



**DIVERSIFIED
HEALTHCARE
TRUST**

SECOND QUARTER 2021

Supplemental Operating and Financial Data

ALL AMOUNTS IN THIS REPORT ARE UNAUDITED.

Five Star Premier Residences of Reno
Reno, NV



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NON-GAAP FINANCIAL MEASURES AND CERTAIN DEFINITIONS

WARNING CONCERNING FORWARD-LOOKING STATEMENTS

Please refer to Non-GAAP Financial Measures and Certain Definitions beginning on page [39](#) for terms used throughout this document.

DHC
Nasdaq Listed

Company Profile

The Company:

Diversified Healthcare Trust, or DHC, we, our or us, is a real estate investment trust, or REIT, which owns healthcare related properties including medical office and life science buildings, senior living communities and wellness centers located throughout the U.S. DHC is included in 141 market indices and comprises more than 1% of the following indices as of June 30, 2021: BI North America Healthcare REIT Valuation Peers (BIHLCRNP), BI NA Healthcare REIT – Competitive (BIHLCRNC), Invesco S&P SmallCap Financials ETF INAV Index (PSCFIV) and the Invesco S&P SmallCap 600 Pure Value ETF INAV Index (RZVIV).

Management:

DHC is managed by The RMR Group LLC, or RMR LLC, the majority owned operating subsidiary of The RMR Group Inc. (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, 2021, RMR had \$32.4 billion of real estate assets under management and the combined RMR managed companies had approximately \$10 billion of annual revenues, nearly 2,100 properties and approximately 42,000 employees. We believe 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. We also believe RMR provides management services to us at costs that are lower than we would have to pay for similar quality services if we were self managed.

Corporate Headquarters:

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(t) (617) 796-8350

Stock Exchange Listing:

Nasdaq

Trading Symbols:

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

Investor Information

Board of Trustees:

Jennifer F. Francis
Managing Trustee

John L. Harrington
Independent Trustee

Lisa Harris Jones
Lead Independent Trustee

Daniel F. LePage
Independent Trustee

Adam D. Portnoy
Chair of the Board & Managing Trustee

Jeffrey P. Somers
Independent Trustee

Executive Officers:

Jennifer F. Francis
President and Chief Executive Officer

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

Contact Information:

Investor Relations

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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.

Key Financial Data

(dollars in thousands, except per share data)

	As of and For the Three Months Ended				
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020
<u>Selected Balance Sheet Data:</u>					
Total gross assets	\$ 8,972,324	\$ 9,285,312	\$ 8,171,325	\$ 8,186,982	\$ 8,266,767
Total assets	\$ 7,179,852	\$ 7,542,706	\$ 6,476,424	\$ 6,535,118	\$ 6,600,523
Total liabilities	\$ 4,674,703	\$ 4,997,516	\$ 3,857,202	\$ 3,893,412	\$ 3,845,683
Total equity	\$ 2,505,149	\$ 2,545,190	\$ 2,619,222	\$ 2,641,706	\$ 2,754,840
<u>Selected Income Statement Data:</u>					
Total revenues	\$ 346,341	\$ 362,724	\$ 384,909	\$ 394,339	\$ 410,311
Net loss	\$ (32,645)	\$ (66,183)	\$ (14,920)	\$ (105,788)	\$ (24,742)
Net loss attributable to common shareholders	\$ (34,222)	\$ (67,505)	\$ (16,228)	\$ (106,888)	\$ (26,072)
NOI	\$ 81,709	\$ 75,333	\$ 82,702	\$ 78,689	\$ 108,396
Adjusted EBITDAre	\$ 87,789	\$ 73,203	\$ 87,218	\$ 80,828	\$ 111,640
FFO attributable to common shareholders	\$ (1,525)	\$ 3,698	\$ 22,633	\$ 8,861	\$ 58,448
Normalized FFO attributable to common shareholders	\$ 12,215	\$ 5,823	\$ 22,254	\$ 15,134	\$ 59,709
<u>Per Common Share Data (basic and diluted):</u>					
Net loss attributable to common shareholders	\$ (0.14)	\$ (0.28)	\$ (0.07)	\$ (0.45)	\$ (0.11)
FFO attributable to common shareholders	\$ (0.01)	\$ 0.02	\$ 0.10	\$ 0.04	\$ 0.25
Normalized FFO attributable to common shareholders	\$ 0.05	\$ 0.02	\$ 0.09	\$ 0.06	\$ 0.25
<u>Dividends:</u>					
Annualized dividend declared per common share	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04
Annualized dividend yield (at end of period)	1.0 %	0.8 %	1.0 %	1.1 %	0.9 %
Normalized FFO attributable to common shareholders payout ratio	20.0 %	50.0 %	11.1 %	16.7 %	4.0 %



Condensed Consolidated Balance Sheets

(dollars in thousands, except share data)

	As of June 30, 2021	As of December 31, 2020
Assets		
Real estate properties:		
Land	\$ 793,261	\$ 789,125
Buildings and improvements	6,731,677	6,621,605
Total real estate properties, gross	7,524,938	7,410,730
Accumulated depreciation	(1,792,472)	(1,694,901)
Total real estate properties, net	5,732,466	5,715,829
Assets of properties held for sale	—	112,437
Cash and cash equivalents	849,079	74,417
Restricted cash	59,010	16,432
Acquired real estate leases and other intangible assets, net	263,657	286,513
Other assets, net	275,640	270,796
Total assets	<u>\$ 7,179,852</u>	<u>\$ 6,476,424</u>
Liabilities and Equity		
Revolving credit facility	\$ 800,000	\$ —
Term loan, net	—	199,049
Senior unsecured notes, net	2,803,497	2,608,189
Secured debt and finance leases, net	689,895	691,573
Liabilities of properties held for sale	—	3,525
Accrued interest	32,690	23,772
Assumed real estate lease obligations, net	63,487	67,830
Other liabilities	285,134	263,264
Total liabilities	<u>4,674,703</u>	<u>3,857,202</u>
Commitments and contingencies		
Equity:		
Equity attributable to common shareholders:		
Common shares of beneficial interest, \$.01 par value: 300,000,000 shares authorized, 238,374,572 and 238,268,478 shares issued and outstanding, respectively	2,384	2,383
Additional paid in capital	4,614,748	4,613,904
Cumulative net income	1,811,382	1,913,109
Cumulative distributions	(4,038,325)	(4,033,559)
Total equity attributable to common shareholders	2,390,189	2,495,837
Noncontrolling interest:		
Total equity attributable to noncontrolling interest	114,960	123,385
Total equity	<u>2,505,149</u>	<u>2,619,222</u>
Total liabilities and equity	<u>\$ 7,179,852</u>	<u>\$ 6,476,424</u>

8301, 8401 & 8501 Golden Valley Road
Golden Valley, MN



Condensed Consolidated Statements of Income (Loss)

(amounts in thousands, except per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues:				
Rental income	\$ 102,394	\$ 106,207	\$ 205,152	\$ 216,705
Residents fees and services	243,947	304,104	503,913	636,073
Total revenues	346,341	410,311	709,065	852,778
Expenses:				
Property operating expenses	264,632	301,915	552,023	618,500
Depreciation and amortization	67,888	68,825	134,041	137,255
General and administrative	9,126	7,312	16,668	16,144
Acquisition and certain other transaction related costs	12,071	87	12,071	750
Impairment of assets	—	31,175	(174)	42,409
Total expenses	353,717	409,314	714,629	815,058
Gain (loss) on sale of properties	30,760	(168)	30,638	2,614
Gains and losses on equity securities, net	(3,849)	11,974	(12,188)	2,031
Interest and other income ⁽¹⁾	16,038	7,736	18,873	7,874
Interest expense (including net amortization of debt premiums, discounts and issuance costs of \$3,017, \$1,617, \$5,829 and \$3,126, respectively)	(67,657)	(43,974)	(127,748)	(85,624)
Gain on lease termination	—	—	—	22,896
Loss on early extinguishment of debt	(370)	(181)	(2,410)	(427)
Loss from continuing operations before income tax expense	(32,454)	(23,616)	(98,399)	(12,916)
Income tax expense	(191)	(1,126)	(429)	(683)
Net loss	(32,645)	(24,742)	(98,828)	(13,599)
Net income attributable to noncontrolling interest	(1,577)	(1,330)	(2,899)	(2,738)
Net loss attributable to common shareholders	<u>\$ (34,222)</u>	<u>\$ (26,072)</u>	<u>\$ (101,727)</u>	<u>\$ (16,337)</u>
Weighted average common shares outstanding (basic)	<u>237,871</u>	<u>237,700</u>	<u>237,853</u>	<u>237,684</u>
Weighted average common shares outstanding (diluted)	<u>237,871</u>	<u>237,700</u>	<u>237,853</u>	<u>237,684</u>
Per common share data (basic and diluted):				
Net loss attributable to common shareholders	<u>\$ (0.14)</u>	<u>\$ (0.11)</u>	<u>\$ (0.43)</u>	<u>\$ (0.07)</u>

(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,	
	2021	2020	2021	2020
<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	\$ 1,321	\$ 1,385	\$ 2,125	\$ 2,538
Lease value amortization included in rental income	\$ 1,849	\$ 1,830	\$ 3,715	\$ 3,703
Non-cash share based compensation	\$ 675	\$ 415	\$ 903	\$ 664
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
CARES Act ⁽¹⁾	\$ 15,748	\$ 7,346	\$ 18,181	\$ 7,346

(1) We recognized as other income funds received under the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, in our SHOP segment of \$15,748 and \$7,346 during the three months ended June 30, 2021 and 2020, respectively, and \$18,181 and \$7,346 during the six months ended June 30, 2021 and 2020, respectively.

Debt Summary

As of June 30, 2021

(dollars in thousands)

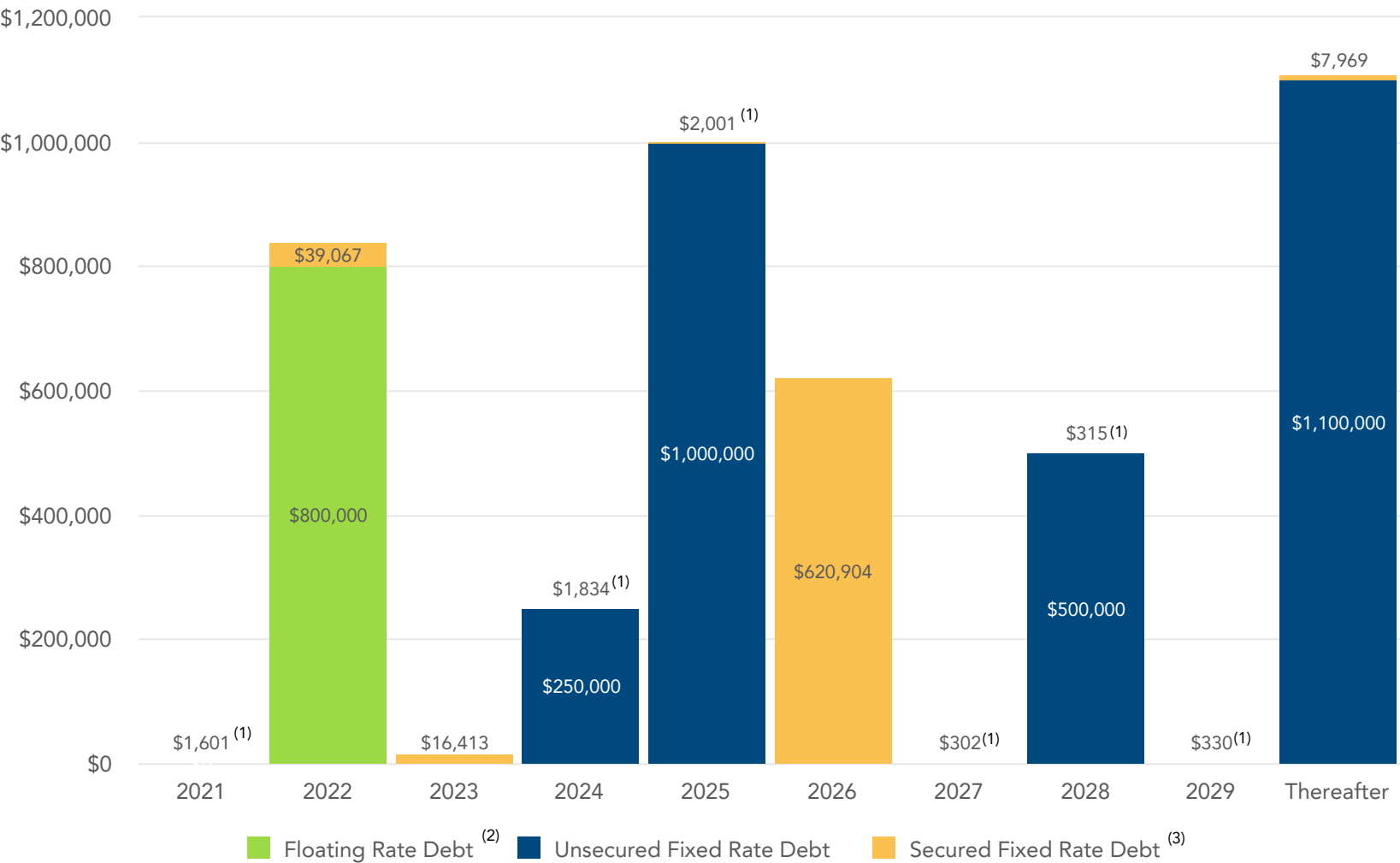
	Coupon Rate	Interest Rate	Principal Balance	Maturity Date	Due at Maturity	Years to Maturity
Floating Rate Debt:						
Revolving credit facility ^{(1) (2)}	2.850 %	2.850 %	\$ 800,000	1/15/2022	\$ 800,000	0.5
Weighted average rate / total floating rate debt	2.850 %	2.850 %	\$ 800,000		\$ 800,000	0.5
Unsecured Fixed Rate Debt:						
Senior unsecured notes due 2024	4.750 %	4.790 %	\$ 250,000	5/1/2024	\$ 250,000	2.8
Senior unsecured notes due 2025 ⁽³⁾	9.750 %	9.750 %	1,000,000	6/15/2025	1,000,000	4.0
Senior unsecured notes due 2028	4.750 %	4.966 %	500,000	2/15/2028	500,000	6.6
Senior unsecured notes due 2031	4.375 %	4.375 %	500,000	3/1/2031	500,000	9.7
Senior unsecured notes due 2042	5.625 %	5.625 %	350,000	8/1/2042	350,000	21.1
Senior unsecured notes due 2046	6.250 %	6.250 %	250,000	2/1/2046	250,000	24.6
Weighted average rate / total unsecured fixed rate debt	6.678 %	6.719 %	\$ 2,850,000		\$ 2,850,000	9.2
Weighted average rate / total floating and unsecured fixed rate debt	5.839 %	5.871 %	\$ 3,650,000		\$ 3,650,000	7.3
Secured Fixed Rate Debt:						
Mortgage - secured by 1 property	6.280 %	5.170 %	\$ 11,485	7/1/2022	\$ 10,744	1.0
Mortgage - secured by 1 property	4.850 %	3.790 %	10,603	10/1/2022	10,287	1.3
Mortgage - secured by 2 properties	5.750 %	5.110 %	15,632	10/6/2022	15,182	1.3
Mortgage - secured by 1 property	6.640 %	4.920 %	15,427	6/1/2023	14,522	1.9
Finance leases - 2 properties	7.700 %	7.700 %	7,234	4/30/2026	155	4.8
Mortgages - secured by 1 property ⁽⁴⁾	3.530 %	3.530 %	620,000	8/6/2026	620,000	5.1
Mortgage - secured by 1 property	4.444 %	4.444 %	10,355	7/1/2043	1,698	22.0
Weighted average rate / total secured fixed rate debt	3.773 %	3.685 %	\$ 690,736		\$ 672,588	5.1
Weighted average rate / total debt	5.510 %	5.523 %	\$ 4,340,736		\$ 4,322,588	7.0

- (1) Upon payment of an extension fee and our meeting certain conditions, we have two, one-year options which, if both are executed, would extend the maturity date of our revolving credit facility to January 2024.
- (2) We pledged certain equity interests of subsidiaries owning properties to secure our obligations under the agreement governing our revolving credit facility and agreed to provide first mortgage liens on 62 of our medical office and life science properties.
- (3) We have the option to redeem all or a portion of our senior unsecured notes due 2025 at any time on or after June 15, 2022 at set redemption prices.
- (4) The life science property encumbered by these mortgages is owned in a joint venture arrangement in which we own a 55% equity interest. The principal amounts listed in the table for these debts have not been adjusted to reflect the equity interests in the joint venture that we do not own.

Debt Maturity Schedule

As of June 30, 2021

(dollars in thousands)



(1) Represents Secured Fixed Rate Debt payments.

(2) Represents outstanding borrowings under our revolving credit facility as of June 30, 2021. Upon payment of an extension fee and our meeting certain conditions, we have two, one-year options which, if both are executed, would extend the maturity date of our revolving credit facility to January 2024.

(3) Includes \$7,234 of finance lease obligations due through April 2026.

Leverage Ratios, Coverage Ratios and Public Debt Covenants

	As of and For the Three Months Ended				
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020
Leverage Ratios:					
Net debt / total gross assets	38.9 %	40.9 %	42.4 %	42.3 %	41.9 %
Net debt / gross book value of real estate assets	42.5 %	46.0 %	42.2 %	42.0 %	41.6 %
Secured debt / total assets	9.6 %	9.2 %	10.7 %	10.6 %	10.5 %
Variable rate debt / net debt	22.9 %	21.1 %	5.8 %	5.8 %	5.8 %
Coverage Ratios:					
Net debt / annualized Adjusted EBITDAre	9.9 x	12.9 x	10.1 x	10.6 x	7.7 x
Adjusted EBITDAre / interest expense	1.3 x	1.2 x	1.5 x	1.4 x	2.5 x
	As of and For the Trailing Twelve Months Ended				
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020
Public Debt Covenants:					
<i>Maintenance Covenant</i>					
Total unencumbered assets / unsecured debt - required minimum 150.0%	231.8 %	210.8 %	246.6 %	247.0 %	249.3 %
<i>Incurrence Covenants</i>					
Total debt / adjusted total assets - allowable maximum 60.0%	47.5 %	49.2 %	42.5 %	42.4 %	42.1 %
Secured debt / adjusted total assets - allowable maximum 40.0%	16.3 %	15.8 %	8.3 %	8.3 %	8.2 %
Consolidated income available for debt service / debt service - required minimum 1.50x ⁽¹⁾	1.31 x	1.60 x	1.98 x	2.31 x	2.76 x

(1) As of June 30, 2021, our ratio of consolidated income available for debt service to debt service was below the requirement under our revolving credit facility and our public debt covenants, and as a result, we are not allowed to incur additional debt while this ratio is below the required level.



Summary of Capital Expenditures

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

	For the Three Months Ended				
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020
Office Portfolio lease related costs	\$ 10,044	\$ 8,358	\$ 6,071	\$ 4,411	\$ 3,918
Office Portfolio building improvements	4,437	2,176	6,756	4,990	3,708
SHOP fixed assets and capital improvements	19,283	22,530	27,035	15,988	8,505
Recurring capital expenditures	<u>\$ 33,764</u>	<u>\$ 33,064</u>	<u>\$ 39,862</u>	<u>\$ 25,389</u>	<u>\$ 16,131</u>
Office Portfolio avg. sq. ft. during period	11,059	11,236	11,428	11,621	11,693
SHOP avg. units managed during period	26,193	26,966	27,601	28,290	28,654
Office Portfolio building improvements per avg. sq. ft. during period	\$ 0.40	\$ 0.19	\$ 0.59	\$ 0.43	\$ 0.32
SHOP fixed assets and capital improvements per avg. unit during period	\$ 736	\$ 835	\$ 979	\$ 565	\$ 297
Development, redevelopment and other activities - Office Portfolio	\$ 9,689	\$ 12,718	\$ 17,655	\$ 14,832	\$ 14,941
Development, redevelopment and other activities - SHOP	5,345	6,092	7,172	4,927	6,570
Total development, redevelopment and other activities	<u>\$ 15,034</u>	<u>\$ 18,810</u>	<u>\$ 24,827</u>	<u>\$ 19,759</u>	<u>\$ 21,511</u>

Office Portfolio Redevelopment Information as of June 30, 2021

(dollars in millions)

Project	Location	Type of Property	Square Feet ⁽¹⁾	Estimated Project Costs	Total Costs Incurred as of June 30, 2021	Estimated Completion Date
4 Maguire Road	Lexington, MA	Life Science	53,905	\$ 28.7	\$ 9.4	Q4 2021
1415 West 3rd Street	Tempe, AZ	Life Science	82,257	\$ 11.4	\$ 0.7	Q2 2022



(1) Represents estimated square footage upon project completion.

Property Acquisitions / Dispositions Information Since January 1, 2021

(dollars in thousands)

Acquisitions:

We have not acquired any properties since January 1, 2021.

Dispositions:

Date Sold	Location	Type of Property	Number of Buildings	Gross Sales Price
2/23/2021	Plymouth Meeting, PA	Medical Office	1	\$ 9,000
4/28/2021	Alachua, FL	Life Science / Medical Office	4	95,500
Total Dispositions			<u>5</u>	<u>\$ 104,500</u>

Calculation and Reconciliation of NOI and Cash Basis NOI

(dollars in thousands)

	For the Three Months Ended					For the Six Months Ended	
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020	6/30/2021	6/30/2020
Calculation of NOI and Cash Basis NOI:							
Revenues:							
Rental income	\$ 102,394	\$ 102,758	\$ 106,272	\$ 104,238	\$ 106,207	\$ 205,152	\$ 216,705
Residents fees and services	243,947	259,966	278,637	290,101	304,104	503,913	636,073
Total revenues	346,341	362,724	384,909	394,339	410,311	709,065	852,778
Property operating expenses	(264,632)	(287,391)	(302,207)	(315,650)	(301,915)	(552,023)	(618,500)
NOI	81,709	75,333	82,702	78,689	108,396	157,042	234,278
Non-cash straight line rent adjustments included in rental income	(1,321)	(804)	(3,040)	(491)	(1,385)	(2,125)	(2,538)
Lease value amortization included in rental income	(1,849)	(1,866)	(1,846)	(1,856)	(1,830)	(3,715)	(3,703)
Non-cash amortization included in property operating expenses	(199)	(199)	(200)	(199)	(199)	(398)	(398)
Cash Basis NOI	\$ 78,340	\$ 72,464	\$ 77,616	\$ 76,143	\$ 104,982	\$ 150,804	\$ 227,639
Reconciliation of Net Income (Loss) to NOI and Cash Basis NOI:							
Net loss	\$ (32,645)	\$ (66,183)	\$ (14,920)	\$ (105,788)	\$ (24,742)	\$ (98,828)	\$ (13,599)
Income tax expense	191	238	202	365	1,126	429	683
Loss on early extinguishment of debt	370	2,040	—	—	181	2,410	427
Gain on lease termination	—	—	—	—	—	—	(22,896)
Interest expense	67,657	60,091	57,768	58,091	43,974	127,748	85,624
Interest and other income	(16,038)	(2,835)	(10,213)	(134)	(7,736)	(18,873)	(7,874)
Losses (gains) on equity investments, net	3,849	8,339	(19,565)	(12,510)	(11,974)	12,188	(2,031)
(Gain) loss on sale of properties	(30,760)	122	(4,084)	211	168	(30,638)	(2,614)
Impairment of assets	—	(174)	361	64,202	31,175	(174)	42,409
Acquisition and certain other transaction related costs	12,071	—	11	53	87	12,071	750
General and administrative	9,126	7,542	7,461	6,988	7,312	16,668	16,144
Depreciation and amortization	67,888	66,153	65,681	67,211	68,825	134,041	137,255
NOI	81,709	75,333	82,702	78,689	108,396	157,042	234,278
Non-cash straight line rent adjustments included in rental income	(1,321)	(804)	(3,040)	(491)	(1,385)	(2,125)	(2,538)
Lease value amortization included in rental income	(1,849)	(1,866)	(1,846)	(1,856)	(1,830)	(3,715)	(3,703)
Non-cash amortization included in property operating expenses	(199)	(199)	(200)	(199)	(199)	(398)	(398)
Cash Basis NOI	\$ 78,340	\$ 72,464	\$ 77,616	\$ 76,143	\$ 104,982	\$ 150,804	\$ 227,639

NOI and Cash Basis NOI

(dollars in thousands)

	For the Three Months Ended			For the Six Months Ended		
	6/30/2021	6/30/2020	% Change	6/30/2021	6/30/2020	% Change
NOI:						
Life Science	\$ 31,968	\$ 33,873	(5.6)%	\$ 64,056	\$ 68,285	(6.2)%
Medical Office	29,515	30,744	(4.0)%	59,457	62,396	(4.7)%
Total Office Portfolio	61,483	64,617	(4.9)%	123,513	130,681	(5.5)%
SHOP	10,636	33,082	(67.8)%	14,504	81,172	(82.1)%
Non-Segment	9,590	10,697	(10.3)%	19,025	22,425	(15.2)%
Total	<u>\$ 81,709</u>	<u>\$ 108,396</u>	(24.6)%	<u>\$ 157,042</u>	<u>\$ 234,278</u>	(33.0)%

Cash Basis NOI:

Life Science	\$ 28,847	\$ 31,198	(7.5)%	\$ 57,888	\$ 62,879	(7.9)%
Medical Office	29,007	30,139	(3.8)%	58,892	61,431	(4.1)%
Total Office Portfolio	57,854	61,337	(5.7)%	116,780	124,310	(6.1)%
SHOP	10,636	33,082	(67.8)%	14,504	81,172	(82.1)%
Non-Segment	9,850	10,563	(6.7)%	19,520	22,157	(11.9)%
Total	<u>\$ 78,340</u>	<u>\$ 104,982</u>	(25.4)%	<u>\$ 150,804</u>	<u>\$ 227,639</u>	(33.8)%

Same Property NOI and Cash Basis NOI

(dollars in thousands)

	For the Three Months Ended			For the Six Months Ended		
	6/30/2021	6/30/2020	% Change	6/30/2021	6/30/2020	% Change
NOI:						
Life Science	\$ 31,286	\$ 31,010	0.9 %	\$ 61,767	\$ 62,308	(0.9)%
Medical Office	29,500	29,871	(1.2)%	59,140	60,431	(2.1)%
Total Office Portfolio	60,786	60,881	(0.2)%	120,907	122,739	(1.5)%
SHOP	11,252	35,229	(68.1)%	15,624	85,569	(81.7)%
Non-Segment	9,590	9,737	(1.5)%	19,025	20,505	(7.2)%
Total	<u>\$ 81,628</u>	<u>\$ 105,847</u>	(22.9)%	<u>\$ 155,556</u>	<u>\$ 228,813</u>	(32.0)%
Cash Basis NOI:						
Life Science	\$ 28,438	\$ 28,640	(0.7)%	\$ 56,219	\$ 57,520	(2.3)%
Medical Office	28,990	29,531	(1.8)%	58,563	59,857	(2.2)%
Total Office Portfolio	57,428	58,171	(1.3)%	114,782	117,377	(2.2)%
SHOP	11,252	35,229	(68.1)%	15,624	85,569	(81.7)%
Non-Segment	9,850	9,586	2.8 %	19,519	20,203	(3.4)%
Total	<u>\$ 78,530</u>	<u>\$ 102,986</u>	(23.7)%	<u>\$ 149,925</u>	<u>\$ 223,149</u>	(32.8)%

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				
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020
Rental income	\$ 92,804	\$ 93,323	\$ 94,850	\$ 94,235	\$ 95,510
Property operating expenses	(31,321)	(31,293)	(32,709)	(33,448)	(30,893)
NOI	<u>\$ 61,483</u>	<u>\$ 62,030</u>	<u>\$ 62,141</u>	<u>\$ 60,787</u>	<u>\$ 64,617</u>
NOI	\$ 61,483	\$ 62,030	\$ 62,141	\$ 60,787	\$ 64,617
Less:					
Non-cash straight line rent adjustments included in rental income	1,597	1,083	1,114	438	1,306
Lease value amortization included in rental income	1,833	1,822	1,790	1,800	1,775
Non-cash amortization included in property operating expenses	199	199	200	199	199
Cash Basis NOI	<u>\$ 57,854</u>	<u>\$ 58,926</u>	<u>\$ 59,037</u>	<u>\$ 58,350</u>	<u>\$ 61,337</u>
Reconciliation of NOI to Same Property NOI:					
NOI	\$ 61,483	\$ 62,030	\$ 62,141	\$ 60,787	\$ 64,617
Less:					
NOI of properties not included in same property results	697	1,909	2,534	2,881	3,736
Same Property NOI	<u>\$ 60,786</u>	<u>\$ 60,121</u>	<u>\$ 59,607</u>	<u>\$ 57,906</u>	<u>\$ 60,881</u>
Reconciliation of Same Property NOI to Same Property Cash Basis NOI:					
Same Property NOI	\$ 60,786	\$ 60,121	\$ 59,607	\$ 57,906	\$ 60,881
Less:					
Non-cash straight line rent adjustments included in rental income	1,335	755	761	115	750
Lease value amortization included in rental income	1,833	1,822	1,791	1,801	1,774
Non-cash amortization included in property operating expenses	190	190	186	186	186
Same Property Cash Basis NOI	<u>\$ 57,428</u>	<u>\$ 57,354</u>	<u>\$ 56,869</u>	<u>\$ 55,804</u>	<u>\$ 58,171</u>

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				
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020
Residents fees and services	\$ 243,947	\$ 259,966	\$ 278,637	\$ 290,101	\$ 304,104
Property operating expenses	(233,311)	(256,098)	(269,498)	(282,202)	(271,022)
NOI	<u>\$ 10,636</u>	<u>\$ 3,868</u>	<u>\$ 9,139</u>	<u>\$ 7,899</u>	<u>\$ 33,082</u>
NOI	\$ 10,636	\$ 3,868	\$ 9,139	\$ 7,899	\$ 33,082
Less:					
Non-cash straight line rent adjustments	—	—	—	—	—
Lease value amortization	—	—	—	—	—
Non-cash amortization included in property operating expenses	—	—	—	—	—
Cash Basis NOI	<u>\$ 10,636</u>	<u>\$ 3,868</u>	<u>\$ 9,139</u>	<u>\$ 7,899</u>	<u>\$ 33,082</u>
Reconciliation of NOI to Same Property NOI:					
NOI	\$ 10,636	\$ 3,868	\$ 9,139	\$ 7,899	\$ 33,082
Less:					
NOI of properties not included in same property results	(616)	(504)	(3,504)	(5,372)	(2,147)
Same Property NOI	<u>\$ 11,252</u>	<u>\$ 4,372</u>	<u>\$ 12,643</u>	<u>\$ 13,271</u>	<u>\$ 35,229</u>
Reconciliation of Same Property NOI to Same Property Cash Basis NOI:					
Same Property NOI	\$ 11,252	\$ 4,372	\$ 12,643	\$ 13,271	\$ 35,229
Less:					
Non-cash straight line rent adjustments	—	—	—	—	—
Lease value amortization	—	—	—	—	—
Non-cash amortization included in property operating expenses	—	—	—	—	—
Same Property Cash Basis NOI	<u>\$ 11,252</u>	<u>\$ 4,372</u>	<u>\$ 12,643</u>	<u>\$ 13,271</u>	<u>\$ 35,229</u>

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				
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020
Rental income	\$ 9,590	\$ 9,435	\$ 11,422	\$ 10,003	\$ 10,697
Property operating expenses	—	—	—	—	—
NOI	<u>\$ 9,590</u>	<u>\$ 9,435</u>	<u>\$ 11,422</u>	<u>\$ 10,003</u>	<u>\$ 10,697</u>
NOI	\$ 9,590	\$ 9,435	\$ 11,422	\$ 10,003	\$ 10,697
Less:					
Non-cash straight line rent adjustments included in rental income	(276)	(279)	1,926	53	79
Lease value amortization included in rental income	16	44	56	56	55
Non-cash amortization included in property operating expenses	—	—	—	—	—
Cash Basis NOI	<u>\$ 9,850</u>	<u>\$ 9,670</u>	<u>\$ 9,440</u>	<u>\$ 9,894</u>	<u>\$ 10,563</u>
Reconciliation of NOI to Same Property NOI:					
NOI	\$ 9,590	\$ 9,435	\$ 11,422	\$ 10,003	\$ 10,697
Less:					
NOI of properties not included in same property results	—	—	218	959	960
Same Property NOI	<u>\$ 9,590</u>	<u>\$ 9,435</u>	<u>\$ 11,204</u>	<u>\$ 9,044</u>	<u>\$ 9,737</u>
Reconciliation of Same Property NOI to Same Property Cash Basis NOI:					
Same Property NOI	\$ 9,590	\$ 9,435	\$ 11,204	\$ 9,044	\$ 9,737
Less:					
Non-cash straight line rent adjustments included in rental income	(276)	(279)	1,928	70	96
Lease value amortization included in rental income	16	44	55	55	55
Non-cash amortization included in property operating expenses	—	—	—	—	—
Same Property Cash Basis NOI	<u>\$ 9,850</u>	<u>\$ 9,670</u>	<u>\$ 9,221</u>	<u>\$ 8,919</u>	<u>\$ 9,586</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				
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020
Rental income / residents fees and services	\$ 346,341	\$ 362,724	\$ 384,909	\$ 394,339	\$ 410,311
Property operating expenses	(264,632)	(287,391)	(302,207)	(315,650)	(301,915)
NOI	<u>\$ 81,709</u>	<u>\$ 75,333</u>	<u>\$ 82,702</u>	<u>\$ 78,689</u>	<u>\$ 108,396</u>
NOI	\$ 81,709	\$ 75,333	\$ 82,702	\$ 78,689	\$ 108,396
Less:					
Non-cash straight line rent adjustments included in rental income	1,321	804	3,040	491	1,385
Lease value amortization included in rental income	1,849	1,866	1,846	1,856	1,830
Non-cash amortization included in property operating expenses	199	199	200	199	199
Cash Basis NOI	<u>\$ 78,340</u>	<u>\$ 72,464</u>	<u>\$ 77,616</u>	<u>\$ 76,143</u>	<u>\$ 104,982</u>
Reconciliation of NOI to Same Property NOI:					
NOI	\$ 81,709	\$ 75,333	\$ 82,702	\$ 78,689	\$ 108,396
Less:					
NOI of properties not included in same property results	81	1,405	(752)	(1,532)	2,549
Same Property NOI	<u>\$ 81,628</u>	<u>\$ 73,928</u>	<u>\$ 83,454</u>	<u>\$ 80,221</u>	<u>\$ 105,847</u>
Reconciliation of Same Property NOI to Same Property Cash Basis NOI:					
Same Property NOI	\$ 81,628	\$ 73,928	\$ 83,454	\$ 80,221	\$ 105,847
Less:					
Non-cash straight line rent adjustments included in rental income	1,059	476	2,689	185	846
Lease value amortization included in rental income	1,849	1,866	1,846	1,856	1,829
Non-cash amortization included in property operating expenses	190	190	186	186	186
Same Property Cash Basis NOI	<u>\$ 78,530</u>	<u>\$ 71,396</u>	<u>\$ 78,733</u>	<u>\$ 77,994</u>	<u>\$ 102,986</u>

Calculation and Reconciliation of EBITDA, EBITDAre and Adjusted EBITDAre

(dollars in thousands)

	For the Three Months Ended					For the Six Months Ended	
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020	6/30/2021	6/30/2020
Net loss	\$ (32,645)	\$ (66,183)	\$ (14,920)	\$ (105,788)	\$ (24,742)	\$ (98,828)	\$ (13,599)
Interest expense	67,657	60,091	57,768	58,091	43,974	127,748	85,624
Income tax expense	191	238	202	365	1,126	429	683
Depreciation and amortization	67,888	66,153	65,681	67,211	68,825	134,041	137,255
EBITDA	103,091	60,299	108,731	19,879	89,183	163,390	209,963
(Gain) loss on sale of properties	(30,760)	122	(4,084)	211	168	(30,638)	(2,614)
Impairment of assets	—	(174)	361	64,202	31,175	(174)	42,409
Adjustments to reflect our share of EBITDAre attributable to an equity method investment	(2,673)	2,310	1,967	2,419	1,705	(363)	(2,721)
EBITDAre	69,658	62,557	106,975	86,711	122,231	132,215	247,037
General and administrative expense paid in common shares	675	228	402	502	415	903	664
Acquisition and certain other transaction related costs	12,071	—	11	53	87	12,071	750
Gain on lease termination	—	—	—	—	—	—	(22,896)
Loss on early extinguishment of debt	370	2,040	—	—	181	2,410	427
Costs and payment obligations related to compliance assessment at one of our senior living communities	—	—	(402)	6,172	—	—	—
Losses (gains) on equity securities, net	3,849	8,339	(19,565)	(12,510)	(11,974)	12,188	(2,031)
Adjustments to reflect our share of Adjusted EBITDAre attributable to an equity method investment	1,166	39	(203)	(100)	700	1,205	9,329
Adjusted EBITDAre	\$ 87,789	\$ 73,203	\$ 87,218	\$ 80,828	\$ 111,640	\$ 160,992	\$ 233,280

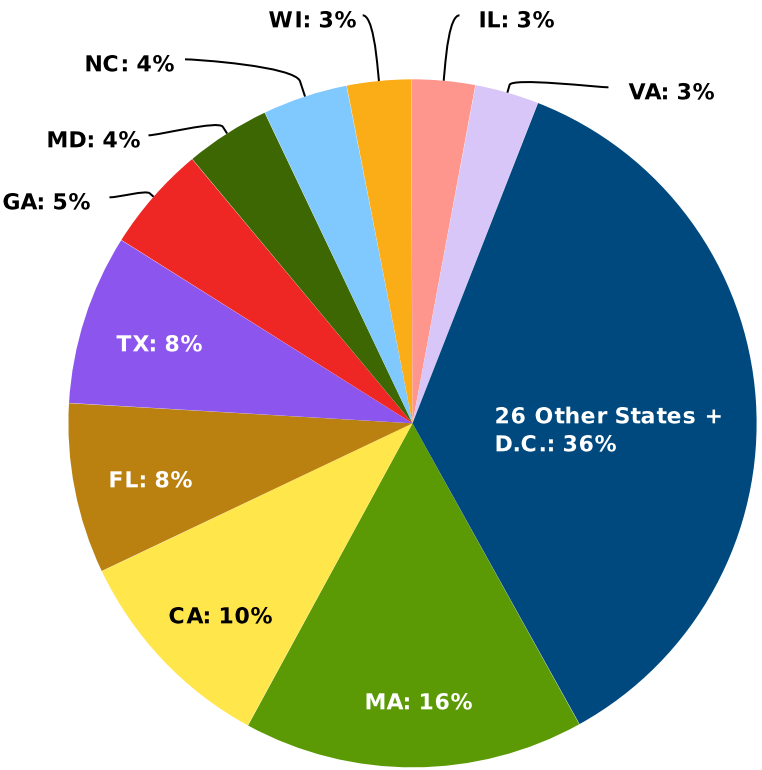
Calculation and Reconciliation of FFO and Normalized FFO Attributable to Common Shareholders

(amounts in thousands, except per share data)

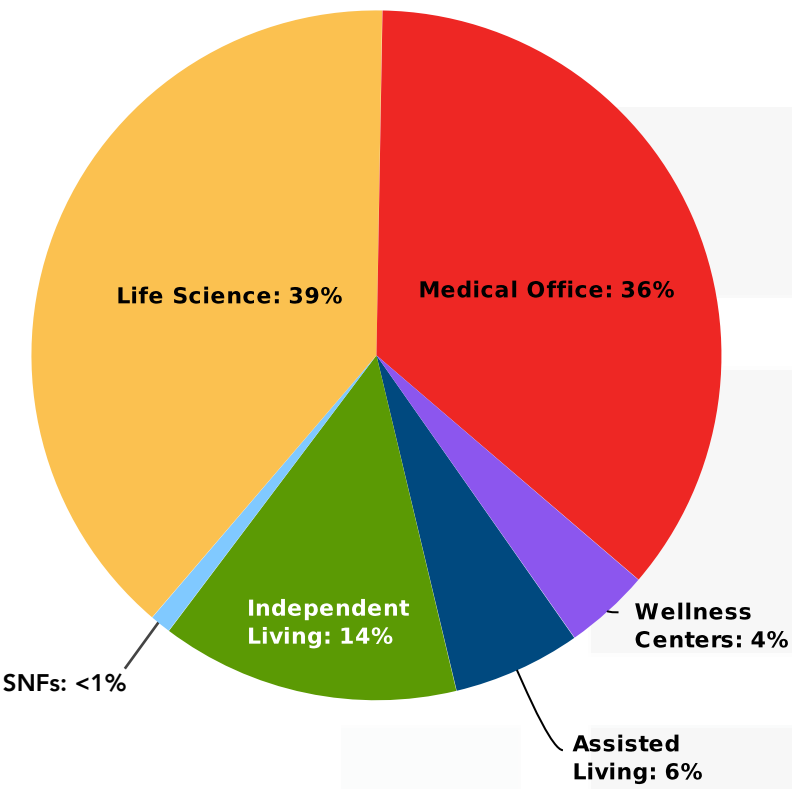
	For the Three Months Ended					For the Six Months Ended	
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020	6/30/2021	6/30/2020
Net loss attributable to common shareholders	\$ (34,222)	\$ (67,505)	\$ (16,228)	\$ (106,888)	\$ (26,072)	\$ (101,727)	\$ (16,337)
Depreciation and amortization	67,888	66,153	65,681	67,211	68,825	134,041	137,255
(Gain) loss on sale of properties	(30,760)	122	(4,084)	211	168	(30,638)	(2,614)
Impairment of assets	—	(174)	361	64,202	31,175	(174)	42,409
Losses (gains) on equity securities, net	3,849	8,339	(19,565)	(12,510)	(11,974)	12,188	(2,031)
FFO adjustments attributable to noncontrolling interest	(5,275)	(5,273)	(5,275)	(5,275)	(5,275)	(10,548)	(10,550)
Adjustments to reflect our share of FFO attributable to an equity method investment	(3,005)	2,036	1,743	1,910	1,601	(969)	(2,814)
FFO attributable to common shareholders	(1,525)	3,698	22,633	8,861	58,448	2,173	145,318
Acquisition and certain other transaction related costs	12,071	—	11	53	87	12,071	750
Costs and payment obligations related to compliance assessment at one of our senior living communities	—	—	(402)	6,172	—	—	—
Gain on lease termination	—	—	—	—	—	—	(22,896)
Loss on early extinguishment of debt	370	2,040	—	—	181	2,410	427
Adjustments to reflect our share of Normalized FFO attributable to an equity method investment	1,299	85	12	48	993	1,384	9,127
Normalized FFO attributable to common shareholders	<u>\$ 12,215</u>	<u>\$ 5,823</u>	<u>\$ 22,254</u>	<u>\$ 15,134</u>	<u>\$ 59,709</u>	<u>\$ 18,038</u>	<u>\$ 132,726</u>
Weighted average common shares outstanding (basic)	237,871	237,834	237,834	237,752	237,700	237,853	237,684
Weighted average common shares outstanding (diluted)	237,871	237,834	237,834	237,752	237,700	237,853	237,684
Per Common Share Data (basic and diluted):							
Net loss attributable to common shareholders	\$ (0.14)	\$ (0.28)	\$ (0.07)	\$ (0.45)	\$ (0.11)	\$ (0.43)	\$ (0.07)
FFO attributable to common shareholders	\$ (0.01)	\$ 0.02	\$ 0.10	\$ 0.04	\$ 0.25	\$ 0.01	\$ 0.61
Normalized FFO attributable to common shareholders	\$ 0.05	\$ 0.02	\$ 0.09	\$ 0.06	\$ 0.25	\$ 0.08	\$ 0.56

Portfolio Summary by Geographic Diversification and Property Type

Geographic Diversification
(based on Gross Book Value of Real Estate Assets as of June 30, 2021)



Property Type^{(1) (2)}
(based on Q2 2021 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, 2021

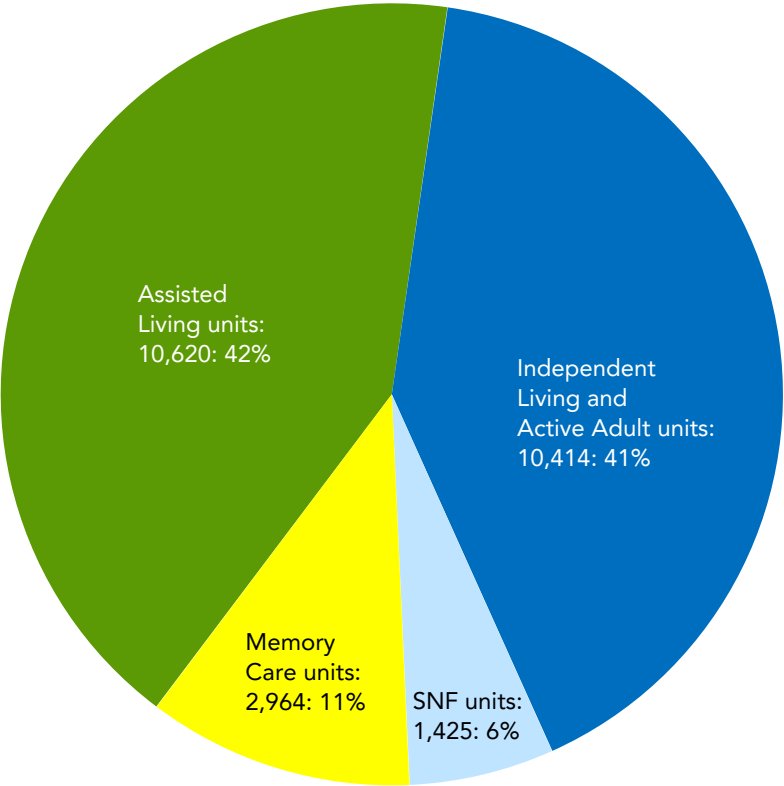
(dollars in thousands, except investment per square foot or unit)

	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 2021 Revenues ⁽¹⁾	% of Q2 2021 Total Revenues	Q2 2021 NOI ⁽¹⁾	% of Q2 2021 Total NOI
Life science	30	4,129,500	\$ 1,892,923	23.0 %	\$ 458	\$ 43,611	12.6 %	\$ 31,968	39.1 %
Medical office	88	6,797,178	1,827,794	22.3 %	\$ 269	49,193	14.2 %	29,515	36.1 %
Subtotal Office Portfolio	118	10,926,678 sq. ft.	3,720,717	45.3 %	\$ 341	92,804	26.8 %	61,483	75.2 %
SHOP	235	25,423 units	4,069,382	49.5 %	\$ 160,067	243,947	70.4 %	10,636	13.0 %
Other triple net leased senior living communities	29	2,327 units	250,073	3.0 %	\$ 107,466	6,213	1.8 %	6,213	7.6 %
Wellness centers	10	812,000 sq. ft.	178,110	2.2 %	\$ 219	3,377	1.0 %	3,377	4.2 %
Total	392		\$ 8,218,282	100.0 %		\$ 346,341	100.0 %	\$ 81,709	100.0 %

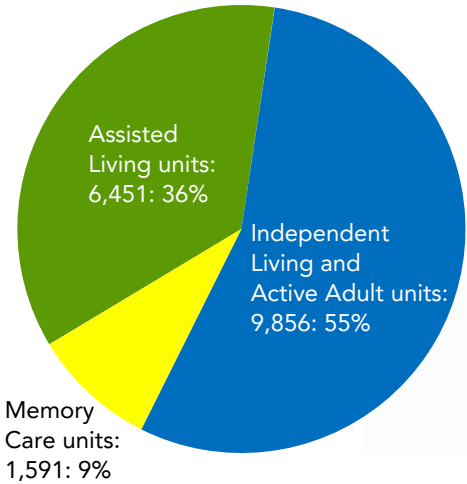
(1) Includes \$772 of revenues and \$579 of NOI from properties that we sold.

SHOP Unit Count

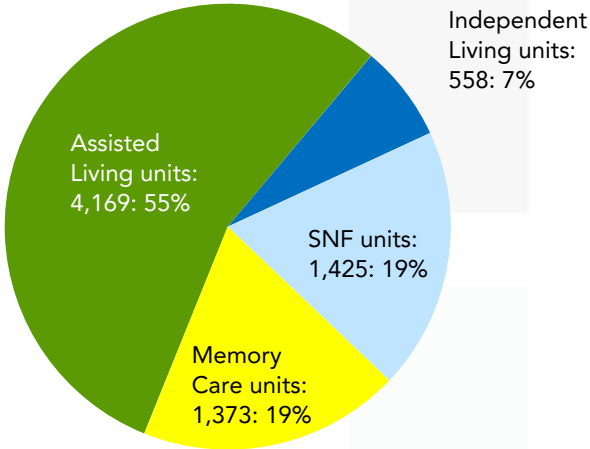
SHOP Unit Count as of June 30, 2021



Pro Forma Five Star Retained Communities
Unit Count as of June 30, 2021



Pro Forma Operator Transition Communities
Unit Count as of June 30, 2021



Rent Coverage and Occupancy

Rent Coverage ⁽¹⁾:

	For the Twelve Months Ended				
	3/31/2021	12/31/2020	9/30/2020	6/30/2020	3/31/2020
Other triple net leased senior living communities	1.38 x	1.48 x	1.61 x	1.63 x	1.66 x
Wellness centers	0.94 x	0.91 x	1.05 x	1.30 x	1.73 x
Total	1.24 x	1.26 x	1.37 x	1.49 x	1.69 x

Occupancy - Other triple net leased senior living communities ⁽¹⁾:

	For the Twelve Months Ended				
	3/31/2021	12/31/2020	9/30/2020	6/30/2020	3/31/2020
Occupancy	77.7 %	80.6 %	83.4 %	85.4 %	86.8 %
Same Property Occupancy ⁽²⁾	77.7 %	80.6 %	83.4 %	85.4 %	86.8 %

Overture at Plano
500 Coit Road
Plano, TX



- (1) All tenant operating data presented is based upon the operating results provided by our tenants for the indicated periods. We report our operating data one quarter in arrears as this is the most recent prior period for which tenant operating results are available to us from our tenants. We have not independently verified tenant operating data.
- (2) Same property occupancy includes those properties classified as same property for the three months ended June 30, 2021 for all periods presented.

Office Portfolio and Same Property - Results of Operations

Three Months Ended June 30, 2021 and 2020

OFFICE PORTFOLIO - RESULTS OF OPERATIONS

(dollars and sq. ft. in thousands)

	As of and For the Three Months Ended June 30, 2021			As of and For the Three Months Ended June 30, 2020		
	Life Science	Medical Office	Total Office Portfolio	Life Science	Medical Office	Total Office Portfolio
Number of Buildings	30	88	118	34	95	129
Square Feet	4,130	6,797	10,927	4,532	7,136	11,668
Occupancy	93.5 %	89.5 %	91.0 %	93.7 %	91.0 %	92.0 %
Rental Income	\$ 43,611	\$ 49,193	\$ 92,804	\$ 45,375	\$ 50,135	\$ 95,510
NOI	\$ 31,968	\$ 29,515	\$ 61,483	\$ 33,873	\$ 30,744	\$ 64,617
Cash Basis NOI	\$ 28,847	\$ 29,007	\$ 57,854	\$ 31,198	\$ 30,139	\$ 61,337
NOI Margin %	73.3 %	60.0 %	66.3 %	74.7 %	61.3 %	67.7 %
Cash Basis NOI Margin %	71.1 %	59.4 %	64.7 %	72.9 %	60.7 %	66.4 %
NOI % Change	(5.6)%	(4.0)%	(4.9)%			
Cash Basis NOI % Change	(7.5)%	(3.8)%	(5.7)%			

OFFICE PORTFOLIO SAME PROPERTY - RESULTS OF OPERATIONS

(dollars and sq. ft. in thousands)

	As of and For the Three Months Ended June 30, 2021			As of and For the Three Months Ended June 30, 2020		
	Life Science	Medical Office	Total Office Portfolio	Life Science	Medical Office	Total Office Portfolio
Number of Buildings	25	88	113	25	88	113
Square Feet	3,807	6,797	10,604	3,802	6,797	10,599
Occupancy	97.3 %	89.5 %	92.3 %	97.5 %	91.0 %	93.4 %
Rental Income	\$ 42,398	\$ 49,113	\$ 91,511	\$ 41,836	\$ 48,501	\$ 90,337
NOI	\$ 31,286	\$ 29,500	\$ 60,786	\$ 31,010	\$ 29,871	\$ 60,881
Cash Basis NOI	\$ 28,438	\$ 28,990	\$ 57,428	\$ 28,640	\$ 29,531	\$ 58,171
NOI Margin %	73.8 %	60.1 %	66.4 %	74.1 %	61.6 %	67.4 %
Cash Basis NOI Margin %	71.8 %	59.5 %	65.0 %	72.4 %	61.2 %	66.2 %
NOI % Change	0.9 %	(1.2)%	(0.2)%			
Cash Basis NOI % Change	(0.7)%	(1.8)%	(1.3)%			

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

Six Months Ended June 30, 2021 and 2020

OFFICE PORTFOLIO - RESULTS OF OPERATIONS

(dollars and sq. ft. in thousands)

	As of and For the Six Months Ended June 30, 2021			As of and For the Six Months Ended June 30, 2020		
	Life Science	Medical Office	Total Office Portfolio	Life Science	Medical Office	Total Office Portfolio
Number of Buildings	30	88	118	34	95	129
Square Feet	4,130	6,797	10,927	4,532	7,136	11,668
Occupancy	93.5 %	89.5 %	91.0 %	93.7 %	91.0 %	92.0 %
Rental Income	\$ 87,626	\$ 98,501	\$ 186,127	\$ 92,005	\$ 102,275	\$ 194,280
NOI	\$ 64,056	\$ 59,457	\$ 123,513	\$ 68,285	\$ 62,396	\$ 130,681
Cash Basis NOI	\$ 57,888	\$ 58,892	\$ 116,780	\$ 62,879	\$ 61,431	\$ 124,310
NOI Margin %	73.1 %	60.4 %	66.4 %	74.2 %	61.0 %	67.3 %
Cash Basis NOI Margin %	70.9 %	60.0 %	65.0 %	72.5 %	60.5 %	66.0 %
NOI % Change	(6.2)%	(4.7)%	(5.5)%			
Cash Basis NOI % Change	(7.9)%	(4.1)%	(6.1)%			

OFFICE PORTFOLIO SAME PROPERTY - RESULTS OF OPERATIONS

(dollars and sq. ft. in thousands)

	As of and For the Six Months Ended June 30, 2021			As of and For the Six Months Ended June 30, 2020		
	Life Science	Medical Office	Total Office Portfolio	Life Science	Medical Office	Total Office Portfolio
Number of Buildings	25	88	113	25	88	113
Square Feet	3,807	6,797	10,604	3,802	6,797	10,599
Occupancy	97.3 %	89.5 %	92.3 %	97.5 %	91.0 %	93.4 %
Rental Income	\$ 84,229	\$ 97,895	\$ 182,124	\$ 84,576	\$ 98,492	\$ 183,068
NOI	\$ 61,767	\$ 59,140	\$ 120,907	\$ 62,308	\$ 60,431	\$ 122,739
Cash Basis NOI	\$ 56,219	\$ 58,563	\$ 114,782	\$ 57,520	\$ 59,857	\$ 117,377
NOI Margin %	73.3 %	60.4 %	66.4 %	73.7 %	61.4 %	67.0 %
Cash Basis NOI Margin %	71.3 %	60.0 %	65.1 %	71.9 %	61.0 %	65.9 %
NOI % Change	(0.9)%	(2.1)%	(1.5)%			
Cash Basis NOI % Change	(2.3)%	(2.2)%	(2.2)%			

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

Trailing Five Quarters

OFFICE PORTFOLIO - RESULTS OF OPERATIONS

(dollars and sq. ft. in thousands)

	As of and For the Three Months Ended				
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020
Number of Buildings	118	122	123	126	129
Square Feet	10,927	11,190	11,282	11,573	11,668
Occupancy	91.0 %	92.3 %	91.4 %	91.3 %	92.0 %
Rental Income	\$ 92,804	\$ 93,323	\$ 94,850	\$ 94,235	\$ 95,510
NOI	\$ 61,483	\$ 62,030	\$ 62,141	\$ 60,787	\$ 64,617
Cash Basis NOI	\$ 57,854	\$ 58,926	\$ 59,037	\$ 58,350	\$ 61,337
NOI Margin %	66.3 %	66.5 %	65.5 %	64.5 %	67.7 %
Cash Basis NOI Margin %	64.7 %	65.2 %	64.2 %	63.4 %	66.4 %
Sequential NOI % Change	(0.9)%	(0.2)%	2.2 %	(5.9)%	
Sequential Cash Basis NOI % Change	(1.8)%	(0.2)%	1.2 %	(4.9)%	
Year Over Year NOI % Change	(4.9)%				
Year Over Year Cash Basis NOI % Change	(5.7)%				

OFFICE PORTFOLIO SAME PROPERTY - RESULTS OF OPERATIONS ⁽¹⁾

(dollars and sq. ft. in thousands)

	As of and For the Three Months Ended				
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020
Number of Buildings	113	113	113	113	113
Square Feet	10,604	10,604	10,604	10,599	10,599
Occupancy	92.3 %	93.6 %	93.7 %	93.0 %	93.4 %
Rental Income	\$ 91,511	\$ 90,613	\$ 91,294	\$ 90,013	\$ 90,337
NOI	\$ 60,786	\$ 60,121	\$ 59,607	\$ 57,906	\$ 60,881
Cash Basis NOI	\$ 57,428	\$ 57,354	\$ 56,869	\$ 55,804	\$ 58,171
NOI Margin %	66.4 %	66.3 %	65.3 %	64.3 %	67.4 %
Cash Basis NOI Margin %	65.0 %	65.1 %	64.1 %	63.3 %	66.2 %
Sequential NOI % Change	1.1 %	0.9 %	2.9 %	(4.9)%	
Sequential Cash Basis NOI % Change	0.1 %	0.9 %	1.9 %	(4.1)%	
Year Over Year NOI % Change	(0.2)%				
Year Over Year Cash Basis NOI % Change	(1.3)%				

(1) Same property includes those properties classified as same property for the three months ended June 30, 2021 for all periods presented.

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				
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020
Number of Properties	235	235	235	239	241
Number of Units	25,423	26,963	26,969	28,232	28,348
Occupancy	70.9 %	69.5 %	72.2 %	75.2 %	78.7 %
Average Monthly Rate	\$ 4,307	\$ 4,623	\$ 4,541	\$ 4,508	\$ 4,496
Year Over Year Average Monthly Rate % Change	(4.2)%				
Residents Fees and Services	\$ 243,947	\$ 259,966	\$ 278,637	\$ 290,101	\$ 304,104
Property Operating Expenses	(233,311)	(256,098)	(269,498)	(282,202)	(271,022)
NOI	\$ 10,636	\$ 3,868	\$ 9,139	\$ 7,899	\$ 33,082
NOI Margin %	4.4 %	1.5 %	3.3 %	2.7 %	10.9 %
Sequential NOI % Change	175.0 %	(57.7)%	15.7 %	(76.1)%	
Year Over Year NOI % Change	(67.8)%				

SHOP SEGMENT SAME PROPERTY - RESULTS OF OPERATIONS ⁽¹⁾

(dollars in thousands, except average monthly rate)

	As of and For the Three Months Ended				
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020
Number of Properties	228	228	228	228	228
Number of Units	25,423	25,423	25,423	25,423	25,423
Occupancy	71.0 %	70.6 %	73.8 %	77.0 %	80.7 %
Average Monthly Rate	\$ 4,279	\$ 4,319	\$ 4,219	\$ 4,276	\$ 4,207
Year Over Year Average Monthly Rate % Change	1.7 %				
Residents Fees and Services	\$ 243,921	\$ 259,787	\$ 271,990	\$ 277,859	\$ 291,049
Property Operating Expenses	(232,669)	(255,415)	(259,347)	(264,588)	(255,820)
NOI	\$ 11,252	\$ 4,372	\$ 12,643	\$ 13,271	\$ 35,229
NOI Margin %	4.6 %	1.7 %	4.6 %	4.8 %	12.1 %
Sequential NOI % Change	157.4 %	(65.4)%	(4.7)%	(62.3)%	
Year Over Year NOI % Change	(68.1)%				

(1) Same property includes those properties classified as same property for the three months ended June 30, 2021 for all periods presented.

SHOP Segment and Same Property - Five Star Retained and Operator Transition Communities

Results of Operations



Three Months Ended June 30, 2021 and 2020

SHOP SEGMENT - RESULTS OF OPERATIONS

(dollars in thousands, except average monthly rate)

	As of and For the Three Months Ended June 30, 2021			As of and For the Three Months Ended June 30, 2020		
	Five Star Retained Communities	Operator Transition Communities	Total SHOP Segment	Five Star Retained Communities	Operator Transition Communities	Total SHOP Segment
Number of Properties ⁽¹⁾	120	115	235	126	115	241
Number of Units	17,898	7,525	25,423	20,245	8,103	28,348
Occupancy	72.7 %	66.5 %	70.9 %	80.2 %	74.8 %	78.7 %
Average Monthly Rate	\$ 4,058	\$ 4,957	\$ 4,307	\$ 4,376	\$ 4,816	\$ 4,496
Average Monthly Rate % Change	(7.3)%	2.9 %	(4.2)%			
Residents Fees and Services	\$ 168,682	\$ 75,265	\$ 243,947	\$ 215,592	\$ 88,512	\$ 304,104
Property Operating Expenses	(156,300)	(77,011)	(233,311)	(184,751)	(86,271)	(271,022)
NOI	<u>\$ 12,382</u>	<u>\$ (1,746)</u>	<u>\$ 10,636</u>	<u>\$ 30,841</u>	<u>\$ 2,241</u>	<u>\$ 33,082</u>
NOI Margin %	7.3 %	(2.3)%	4.4 %	14.3 %	2.5 %	10.9 %
NOI % Change	(59.9)%	(177.9)%	(67.8)%			

SHOP SEGMENT SAME PROPERTY - RESULTS OF OPERATIONS

(dollars in thousands, except average monthly rate)

	As of and For the Three Months Ended June 30, 2021			As of and For the Three Months Ended June 30, 2020		
	Five Star Retained Communities	Operator Transition Communities	Total SHOP Segment	Five Star Retained Communities	Operator Transition Communities	Total SHOP Segment
Number of Properties ⁽¹⁾	120	108	228	120	108	228
Number of Units	17,898	7,525	25,423	17,898	7,525	25,423
Occupancy	72.9 %	66.5 %	71.0 %	82.6 %	76.2 %	80.7 %
Average Monthly Rate	\$ 4,018	\$ 4,957	\$ 4,279	\$ 3,952	\$ 4,859	\$ 4,207
Average Monthly Rate % Change	1.7 %	2.0 %	1.7 %			
Residents Fees and Services	\$ 168,655	\$ 75,266	\$ 243,921	\$ 205,987	\$ 85,062	\$ 291,049
Property Operating Expenses	(156,146)	(76,523)	(232,669)	(174,038)	(81,782)	(255,820)
NOI	<u>\$ 12,509</u>	<u>\$ (1,257)</u>	<u>\$ 11,252</u>	<u>\$ 31,949</u>	<u>\$ 3,280</u>	<u>\$ 35,229</u>
NOI Margin %	7.4 %	(1.7)%	4.6 %	15.5 %	3.9 %	12.1 %
NOI % Change	(60.8)%	(138.3)%	(68.1)%			

(1) As of August 3, 2021, we had executed agreements with four new third party managers to transition 76 senior living communities. Of these 76 senior living communities, 41 have been transitioned to new third party managers.

SHOP Segment and Same Property - Five Star Retained and Operator Transition Communities

Results of Operations



Six Months Ended June 30, 2021 and 2020

SHOP SEGMENT - RESULTS OF OPERATIONS

(dollars in thousands, except average monthly rate)

	As of and For the Six Months Ended June 30, 2021			As of and For the Six Months Ended June 30, 2020		
	Five Star Retained Communities	Operator Transition Communities	Total SHOP Segment	Five Star Retained Communities	Operator Transition Communities	Total SHOP Segment
Number of Properties ⁽¹⁾	120	115	235	126	115	241
Number of Units	17,898	7,525	25,423	20,245	8,103	28,348
Occupancy	71.8 %	66.1 %	70.2 %	82.2 %	76.9 %	80.7 %
Average Monthly Rate	\$ 4,273	\$ 4,992	\$ 4,467	\$ 4,430	\$ 4,819	\$ 4,535
Average Monthly Rate % Change	(3.5)%	3.6 %	(1.5)%			
Residents Fees and Services	\$ 354,149	\$ 149,764	\$ 503,913	\$ 453,815	\$ 182,258	\$ 636,073
Property Operating Expenses	(331,119)	(158,290)	(489,409)	(382,925)	(171,976)	(554,901)
NOI	<u>\$ 23,030</u>	<u>\$ (8,526)</u>	<u>\$ 14,504</u>	<u>\$ 70,890</u>	<u>\$ 10,282</u>	<u>\$ 81,172</u>
NOI Margin %	6.5 %	(5.7)%	2.9 %	15.6 %	5.6 %	12.8 %
NOI % Change	(67.5)%	(182.9)%	(82.1)%			

SHOP SEGMENT SAME PROPERTY - RESULTS OF OPERATIONS

(dollars in thousands, except average monthly rate)

	As of and For the Six Months Ended June 30, 2021			As of and For the Six Months Ended June 30, 2020		
	Five Star Retained Communities	Operator Transition Communities	Total SHOP Segment	Five Star Retained Communities	Operator Transition Communities	Total SHOP Segment
Number of Properties ⁽¹⁾	120	108	228	120	108	228
Number of Units	17,898	7,525	25,423	17,898	7,525	25,423
Occupancy	72.8 %	66.1 %	70.8 %	84.3 %	78.3 %	82.5 %
Average Monthly Rate	\$ 4,035	\$ 4,991	\$ 4,299	\$ 3,972	\$ 4,863	\$ 4,223
Average Monthly Rate % Change	1.6 %	2.6 %	1.8 %			
Residents Fees and Services	\$ 353,972	\$ 149,736	\$ 503,708	\$ 428,262	\$ 175,088	\$ 603,350
Property Operating Expenses	(330,922)	(157,162)	(488,084)	(354,742)	(163,039)	(517,781)
NOI	<u>\$ 23,050</u>	<u>\$ (7,426)</u>	<u>\$ 15,624</u>	<u>\$ 73,520</u>	<u>\$ 12,049</u>	<u>\$ 85,569</u>
NOI Margin %	6.5 %	(5.0)%	3.1 %	17.2 %	6.9 %	14.2 %
NOI % Change	(68.6)%	(161.6)%	(81.7)%			

(1) As of August 3, 2021, we had executed agreements with four new third party managers to transition 76 senior living communities. Of these 76 senior living communities, 41 have been transitioned to new third party managers.

Office Portfolio Leasing Summary

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

	As of and For the Three Months Ended				
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020
Buildings	118	122	123	126	129
Total square feet	10,927	11,190	11,282	11,573	11,668
Occupancy	91.0 %	92.3 %	91.4 %	91.3 %	92.0 %
Leasing Activity (sq. ft.):					
New leases	65	152	113	67	8
Renewals	567	60	300	135	52
Total	632	212	413	202	60
Rental Rate on New and Renewed Leases per Sq. Ft.:					
New leases	\$ 45.63	\$ 66.99	\$ 25.10	\$ 42.62	\$ 36.78
Renewals	\$ 38.05	\$ 34.96	\$ 23.38	\$ 28.58	\$ 37.83
Average net annual rent	\$ 38.83	\$ 57.89	\$ 23.85	\$ 33.21	\$ 37.70
Leasing Costs and Concession Commitments:					
New leases	\$ 5,191	\$ 32,250	\$ 7,017	\$ 3,632	\$ 379
Renewals	21,241	558	2,794	1,331	343
Total	\$ 26,432	\$ 32,808	\$ 9,811	\$ 4,963	\$ 722
Leasing Costs and Concession Commitments per Sq. Ft.:					
New leases	\$ 80.38	\$ 211.93	\$ 62.00	\$ 54.57	\$ 50.17
Renewals	\$ 37.43	\$ 9.24	\$ 9.30	\$ 9.85	\$ 6.62
All new and renewed leases	\$ 41.82	\$ 154.32	\$ 23.73	\$ 24.60	\$ 12.16
Weighted Average Lease Term (years):					
New leases	9.3	11.0	7.5	8.8	7.2
Renewals	9.1	8.7	4.5	5.7	5.8
All new and renewed leases	9.1	10.6	5.4	7.0	6.0
Leasing Costs and Concession Commitments per Sq. Ft. per Year:					
New leases	\$ 8.60	\$ 19.31	\$ 8.30	\$ 6.20	\$ 7.01
Renewals	\$ 4.13	\$ 1.06	\$ 2.07	\$ 1.73	\$ 1.13
All new and renewed leases	\$ 4.60	\$ 14.57	\$ 4.43	\$ 3.51	\$ 2.02

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

Tenants Representing 1% Or More of Total Annualized Rental Income

As of June 30, 2021

(dollars in thousands)

Tenant	Facility Type	Annualized Rental Income	% of Annualized Rental Income	Expiration
1 Vertex Pharmaceuticals Inc. ⁽¹⁾	Life science	\$ 97,385	21.6 %	2028
2 Cedars-Sinai Medical Center	Medical office	16,966	3.8 %	2021 - 2031
3 Advocate Aurora Health	Medical office	16,896	3.8 %	2024
4 Brookdale Senior Living, Inc.	Senior living	9,446	2.1 %	2032
5 Life Time Athletic	Wellness center	9,105	2.0 %	2040
6 HCA Holdings Inc.	Medical office	7,071	1.6 %	2022 - 2029
7 Surgalign Holdings, Inc.	Life science	6,694	1.5 %	2034
8 Medtronic, Inc.	Medical office	5,726	1.3 %	2022
9 IQVIA Holdings Inc.	Life science	5,365	1.2 %	2023
10 Stratford Retirement, LLC	Senior living	4,691	1.0 %	2033
11 Boston Children's Hospital	Medical office	4,535	1.0 %	2028
12 Oaks Senior Living, LLC	Senior living	4,523	1.0 %	2024 - 2030
All Other Tenants ⁽²⁾		261,567	58.1 %	2021 - 2036
Total Tenants		<u>\$ 449,970</u>	<u>100.0 %</u>	

(1) The life science property leased by this tenant is owned in a joint venture arrangement in which we own a 55% equity interest. Rental income presented includes 100% of rental income consistent with GAAP.

(2) Includes NOI for the three months ended June 30, 2021, annualized, from senior living communities in our SHOP segment.

Office Portfolio Lease Expiration Schedule

As of June 30, 2021

(dollars in thousands)

Office Portfolio Annualized Rental Income Expiring

Year	Annualized Rental Income	Percent of Total Annualized Rental Income Expiring	Cumulative Percentage of Annualized Rental Income Expiring
2021	\$ 13,008	3.5 %	3.5 %
2022	30,540	8.3 %	11.8 %
2023	18,959	5.2 %	17.0 %
2024	49,578	13.5 %	30.5 %
2025	24,360	6.6 %	37.1 %
2026	24,972	6.8 %	43.9 %
2027	14,354	3.9 %	47.8 %
2028	115,781	31.5 %	79.3 %
2029	12,671	3.5 %	82.8 %
2030 and thereafter	62,863	17.2 %	100.0 %
Total	\$ 367,086	100.0 %	

Average remaining lease term for our office portfolio (weighted by annualized rental income): 6.0 years

Office Portfolio Square Feet with Leases Expiring

Year	Square Feet	Percent of Total Square Feet Expiring	Cumulative Percentage of Total Square Feet Expiring
2021	340,153	3.4 %	3.4 %
2022	1,220,308	12.3 %	15.7 %
2023	982,724	9.9 %	25.6 %
2024	1,787,991	18.0 %	43.6 %
2025	909,556	9.1 %	52.7 %
2026	775,788	7.8 %	60.5 %
2027	583,200	5.9 %	66.4 %
2028	1,471,488	14.8 %	81.2 %
2029	338,497	3.4 %	84.6 %
2030 and thereafter	1,533,087	15.4 %	100.0 %
Total	9,942,792	100.0 %	

Muse at Torrey Pines
San Diego, CA



Non-Segment Lease Expiration Schedule

As of June 30, 2021

(dollars in thousands)

Non-Segment Annualized Rental Income Expiring

Year	Number of Properties	Number of Units or Square Feet	Annualized Rental Income	Percent of Total Annualized Rental Income Expiring	Cumulative Percentage of Annualized Rental Income Expiring
2021	—	—	\$ —	— %	— %
2022	—	—	—	— %	— %
2023	—	—	—	— %	— %
2024	2	180 units	2,885	7.2 %	7.2 %
2025	—	—	—	— %	7.2 %
2026	—	—	—	— %	7.2 %
2027	4	534 units	4,332	10.7 %	17.9 %
2028	6	354,000 sq. ft.	4,200	10.4 %	28.3 %
2029	1	155 units	547	1.4 %	29.7 %
2030 and thereafter	26	1,458 units and 458,000 sq. ft.	28,376	70.3 %	100.0 %
Total	39		\$ 40,340	100.0 %	

Non-GAAP Financial Measures and Certain Definitions

Non-GAAP Financial Measures

We present 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 EBITDAre, Adjusted EBITDAre, funds from operations attributable to common shareholders, or FFO attributable to common shareholders, and normalized funds from operations attributable to common shareholders, or Normalized FFO attributable to common shareholders. These measures do not represent cash generated by operating activities in accordance with GAAP and should not be considered alternatives to net income (loss) or net income (loss) attributable to common shareholders as indicators of our operating performance or as measures of our liquidity. These measures should be considered in conjunction with net income (loss) and net income (loss) attributable to common shareholders as presented in our condensed consolidated statements of income (loss). We consider these non-GAAP measures to be appropriate supplemental measures of operating performance for a REIT, along with net income (loss) and net income (loss) attributable to common shareholders. We believe 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 our 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 our 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 our property level results of operations. We calculate NOI, Cash Basis NOI, same property NOI and same property Cash Basis NOI as shown on pages [16](#) through [22](#). We define NOI as income from our real estate less our property operating expenses. NOI excludes amortization of capitalized tenant improvement costs and leasing commissions that we record as depreciation and amortization. We define 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. We calculate same property NOI and same property Cash Basis NOI in the same manner that we calculate the corresponding NOI and Cash Basis NOI amounts, except that we only include same properties in calculating same property NOI and same property Cash Basis NOI. We use 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 we do.

EBITDA, EBITDAre and Adjusted EBITDAre

We calculate EBITDA, EBITDAre and Adjusted EBITDAre as shown on page [23](#). EBITDAre 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, impairment of assets, if any, including adjustments to reflect our proportionate share of EBITDAre of our equity method investment in Five Star, as well as certain other adjustments currently not applicable to us. In calculating Adjusted EBITDAre, we adjust for the items shown on page [23](#). Other real estate companies and REITs may calculate EBITDA, EBITDAre and Adjusted EBITDAre differently than we do.

FFO and Normalized FFO Attributable to Common Shareholders

We calculate FFO attributable to common shareholders and Normalized FFO attributable to common shareholders as shown on page [24](#). FFO attributable to common shareholders is calculated on the basis defined by Nareit, which is net income (loss) attributable to common shareholders, calculated in accordance with GAAP, excluding any gain or loss on sale of properties, loss on impairment of real estate assets and gains or losses on equity securities, net, if any, including adjustments to reflect our proportionate share of FFO of our equity method investment in Five Star, plus real estate depreciation and amortization and minus FFO adjustments attributable to noncontrolling interest, as well as certain other adjustments currently not applicable to us. In calculating Normalized FFO attributable to common shareholders, we adjust for the items shown on page [24](#). FFO attributable to common shareholders and Normalized FFO attributable to common shareholders are among the factors considered by our Board of Trustees when determining the amount of distributions to our shareholders. Other factors include, but are not limited to, requirements to maintain our qualification for taxation as a REIT, limitations in the agreements governing our debt, the availability to us of debt and equity capital, our expectation of our future capital requirements and operating performance, and our expected needs for and availability of cash to pay our obligations. Other real estate companies and REITs may calculate FFO attributable to common shareholders and Normalized FFO attributable to common shareholders differently than we do.

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.

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 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, 2021. 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 our medical office and life science properties and wellness centers. Annualized rental income amounts for our medical office and life science properties also include 100% of rental income as reported under GAAP from the life science property owned in a joint venture arrangement in which we own a 55% 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 early extinguishment of debt, determined together with debt service for the applicable period.

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 we invest in revenue producing capital improvements at certain of our triple net leased senior living communities. As a result, annual rents payable to us increase pursuant to the terms of the applicable leases. These capital improvements are not included in our 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 leasing capital up to stabilization.

Five Star retained communities Five Star retained communities are the 120 senior living communities in our SHOP segment that Five Star will continue to manage pursuant to our June 2021 amended management agreements with Five Star.

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

Non-GAAP Financial Measures and Certain Definitions (Continued)

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 we are required to comply with in order to incur additional debt under our revolving credit facility and the indentures governing our senior unsecured notes.

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 30 basis points facility fee on our revolving 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, 2021.

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 Our maintenance covenant is a financial covenant which we are required to comply with on a quarterly basis pursuant to the indentures governing our 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 that are leased to third party operators and wellness centers, and any other income or expenses that are not attributable to a specific reporting segment.

Occupancy Occupancy for our Office Portfolio is presented as of the end of the period shown; occupancy for our SHOP segment and other tenants is presented for the duration of the period shown, or the most recent prior period of equivalent length for which tenant and manager operating results are available to us. Excludes data for our wellness centers. 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. Other triple net leased senior living communities occupancy excludes data for periods prior to our ownership of certain properties, as well as properties sold or classified as held for sale, or for which there was a transfer of operations during the periods presented.

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. Our 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 we are responsible for the operation and maintenance of the properties and we charge tenants for some or all of the property operating costs. A small percentage of our medical office and life science property leases are full-service leases where we receive fixed rent from our tenants and no reimbursement for our property operating costs.

Operator transition communities Operator transition communities are senior living communities in our SHOP segment managed by Five Star for the periods presented, which have been or will be transitioned to other third party managers pursuant to the amendments to our management arrangements with Five Star in June 2021. As of August 3, 2021, we had executed agreements with four new third party managers to transition 76 senior living communities. Of these 76 senior living communities, 41 have been transitioned to new third party managers.

Principal balance Principal balances are the amounts stated in the contracts. In accordance with GAAP, our carrying values and recorded interest expense may be different because of market conditions at the time we assumed certain of these debts. The principal balance of our revolving credit facility includes amounts outstanding as of the date presented.

Rent coverage Rent coverage is calculated as operating cash flows from our tenants' facility operations of our properties, before subordinated charges, if any, divided by rent payable to us. Excludes data for periods prior to our ownership of certain properties, as well as properties sold or classified as held for sale, or for which there was a transfer of operations from one operator to another during the periods presented.

Same Property For the three months ended June 30, 2021, same property consists of properties owned, in service and operated by the same operator continuously since April 1, 2020, including the life science property owned in a joint venture arrangement in which we own a 55% equity interest; excludes properties classified as held for sale, closed or out of service undergoing redevelopment, if any. For the six months ended June 30, 2021, same property consists of properties owned, in service and operated by the same operator continuously since January 1, 2020, including the life science property owned in a joint venture arrangement in which we own a 55% equity interest; excludes properties classified as held for sale, closed or out of service undergoing redevelopment, if any.

SHOP SHOP, or Senior Housing Operating Portfolio, consists of senior living communities managed by Five Star that provide short term and long term residential living and in some cases care and other services for residents where we pay fees to the manager 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. Includes data from the life science property owned in a joint venture arrangement in which we own a 55% 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 our senior living communities within our 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, 2021.

Warning Concerning Forward-Looking Statements

This presentation of supplemental operating and financial data may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. Whenever we use words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “estimate”, “will”, “may” and negatives or derivatives of these or similar expressions, we are making forward-looking statements. These forward-looking statements are based upon our 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 our forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control.

For example:

- The results of operations for the 108 senior living communities being transitioned may not improve under the management of new managers as a result of the transition as we currently expect, and the results of operations of any or all of our senior living communities may decline, including for reasons beyond our, the new managers’ or Five Star’s control. This may also imply that we will successfully complete these transitions on the timing we expect. However, these transitions are subject to various matters and the timing may be delayed or some or all of the transitions may not occur.
- We may be unable to identify new managers for the 32 remaining senior living communities to be transitioned from Five Star that we believe are sufficiently qualified or may be unable to reach agreement with any such managers on management terms before year end 2021 or at all, and any agreement we may reach with any such managers may not be on the terms we currently expect or desire, and may not be equal to or more favorable to us than the terms of our current management arrangements with Five Star, and further, these transitions may not be successful and the managers may not be able to manage our senior living communities profitably or increase our returns.

The information contained in our filings with the SEC, including under “Risk Factors” in our periodic reports, or incorporated therein, identifies important factors that could cause our actual results to differ materially from those stated in or implied by our forward-looking statements. Our filings with the SEC are available on the SEC's website at www.sec.gov. You should not place undue reliance upon forward-looking statements. Except as required by law, we do not intend to update or change any forward-looking statements as a result of new information, future events or otherwise.