists of senior living communities managed by third party senior living managers that provide short term and long term residential living and in some cases care and other services for residents where DHC pays fees to the managers to operate the communities. Properties in this segment include independent living communities, assisted living communities, active adult rental communities and SNFs.

SNF SNF is a skilled nursing facility.

Square feet Square feet measurements are subject to modest changes when space is periodically remeasured or reconfigured for new tenants. Square feet for prior periods exclude space remeasurements made subsequent to those periods. Excludes data from medical office and life science properties owned by unconsolidated joint ventures in which DHC owns an equity interest.

Total gross assets Total gross assets is total assets plus accumulated depreciation.

Total unencumbered assets Total unencumbered assets is the original cost of real estate assets not encumbered by mortgage debt calculated in accordance with GAAP before depreciation and after impairment write downs, if any, and exclude accounts receivable and intangible assets.

Triple net leased senior living communities Triple net leased senior living communities include independent and assisted living communities and SNFs.

Unit count Unit count is by the type of living units at DHC's senior living communities within its SHOP segment.

Weighted average lease term Weighted average lease term is weighted based on annualized rental income pursuant to existing leases as of June 30, 2023.

Calculation and Reconciliation of NOI and Cash Basis NOI

(dollars in thousands)

	For the Three Months Ended					For the Six Months Ended	
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022	6/30/2023	6/30/2022
Calculation of NOI and Cash Basis NOI:							
Revenues:							
Rental income	\$ 61,373	\$ 66,438	\$ 68,973	\$ 63,960	\$ 62,522	\$ 127,811	\$ 127,807
Residents fees and services	284,846	279,592	267,912	258,960	250,506	564,438	495,954
Total revenues	346,219	346,030	336,885	322,920	313,028	692,249	623,761
Property operating expenses	(286,228)	(286,080)	(285,166)	(289,096)	(266,066)	(572,308)	(534,808)
NOI	59,991	59,950	51,719	33,824	46,962	119,941	88,953
Non-cash straight line rent adjustments included in rental income	4,457	(2,448)	(1,723)	(2,738)	(2,710)	2,009	(4,455)
Lease value amortization included in rental income	25	(311)	41	42	57	(286)	162
Non-cash amortization included in property operating expenses	(199)	(199)	(200)	(199)	(199)	(398)	(398)
Cash Basis NOI	\$ 64,274	\$ 56,992	\$ 49,837	\$ 30,929	\$ 44,110	\$ 121,266	\$ 84,262
Reconciliation of Net Income (Loss) to NOI and Cash Basis NOI:							
Net (loss) income	\$ (72,571)	\$ (52,658)	\$ (65,322)	\$ (81,492)	\$ (109,383)	\$ (125,229)	\$ 131,040
Equity in net (earnings) losses of investees	(2,929)	647	2,630	(2,127)	(3,204)	(2,282)	(6,558)
Income tax expense (benefit)	221	(31)	(135)	13	(640)	190	832
Loss on modification or early extinguishment of debt	—	1,075	—	—	29,560	1,075	30,043
Interest expense	47,384	47,780	49,341	46,936	55,975	95,164	113,106
Interest and other income	(5,134)	(4,195)	(9,169)	(4,099)	(2,266)	(9,329)	(2,661)
Gains and losses on equity investments, net	—	(8,126)	4,276	2,674	10,157	(8,126)	18,710
(Gain) loss on sale of properties	—	(1,233)	202	5,044	686	(1,233)	(327,108)
Impairment of assets	11,299	5,925	—	—	—	17,224	—
Acquisition and certain other transaction related costs	6,043	93	779	289	609	6,136	1,537
General and administrative	7,284	5,873	5,764	6,179	7,207	13,157	14,492
Depreciation and amortization	68,394	64,800	63,353	60,407	58,261	133,194	115,520
NOI	59,991	59,950	51,719	33,824	46,962	119,941	88,953
Non-cash straight line rent adjustments included in rental income	4,457	(2,448)	(1,723)	(2,738)	(2,710)	2,009	(4,455)
Lease value amortization included in rental income	25	(311)	41	42	57	(286)	162
Non-cash amortization included in property operating expenses	(199)	(199)	(200)	(199)	(199)	(398)	(398)
Cash Basis NOI	\$ 64,274	\$ 56,992	\$ 49,837	\$ 30,929	\$ 44,110	\$ 121,266	\$ 84,262

NOI and Cash Basis NOI

(dollars in thousands)

	For the Three Months Ended						
	6/30/2023	6/30/2022	\$ Change	% Change	3/31/2023	\$ Change	% Change
NOI:							
Life Science	\$ 8,442	\$ 9,488	\$ (1,046)	(11.0)%	\$ 12,197	\$ (3,755)	(30.8)%
Medical Office	20,988	21,096	(108)	(0.5)%	21,310	(322)	(1.5)%
Total Office Portfolio	29,430	30,584	(1,154)	(3.8)%	33,507	(4,077)	(12.2)%
SHOP	22,887	6,466	16,421	254.0 %	17,263	5,624	32.6 %
Non-Segment	7,674	9,912	(2,238)	(22.6)%	9,180	(1,506)	(16.4)%
Total	<u>\$ 59,991</u>	<u>\$ 46,962</u>	<u>\$ 13,029</u>	27.7 %	<u>\$ 59,950</u>	<u>\$ 41</u>	0.1 %
Cash Basis NOI:							
Life Science	\$ 13,142	\$ 7,574	\$ 5,568	73.5 %	\$ 10,089	\$ 3,053	30.3 %
Medical Office	20,858	20,353	505	2.5 %	20,975	(117)	(0.6)%
Total Office Portfolio	34,000	27,927	6,073	21.7 %	31,064	2,936	9.5 %
SHOP	22,887	6,466	16,421	254.0 %	17,263	5,624	32.6 %
Non-Segment	7,387	9,717	(2,330)	(24.0)%	8,665	(1,278)	(14.7)%
Total	<u>\$ 64,274</u>	<u>\$ 44,110</u>	<u>\$ 20,164</u>	45.7 %	<u>\$ 56,992</u>	<u>\$ 7,282</u>	12.8 %

Same Property NOI and Cash Basis NOI

(dollars in thousands)

	For the Three Months Ended						
	6/30/2023	6/30/2022	\$ Change	% Change	3/31/2023	\$ Change	% Change
NOI:							
Life Science	\$ 7,758	\$ 7,125	\$ 633	8.9 %	\$ 7,422	\$ 336	4.5 %
Medical Office	21,849	21,740	109	0.5 %	22,133	(284)	(1.3)%
Total Office Portfolio	29,607	28,865	742	2.6 %	29,555	52	0.2 %
SHOP	22,961	7,828	15,133	193.3 %	17,498	5,463	31.2 %
Non-Segment	7,674	8,977	(1,303)	(14.5)%	9,180	(1,506)	(16.4)%
Total	<u>\$ 60,242</u>	<u>\$ 45,670</u>	<u>\$ 14,572</u>	31.9 %	<u>\$ 56,233</u>	<u>\$ 4,009</u>	7.1 %
Cash Basis NOI:							
Life Science	\$ 7,818	\$ 7,034	\$ 784	11.1 %	\$ 7,632	\$ 186	2.4 %
Medical Office	21,676	20,982	694	3.3 %	21,799	(123)	(0.6)%
Total Office Portfolio	29,494	28,016	1,478	5.3 %	29,431	63	0.2 %
SHOP	22,961	7,828	15,133	193.3 %	17,498	5,463	31.2 %
Non-Segment	7,387	8,739	(1,352)	(15.5)%	8,665	(1,278)	(14.7)%
Total	<u>\$ 59,842</u>	<u>\$ 44,583</u>	<u>\$ 15,259</u>	34.2 %	<u>\$ 55,594</u>	<u>\$ 4,248</u>	7.6 %

Calculation and Reconciliation of NOI, Cash Basis NOI, Same Property NOI and Same Property Cash Basis NOI by Segment

(dollars in thousands)

Office Portfolio

Calculation of NOI and Cash Basis NOI:	For the Three Months Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Rental income	\$ 53,368	\$ 57,022	\$ 59,529	\$ 55,254	\$ 52,610
Property operating expenses	(23,938)	(23,515)	(24,647)	(24,179)	(22,026)
NOI	\$ 29,430	\$ 33,507	\$ 34,882	\$ 31,075	\$ 30,584
NOI	\$ 29,430	\$ 33,507	\$ 34,882	\$ 31,075	\$ 30,584
Non-cash straight line rent adjustments included in rental income	4,741	(2,302)	(2,891)	(2,573)	(2,532)
Lease value amortization included in rental income	28	58	58	59	74
Non-cash amortization included in property operating expenses	(199)	(199)	(200)	(199)	(199)
Cash Basis NOI	\$ 34,000	\$ 31,064	\$ 31,849	\$ 28,362	\$ 27,927
Reconciliation of NOI to Same Property NOI:					
NOI	\$ 29,430	\$ 33,507	\$ 34,882	\$ 31,075	\$ 30,584
NOI of properties not included in same property results	177	(3,952)	(6,722)	(2,036)	(1,719)
Same Property NOI	\$ 29,607	\$ 29,555	\$ 28,160	\$ 29,039	\$ 28,865
Reconciliation of Same Property NOI to Same Property Cash Basis NOI:					
Same Property NOI	\$ 29,607	\$ 29,555	\$ 28,160	\$ 29,039	\$ 28,865
Non-cash straight line rent adjustments included in rental income	28	(13)	(698)	(519)	(790)
Lease value amortization included in rental income	28	58	58	59	74
Non-cash amortization included in property operating expenses	(169)	(169)	(169)	(206)	(133)
Same Property Cash Basis NOI	\$ 29,494	\$ 29,431	\$ 27,351	\$ 28,373	\$ 28,016

Calculation and Reconciliation of NOI, Cash Basis NOI, Same Property NOI and Same Property Cash Basis NOI by Segment (continued)

(dollars in thousands)

SHOP

Calculation of NOI and Cash Basis NOI:	For the Three Months Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Residents fees and services	\$ 284,846	\$ 279,592	\$ 267,912	\$ 258,960	\$ 250,506
Property operating expenses	(261,959)	(262,329)	(260,043)	(264,722)	(244,040)
NOI / Cash Basis NOI	\$ 22,887	\$ 17,263	\$ 7,869	\$ (5,762)	\$ 6,466
Reconciliation of NOI / Cash Basis NOI to Same Property NOI / Same Property Cash Basis NOI:					
NOI / Cash Basis NOI	\$ 22,887	\$ 17,263	\$ 7,869	\$ (5,762)	\$ 6,466
NOI / Cash Basis NOI of properties not included in same property results	74	235	(1,807)	3,966	1,362
Same Property NOI / Same Property Cash Basis NOI	\$ 22,961	\$ 17,498	\$ 6,062	\$ (1,796)	\$ 7,828

Calculation and Reconciliation of NOI, Cash Basis NOI, Same Property NOI and Same Property Cash Basis NOI by Segment (continued)

(dollars in thousands)

Non-Segment

Calculation of NOI and Cash Basis NOI:	For the Three Months Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Rental income	\$ 8,005	\$ 9,416	\$ 9,444	\$ 8,706	\$ 9,912
Property operating expenses	(331)	(236)	(476)	(195)	—
NOI	<u>\$ 7,674</u>	<u>\$ 9,180</u>	<u>\$ 8,968</u>	<u>\$ 8,511</u>	<u>\$ 9,912</u>
NOI	\$ 7,674	\$ 9,180	\$ 8,968	\$ 8,511	\$ 9,912
Non-cash straight line rent adjustments included in rental income	(284)	(146)	1,168	(165)	(178)
Lease value amortization included in rental income	(3)	(369)	(17)	(17)	(17)
Cash Basis NOI	<u>\$ 7,387</u>	<u>\$ 8,665</u>	<u>\$ 10,119</u>	<u>\$ 8,329</u>	<u>\$ 9,717</u>
Reconciliation of NOI to Same Property NOI:					
NOI	\$ 7,674	\$ 9,180	\$ 8,968	\$ 8,511	\$ 9,912
NOI of properties not included in same property results	—	—	1,007	(726)	(935)
Same Property NOI	<u>\$ 7,674</u>	<u>\$ 9,180</u>	<u>\$ 9,975</u>	<u>\$ 7,785</u>	<u>\$ 8,977</u>
Reconciliation of Same Property NOI to Same Property Cash Basis NOI:					
Same Property NOI	\$ 7,674	\$ 9,180	\$ 9,975	\$ 7,785	\$ 8,977
Non-cash straight line rent adjustments included in rental income	(284)	(146)	(162)	(190)	(221)
Lease value amortization included in rental income	(3)	(369)	(17)	(17)	(17)
Same Property Cash Basis NOI	<u>\$ 7,387</u>	<u>\$ 8,665</u>	<u>\$ 9,796</u>	<u>\$ 7,578</u>	<u>\$ 8,739</u>

Calculation and Reconciliation of NOI, Cash Basis NOI, Same Property NOI and Same Property Cash Basis NOI by Segment (continued)

(dollars in thousands)

Consolidated

Calculation of NOI and Cash Basis NOI:	For the Three Months Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Rental income / residents fees and services	\$ 346,219	\$ 346,030	\$ 336,885	\$ 322,920	\$ 313,028
Property operating expenses	(286,228)	(286,080)	(285,166)	(289,096)	(266,066)
NOI	<u>\$ 59,991</u>	<u>\$ 59,950</u>	<u>\$ 51,719</u>	<u>\$ 33,824</u>	<u>\$ 46,962</u>
NOI	\$ 59,991	\$ 59,950	\$ 51,719	\$ 33,824	\$ 46,962
Non-cash straight line rent adjustments included in rental income	4,457	(2,448)	(1,723)	(2,738)	(2,710)
Lease value amortization included in rental income	25	(311)	41	42	57
Non-cash amortization included in property operating expenses	(199)	(199)	(200)	(199)	(199)
Cash Basis NOI	<u>\$ 64,274</u>	<u>\$ 56,992</u>	<u>\$ 49,837</u>	<u>\$ 30,929</u>	<u>\$ 44,110</u>
Reconciliation of NOI to Same Property NOI:					
NOI	\$ 59,991	\$ 59,950	\$ 51,719	\$ 33,824	\$ 46,962
NOI of properties not included in same property results	251	(3,717)	(7,522)	1,204	(1,292)
Same Property NOI	<u>\$ 60,242</u>	<u>\$ 56,233</u>	<u>\$ 44,197</u>	<u>\$ 35,028</u>	<u>\$ 45,670</u>
Reconciliation of Same Property NOI to Same Property Cash Basis NOI:					
Same Property NOI	\$ 60,242	\$ 56,233	\$ 44,197	\$ 35,028	\$ 45,670
Non-cash straight line rent adjustments included in rental income	(256)	(159)	(860)	(709)	(1,011)
Lease value amortization included in rental income	25	(311)	41	42	57
Non-cash amortization included in property operating expenses	(169)	(169)	(169)	(206)	(133)
Same Property Cash Basis NOI	<u>\$ 59,842</u>	<u>\$ 55,594</u>	<u>\$ 43,209</u>	<u>\$ 34,155</u>	<u>\$ 44,583</u>

Calculation and Reconciliation of EBITDA, EBITDAre and Adjusted EBITDAre

(dollars in thousands)

	For the Three Months Ended				For the Six Months Ended		
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022	6/30/2023	6/30/2022
Net (loss) income	\$ (72,571)	\$ (52,658)	\$ (65,322)	\$ (81,492)	\$ (109,383)	\$ (125,229)	\$ 131,040
Interest expense	47,384	47,780	49,341	46,936	55,975	95,164	113,106
Income tax expense (benefit)	221	(31)	(135)	13	(640)	190	832
Depreciation and amortization	68,394	64,800	63,353	60,407	58,261	133,194	115,520
EBITDA	43,428	59,891	47,237	25,864	4,213	103,319	360,498
(Gain) loss on sale of properties	—	(1,233)	202	5,044	686	(1,233)	(327,108)
Impairment of assets	11,299	5,925	—	—	—	17,224	—
Equity in net (earnings) losses of unconsolidated joint ventures	(2,929)	647	2,630	(2,127)	(3,204)	(2,282)	(6,558)
Share of EBITDAre from unconsolidated joint ventures	3,730	3,813	3,797	3,730	5,709	7,543	10,941
Adjustments to reflect DHC's share of EBITDAre attributable to an equity method investment	—	(1,117)	(2,350)	(1,358)	(1,446)	(1,117)	(3,262)
EBITDAre	55,528	67,926	51,516	31,153	5,958	123,454	34,511
General and administrative expense paid in common shares	565	269	281	472	665	834	980
Acquisition and certain other transaction related costs	6,043	93	779	289	609	6,136	1,537
Loss on modification or early extinguishment of debt	—	1,075	—	—	29,560	1,075	30,043
Gains and losses on equity securities, net	—	(8,126)	4,276	2,674	10,157	(8,126)	18,710
Adjustments to reflect DHC's share of Adjusted EBITDAre attributable to an equity method investment	—	1,455	2,861	1,194	1,026	1,455	1,091
Adjusted EBITDAre	\$ 62,136	\$ 62,692	\$ 59,713	\$ 35,782	\$ 47,975	\$ 124,828	\$ 86,872

Calculation and Reconciliation of FFO and Normalized FFO

(amounts in thousands, except per share data)

	For the Three Months Ended				For the Six Months Ended		
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022	6/30/2023	6/30/2022
Net (loss) income	\$ (72,571)	\$ (52,658)	\$ (65,322)	\$ (81,492)	\$ (109,383)	\$ (125,229)	\$ 131,040
Depreciation and amortization	68,394	64,800	63,353	60,407	58,261	133,194	115,520
(Gain) loss on sale of properties	—	(1,233)	202	5,044	686	(1,233)	(327,108)
Impairment of assets	11,299	5,925	—	—	—	17,224	—
Gains and losses on equity securities, net	—	(8,126)	4,276	2,674	10,157	(8,126)	18,710
Equity in net (earnings) losses of unconsolidated joint ventures	(2,929)	647	2,630	(2,127)	(3,204)	(2,282)	(6,558)
Share of FFO from unconsolidated joint ventures	1,897	1,999	2,002	2,137	3,704	3,896	7,379
Adjustments to reflect DHC's share of FFO attributable to an equity method investment	—	(1,586)	(2,678)	(1,639)	(1,466)	(1,586)	(3,398)
FFO	6,090	9,768	4,463	(14,996)	(41,245)	15,858	(64,415)
Acquisition and certain other transaction related costs	6,043	93	779	289	609	6,136	1,537
Loss on modification or early extinguishment of debt	—	1,075	—	—	29,560	1,075	30,043
Adjustments to reflect DHC's share of Normalized FFO attributable to an equity method investment	—	1,576	2,896	540	681	1,576	539
Normalized FFO	\$ 12,133	\$ 12,512	\$ 8,138	\$ (14,167)	\$ (10,395)	\$ 24,645	\$ (32,296)
Weighted average common shares outstanding (basic and diluted)	238,682	238,589	238,562	238,344	238,197	238,636	238,173
Per Common Share Data (basic and diluted):							
Net (loss) income	\$ (0.30)	\$ (0.22)	\$ (0.27)	\$ (0.34)	\$ (0.46)	\$ (0.52)	\$ 0.55
FFO	\$ 0.03	\$ 0.04	\$ 0.02	\$ (0.06)	\$ (0.17)	\$ 0.07	\$ (0.27)
Normalized FFO	\$ 0.05	\$ 0.05	\$ 0.03	\$ (0.06)	\$ (0.04)	\$ 0.10	\$ (0.14)

Warning Concerning Forward-Looking Statements and Other Important Information



This presentation 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: the recovery of DHC's SHOP segment; the Merger; the combined company's compliance with its financial covenants and access to debt capital; DHC's ability to continue as a going concern; DHC's redevelopment and construction activities and plans; and DHC's disposition activities.

Forward-looking statements reflect DHC's current expectations, are based on judgments and assumptions, are inherently uncertain and are subject to risks, uncertainties and other factors, which could cause DHC's 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 DHC's 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 likelihood that DHC will complete the Merger and related transactions, including DHC's and OPI's ability to obtain shareholder approval, consents or approvals required in connection with the Merger, and that DHC will benefit from the Merger; DHC's ability to successfully take actions to address the current substantial doubt as to its ability to continue as a going concern; the impact of increasing or sustained high interest rates, limited labor availability, wage and commodity price inflation, dislocation and volatility in the public equity and debt markets, conditions in the real estate industry generally and in the sectors DHC operates, geopolitical instability and economic downturns or recession on DHC and its managers and other operators and tenants; DHC's senior living operators' abilities to successfully and profitably operate the communities they manage for DHC; the continuing impact of changed market practices that arose or intensified during the COVID-19 pandemic on DHC and its managers and other operators and tenants, such as reduced demand for leased office space and residencies at senior living communities, increased operating costs and labor availability constraints; DHC's ability to comply with the financial covenants under its debt agreements; the financial strength of DHC's 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 tenants will renew or extend their leases or that DHC will obtain replacement tenants on terms as favorable to DHC as its prior leases; DHC's ability to successfully recycle and deploy capital; the likelihood that DHC's tenants and residents will pay rent or be negatively impacted by cyclical economic conditions; DHC's ability to pay distributions to its shareholders and to maintain or increase the amount of such distributions; DHC's ability to increase or maintain occupancy at its properties on terms desirable to DHC; DHC's managers' abilities to increase or maintain rates charged to residents of DHC's senior living communities and manage operating costs for those communities; DHC's ability to increase rents when its leases expire or renew; risk and uncertainties regarding the costs and timing of development, redevelopment and repositioning activities, including as a result of inflation, cost overruns, labor shortages, construction delays or inability to obtain necessary permits; DHC's ability to manage its capital expenditures and other operating costs effectively and to maintain and enhance its properties and their appeal to tenants and residents; costs DHC incurs and concessions it grants to lease properties; DHC's ability to sell properties at prices it targets; DHC's ability to effectively raise and balance its use of debt and equity capital; DHC's ability to make required payments on its debt; DHC's ability to maintain sufficient liquidity and otherwise manage leverage; DHC's credit ratings; DHC's ability to sell additional equity interests in, or contribute additional properties to, its existing joint ventures, or enter into additional, real estate joint ventures or to attract co-venturers and benefit from DHC's existing joint ventures or any real estate joint ventures it may enter into; DHC's ability to acquire properties that realize its targeted returns; the ability of RMR to successfully manage DHC; DHC's qualification for taxation as a REIT; changes in federal or state tax laws; competition in the real estate industry, particularly in those markets in which DHC's properties are located; government regulations affecting Medicare and Medicaid rate 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 DHC's related parties, including DHC's Managing Trustees, RMR, ABP Trust, AlerisLife and others affiliated with them; limitations imposed by and DHC's ability to satisfy complex rules to maintain DHC's qualification for taxation as a REIT for U.S. federal income tax purposes; acts of terrorism, outbreaks or continuation of pandemics, including the COVID-19 pandemic, or other public health safety events or conditions, war or other hostilities, material or prolonged disruption to supply chains, climate change or other manmade or natural disasters beyond DHC's control; DHC's ability to comply with Nasdaq listing standards and maintain the listing of its common shares on Nasdaq; and other matters.

Warning Concerning Forward-Looking Statements and Other Important Information (continued)



These risks, uncertainties and other factors are not exhaustive and should be read in conjunction with other cautionary statements that are included in DHC's periodic filings. The information contained in DHC's filings with the SEC, including under the caption "Risk Factors" in its periodic reports, or incorporated therein, identifies important factors that could cause differences from the forward-looking statements in this presentation. DHC's filings with the SEC are available on its website at www.sec.gov.

You should not place undue reliance upon DHC's 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.

Important Additional Information About the Merger

This earnings presentation may be deemed to be solicitation material in respect of the proposed Merger between DHC and OPI. In connection with the proposed Merger, OPI filed a registration statement on Form S-4 with the SEC containing a joint proxy statement/prospectus of DHC and OPI. On July 21, 2023, the registration statement was declared effective by the SEC and DHC and OPI each filed with the SEC and commenced mailing to their respective shareholders the definitive joint proxy statement/prospectus. The proposed transaction involving DHC and OPI will be submitted to DHC's and OPI's shareholders for their consideration at special meetings of shareholders to be held on August 30, 2023.

BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, INVESTORS ARE URGED TO CAREFULLY READ THE REGISTRATION STATEMENT, THE JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC IN CONNECTION WITH THE MERGER OR INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENT AND JOINT PROXY STATEMENT/PROSPECTUS BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT DHC, OPI AND THE MERGER. Investors are also able to obtain copies of the registration statement and the joint proxy statement/prospectus and other relevant documents (when they become available) free of charge at the SEC's website (www.sec.gov). Additional copies of documents filed by DHC with the SEC may be obtained for free on DHC's Investor Relations website at www.dhcreit.com/investors/ or by contacting the DHC Investor Relations department at 1-617-796-8234.

In addition to the registration statement and the joint proxy statement/prospectus, DHC files annual, quarterly and current reports and other information with the SEC. DHC's filings with the SEC are also available to the public from commercial document-retrieval services and at the website maintained by the SEC at www.sec.gov.

No Offer or Solicitation

This earnings presentation is for informational purposes only and is not intended to and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy any securities or a solicitation of any vote or approval in any jurisdiction with respect to the Merger or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful, prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended.

Participants in the Solicitation

DHC and certain of its trustees and executive officers, OPI and certain of its trustees and executive officers, and RMR, the manager of DHC and OPI, and its parent and certain of their respective directors, officers and employees may be deemed to be participants in the solicitation of proxies from DHC's and OPI's shareholders in connection with the Merger. Certain information regarding these trustees, executive officers, directors, officers and employees and a description of their direct and indirect interests are set forth in the registration statement and the joint proxy statement/prospectus filed with the SEC by DHC and/or OPI. Information about DHC's trustees and executive officers is also included in the proxy statement for DHC's 2023 annual meeting of shareholders, which was filed with the SEC on April 20, 2023. Information about OPI's trustees and executive officers is also included in the proxy statement for OPI's 2023 annual meeting of shareholders, which was filed with the SEC on April 6, 2023. Copies of the foregoing documents may be obtained as provided above.