UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-15319

DIVERSIFIED HEALTHCARE TRUST

(Exact Name of Registrant as Specified in Its Charter)

Maryland	**04-3445278**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

Two Newton Place, 255 Washington Street, Suite 300, Newton, MA 02458-1634

(Address of Principal Executive Offices) (Zip Code)

617 - 796 - 8350

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title Of Each Class	Trading Symbol(s)	Name Of Each Exchange On Which Registered
Common Shares of Beneficial Interest	DHC	The Nasdaq Stock Market LLC
5.625% Senior Notes due 2042	DHCNI	The Nasdaq Stock Market LLC
6.25% Senior Notes due 2046	DHCNL	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of registrant's common shares outstanding as of November 3, 2025: 242,146,962

DIVERSIFIED HEALTHCARE TRUST
FORM 10-Q

September 30, 2025

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References in this Quarterly Report on Form 10-Q to the Company, we, us or our include Diversified Healthcare Trust and its consolidated subsidiaries unless otherwise expressly stated or the context indicates otherwise.

PART I. Financial Information

Item 1. Financial Statements.

DIVERSIFIED HEALTHCARE TRUST
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except share data)
(unaudited)

	September 30, 2025	December 31, 2024
Assets		
Real estate properties:		
Land	$ 542,403	$ 605,973
Buildings and improvements	5,416,972	5,817,279
Total real estate properties, gross	5,959,375	6,423,252
Accumulated depreciation	(2,077,012)	(2,082,777)
Total real estate properties, net	3,882,363	4,340,475
Investments in unconsolidated joint ventures	112,769	126,859
Assets of properties held for sale	258,389	276,270
Cash and cash equivalents	201,371	144,584
Restricted cash	8,252	5,270
Equity method investment	8,240	24,590
Acquired real estate leases and other intangible assets, net	21,784	26,300
Other assets, net	190,806	192,657
Total assets	$ 4,683,974	$ 5,137,005
Liabilities and Equity		
Secured revolving credit facility	$ —	$ —
Senior secured notes, net	687,487	826,974
Senior unsecured notes, net	1,580,027	1,957,319
Secured debt and finance leases, net	455,851	126,611
Liabilities of properties held for sale	17,604	6,024
Accrued interest	12,408	23,092
Other liabilities	241,867	238,142
Total liabilities	2,995,244	3,178,162
Commitments and contingencies		
Common shares of beneficial interest, $.01 par value: 300,000,000 shares authorized, 242,146,962 and 241,271,703 shares issued and outstanding, respectively	2,421	2,413
Additional paid in capital	4,622,061	4,620,313
Cumulative net income	1,143,358	1,408,023
Cumulative other comprehensive income (loss)	19	(17)
Cumulative distributions	(4,079,129)	(4,071,889)
Total equity	1,688,730	1,958,843
Total liabilities and equity	$ 4,683,974	$ 5,137,005

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

DIVERSIFIED HEALTHCARE TRUST
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(amounts in thousands, except per share data)
(unaudited)

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Revenues:				
Rental income	$ 55,316	$ 61,635	$ 169,041	$ 187,155
Residents fees and services	333,390	312,005	989,241	928,653
Total revenues	388,706	373,640	1,158,282	1,115,808
Expenses:				
Property operating expenses	325,387	309,697	952,293	921,366
Depreciation and amortization	65,324	68,959	199,915	207,449
General and administrative	12,789	13,933	32,966	27,763
Acquisition and certain other transaction related costs	1,158	331	1,257	2,243
Impairment of assets	93,243	23,031	162,708	41,718
Total expenses	497,901	415,951	1,349,139	1,200,539
Gain (loss) on sale of properties	1,260	111	103,971	(18,976)
Gain on insurance recoveries	—	—	7,522	—
Interest income and other expenses	(774)	2,575	4,307	7,215
Interest expense (including net amortization of debt discounts, premiums and issuance costs of \$20,121, \$26,188, \$66,094 and \$76,642, respectively)	(48,886)	(59,443)	(157,643)	(175,721)
Loss on modification or early extinguishment of debt	(11,191)	—	(40,388)	(209)
Loss before income taxes and equity in net earnings (losses) of investees	(168,786)	(99,068)	(273,088)	(272,422)
Income tax expense	(337)	(148)	(1,229)	(505)
Equity in net earnings (losses) of investees	5,083	527	9,652	(9,882)
Net loss	$ (164,040)	$ (98,689)	$ (264,665)	$ (282,809)
Other comprehensive income:				
Equity in unrealized gains of an investee	7	34	59	8
Unrealized loss on derivative	(6)	—	(23)	—
Other comprehensive income	1	34	36	8
Comprehensive loss	$ (164,039)	$ (98,655)	$ (264,629)	$ (282,801)
Weighted average common shares outstanding (basic and diluted)	240,385	239,667	240,160	239,396
Per common share amounts (basic and diluted):				
Net loss	$ (0.68)	$ (0.41)	$ (1.10)	$ (1.18)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

DIVERSIFIED HEALTHCARE TRUST
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(dollars in thousands)
(unaudited)

	Number of Shares	Common Shares	Additional Paid In Capital	Cumulative Net Income	Cumulative Other Comprehensive Income (Loss)	Cumulative Distributions	Total Equity
Balance at December 31, 2024:	241,271,703	$ 2,413	$ 4,620,313	$ 1,408,023	$ (17)	$ (4,071,889)	$ 1,958,843
Net loss	—	—	—	(8,986)	—	—	(8,986)
Other comprehensive income	—	—	—	—	21	—	21
Distributions	—	—	—	—	—	(2,413)	(2,413)
Share grants	33,582	—	605	—	—	—	605
Share repurchases	(2,035)	—	(6)	—	—	—	(6)
Share forfeitures	(35,431)	—	(13)	—	—	—	(13)
Balance at March 31, 2025:	241,267,819	2,413	4,620,899	1,399,037	4	(4,074,302)	1,948,051
Net loss	—	—	—	(91,639)	—	—	(91,639)
Other comprehensive income	—	—	—	—	14	—	14
Distributions	—	—	—	—	—	(2,413)	(2,413)
Share grants	203,987	2	1,067	—	—	—	1,069
Share repurchases	(38,908)	(1)	(102)	—	—	—	(103)
Share forfeitures	(12,557)	—	(6)	—	—	—	(6)
Balance at June 30, 2025:	241,420,341	2,414	4,621,858	1,307,398	18	(4,076,715)	1,854,973
Net loss	—	—	—	(164,040)	—	—	(164,040)
Other comprehensive income	—	—	—	—	1	—	1
Distributions	—	—	—	—	—	(2,414)	(2,414)
Share grants	950,895	10	1,159	—	—	—	1,169
Share repurchases	(218,290)	(2)	(952)	—	—	—	(954)
Share forfeitures	(5,984)	(1)	(4)	—	—	—	(5)
Balance at September 30, 2025:	242,146,962	$ 2,421	$ 4,622,061	$ 1,143,358	$ 19	$ (4,079,129)	$ 1,688,730

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

DIVERSIFIED HEALTHCARE TRUST
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (CONTINUED)
(dollars in thousands)
(unaudited)

	Number of Shares	Common Shares	Additional Paid In Capital	Cumulative Net Income	Cumulative Other Comprehensive Income (Loss)	Cumulative Distributions	Total Shareholders' Equity
Balance at December 31, 2023:	240,423,898	$ 2,405	$ 4,618,470	$ 1,778,278	$ —	$ (4,062,262)	$ 2,336,891
Net loss	—	—	—	(86,259)	—	—	(86,259)
Other comprehensive loss	—	—	—	—	(4)	—	(4)
Distributions	—	—	—	—	—	(2,404)	(2,404)
Share grants	—	—	558	—	—	—	558
Share repurchases	(30,176)	(1)	(78)	—	—	—	(79)
Balance at March 31, 2024:	240,393,722	2,404	4,618,950	1,692,019	(4)	(4,064,666)	2,248,703
Net loss	—	—	—	(97,861)	—	—	(97,861)
Other comprehensive loss	—	—	—	—	(22)	—	(22)
Distributions	—	—	—	—	—	(2,404)	(2,404)
Share grants	259,259	3	937	—	—	—	940
Share repurchases	(17,511)	(1)	(41)	—	—	—	(42)
Share forfeitures	(16,000)	—	—	—	—	—	—
Balance at June 30, 2024:	240,619,470	2,406	4,619,846	1,594,158	(26)	(4,067,070)	2,149,314
Net loss	—	—	—	(98,689)	—	—	(98,689)
Other comprehensive income	—	—	—	—	34	—	34
Distributions	—	—	—	—	—	(2,406)	(2,406)
Share grants	881,767	9	923	—	—	—	932
Share repurchases	(219,864)	(2)	(779)	—	—	—	(781)
Balance at September 30, 2024:	241,281,373	$ 2,413	$ 4,619,990	$ 1,495,469	$ 8	$ (4,069,476)	$ 2,048,404

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

DIVERSIFIED HEALTHCARE TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2025	**2024**
Cash flows from operating activities:		
Net loss	$ (264,665)	$ (282,809)
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation and amortization	199,915	207,449
Net amortization of debt discounts, premiums and issuance costs	66,094	76,642
Payment of accreted interest on senior secured notes	(86,992)	—
Straight line rental income	(759)	(1,605)
Amortization of acquired real estate leases and other intangible assets, net	83	84
Loss on modification or early extinguishment of debt	40,388	209
Impairment of assets	162,708	41,718
(Gain) loss on sale of properties	(103,971)	18,976
Gain on insurance recoveries	(7,522)	—
Other non-cash adjustments, net	(10)	(405)
Unconsolidated joint venture distributions	250	1,231
Equity in net (earnings) losses of investees	(9,652)	9,882
Change in assets and liabilities:		
Deferred leasing costs, net	(3,273)	(2,199)
Other assets	(11,173)	2,828
Accrued interest	(10,684)	(258)
Other liabilities	29,755	22,285
Net cash provided by operating activities	492	94,028
Cash flows from investing activities:		
Real estate improvements	(114,389)	(134,966)
Proceeds from sale of properties, net	349,382	27,845
Investment in AlerisLife Inc.	—	(15,459)
Equity method investment distributions	48,400	—
Contributions to unconsolidated joint ventures	(8,500)	—
Proceeds from insurance recoveries	1,308	1,698
Purchase of interest rate cap	(47)	—
Net cash provided by (used in) investing activities	276,154	(120,882)
Cash flows from financing activities:		
Proceeds from issuance of senior secured notes, net	369,375	—
Proceeds from mortgage notes payable	343,157	120,000
Redemption of senior secured notes	(483,368)	—
Redemption of senior unsecured notes	(380,000)	(60,000)
Repayment of other debt	(2,728)	(2,388)
Early extinguishment of debt settled in cash	(35,804)	—
Payment of debt issuance costs	(19,206)	(8,203)
Repurchase of common shares	(1,063)	(902)
Distributions to shareholders	(7,240)	(7,214)
Net cash (used in) provided by financing activities	(216,877)	41,293
Increase in cash and cash equivalents and restricted cash	59,769	14,439
Cash and cash equivalents and restricted cash at beginning of period	149,854	246,961
Cash and cash equivalents and restricted cash at end of period	$ 209,623	$ 261,400

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

DIVERSIFIED HEALTHCARE TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(dollars in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2025	**2024**
Supplemental cash flow information:		
Interest paid [(1)]	$ 189,225	$ 99,337
Income taxes paid	$ 626	$ 484
Non-cash investing activities:		
Real estate improvements accrued, not paid	$ 15,474	$ 18,603

(1) Includes $86,992 of accreted interest paid during the nine months ended September 30, 2025 on our senior secured notes due 2026.

Supplemental disclosure of cash and cash equivalents and restricted cash:

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within our condensed consolidated balance sheets to the amount shown in our condensed consolidated statements of cash flows:

	As of September 30,	
	2025	**2024**
Cash and cash equivalents	$ 201,371	$ 256,527
Restricted cash [(1)]	8,252	4,873
Total cash and cash equivalents and restricted cash shown in our condensed consolidated statements of cash flows	$ 209,623	$ 261,400

(1) Restricted cash consists of amounts escrowed for real estate taxes, insurance and capital expenditures at certain of our mortgaged properties.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Note 1. Basis of Presentation

The accompanying condensed consolidated financial statements of Diversified Healthcare Trust and its subsidiaries, or DHC, we, us, or our, are unaudited. Certain information and disclosures required by U.S. generally accepted accounting principles, or GAAP, for complete financial statements have been condensed or omitted. We believe the disclosures made are adequate to make the information presented not misleading. However, the accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes contained in our Annual Report on Form 10-K for the year ended December 31, 2024, or our Annual Report.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results for the interim period have been included. All intercompany transactions and balances with or among our consolidated subsidiaries have been eliminated. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year.

The preparation of these financial statements in conformity with GAAP requires us to make estimates and assumptions that affect reported amounts. Actual results could differ from those estimates. Significant estimates in our condensed consolidated financial statements include purchase price allocations, useful lives of fixed assets and impairments of real estate and intangible assets.

We have been, are currently, and expect in the future to be involved in claims, lawsuits, and regulatory and other governmental audits, investigations and proceedings arising in the ordinary course of our business. While the outcome of any litigation is inherently uncertain, we do not believe any currently pending litigation or proceedings will have a material adverse effect on our financial condition, results of operations or cash flows.

Note 2. Recent Accounting Pronouncements

On December 14, 2023, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, or ASU No. 2023-09, which requires public entities to enhance their annual income tax disclosures by requiring: (i) consistent categories and greater disaggregation of information in the rate reconciliation, and (ii) income taxes paid disaggregated by jurisdiction. ASU No. 2023-09 should be applied prospectively but entities have the option to apply it retrospectively to all prior periods presented in the financial statements. ASU No. 2023-09 is effective for annual periods beginning after December 15, 2024, with early adoption permitted. We expect to include additional disclosures in the notes to our condensed consolidated financial statements as a result of the implementation of ASU No. 2023-09; however, these changes are not expected to have a material effect on our condensed consolidated financial statements.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statements Expenses*, or ASU No. 2024-03, which requires public entities to disclose specific expense categories such as employee compensation, depreciation and intangible asset amortization. These details must be presented in a tabular format in the notes to condensed consolidated financial statements for both interim and annual reporting periods. ASU 2024-03 is required to be applied prospectively but can be applied retrospectively, and is effective for the first annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. We are currently evaluating the impact that ASU 2024-03 will have on our condensed consolidated financial statements.

Note 3. Real Estate and Other Investments

As of September 30, 2025, we owned 335 properties located in 34 states and Washington, D.C., including 50 properties classified as held for sale, and we owned an equity interest in each of two unconsolidated joint ventures that own medical office and life science properties located in five states.

Dispositions:

The table below represents the sale prices, excluding closing costs, of our dispositions for the nine months ended September 30, 2025. We do not believe these sales represent a strategic shift in our business. As a result, the results of operations for these properties are included in continuing operations through the date of sale of such properties in our condensed consolidated statements of comprehensive income (loss).

(dollar amounts in thousands, except per share data or as otherwise stated)

Date of Sale	State	Type of Property	Number of Properties	Sales Price	Gain (Loss) on Sale
January 2025	Delaware	Senior Living (SHOP)	1	$ 2,900	$ 1,263
January 2025	California	Life Science (1)	3	159,025	9,723
February 2025	Arizona	Life Science	1	16,800	65
February 2025	Various	Senior Living (1)	18	135,000	97,560
March 2025	Connecticut	Medical Office (1)	1	7,100	1,529
May 2025	Tennessee	Senior Living (SHOP)	1	11,150	(5,261)
May 2025	Missouri	Medical Office	1	5,250	(2,168)
July 2025	Wisconsin	Medical Office	1	500	(34)
July 2025	Montana	Medical Office	1	4,300	31
July 2025	New Jersey	All Other	1	4,000	1,554
August 2025	Pennsylvania	Medical Office	1	1,800	(19)
September 2025	Georgia	Senior Living (SHOP)	1	1,600	(218)
September 2025	Maryland	Medical Office	1	4,250	(54)
			32	$ 353,675	$ 103,971

(1) We used aggregate net proceeds of $299,158 from the sales of these properties to partially redeem our outstanding senior secured notes due 2026.

As of September 30, 2025, we had 50 properties classified as held for sale in our condensed consolidated balance sheet as follows:

Segment	Number of Properties	Real Estate Properties, Net
SHOP	29	$ 94,778
Medical Office and Life Science	21	139,609
	50	$ 234,387

Subsequent to September 30, 2025, we sold 12 properties for an aggregate sales price of $42,130, excluding closing costs. In October 2025, we used net proceeds of $10,249 from the sale of one of these properties to partially redeem our outstanding senior secured notes due 2026. As of November 3, 2025, we had 38 properties under agreements or letters of intent to sell for an aggregate sales price of $237,219, excluding closing costs. The net proceeds from the sales of 12 of these properties, which have an expected aggregate sales price of $90,529, excluding closing costs, are required to be used to partially redeem our outstanding senior secured notes due 2026, if the sales of such properties are completed. We may not complete the sales of any or all of the properties we currently plan to sell. Also, we 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 we may incur losses on any such sales as a result.

Impairment:

We regularly evaluate our assets for indicators of impairment. Impairment indicators may include declining tenant or resident occupancy, weak or declining profitability from the property, decreasing tenant cash flows or liquidity, our decision to dispose of an asset before the end of its estimated useful life and legislative, market or industry changes that could permanently reduce the value of an asset. If indicators of impairment are present, we evaluate the carrying value of the affected assets by comparing it to the expected future undiscounted cash flows to be generated from those assets. The future cash flows are subjective and are based in part on assumptions regarding hold periods, market rents and terminal capitalization rates. If the sum of these expected future cash flows is less than the carrying value, we reduce the net carrying value of the asset to its estimated fair value.

(dollar amounts in thousands, except per share data or as otherwise stated)

During the nine months ended September 30, 2025, we recorded impairment charges of $109,597 to adjust the carrying value of 18 medical office and life science properties to their estimated fair values. We sold five of these properties during the nine months ended September 30, 2025. The remaining 13 properties were classified as held for sale in our condensed consolidated balance sheet as of September 30, 2025. During the nine months ended September 30, 2025, we also recorded impairment charges of $53,111 to adjust the carrying value of 25 senior living communities in our senior housing operating portfolio, or SHOP, to their estimated fair values. We sold one of these communities during the nine months ended September 30, 2025. The remaining 24 communities were classified as held for sale in our condensed consolidated balance sheet as of September 30, 2025.

Investments and Capital Expenditures:

The following is a summary of capital expenditures, development, redevelopment and other activities for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
SHOP fixed assets and capital improvements	$ 33,306	$ 27,923	$ 78,704	$ 59,637
Medical Office and Life Science Portfolio capital expenditures:				
Lease related costs (1)	4,961	3,504	12,336	15,942
Building improvements (2)	2,295	1,359	5,337	4,130
Recurring capital expenditures - Medical Office and Life Science Portfolio	7,256	4,863	17,673	20,072
Wellness centers lease related costs (1)	—	5,488	—	17,002
Total recurring capital expenditures	$ 40,562	$ 38,274	$ 96,377	$ 96,711
Development, redevelopment and other activities - SHOP (3)	$ 1,865	$ 11,714	$ 12,093	$ 18,608
Development, redevelopment and other activities - Medical Office and Life Science Portfolio (3)	175	537	175	2,362
Total development, redevelopment and other activities	$ 2,040	$ 12,251	$ 12,268	$ 20,970
Capital expenditures by segment:				
SHOP	$ 35,171	$ 39,637	$ 90,797	$ 78,245
Medical Office and Life Science Portfolio	7,431	5,400	17,848	22,434
All Other - wellness centers	—	5,488	—	17,002
Total capital expenditures	$ 42,602	$ 50,525	$ 108,645	$ 117,681

(1) Includes capital expenditures to improve tenants' space or amounts paid directly to tenants to improve their space and other leasing related costs, such as brokerage commissions and tenant inducements.
(2) Includes capital expenditures to replace obsolete building components that extend the useful life of existing assets or other improvements to increase the marketability of the property.
(3) Includes capital expenditures that reposition a property or result in change of use or new sources of revenue.

DIVERSIFIED HEALTHCARE TRUST
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(dollar amounts in thousands, except per share data or as otherwise stated)

Equity Method Investments in Unconsolidated Joint Ventures:

As of September 30, 2025, we had equity investments in unconsolidated joint ventures as follows:

Equity Method Investments in Joint Venture	DHC Ownership	DHC Carrying Value of Investment at September 30, 2025	Number of Properties	State	Square Feet
Seaport Innovation LLC	10%	$ 67,060	1	MA	1,134,479
The LSMD Fund REIT LLC	20%	45,709	10	CA, MA, NY, TX, WA	1,068,763
		$ 112,769	11		2,203,242

The following table provides a summary of the mortgage debts of these joint ventures as of September 30, 2025:

Joint Venture	Coupon Rate	Maturity Date	Principal Balance (1)
Mortgage Notes Payable (secured by one property in Massachusetts) (2) (3)	5.60%	9/1/2030	$ 1,000,000
Mortgage Notes Payable (secured by nine properties in five states) (4)	3.46%	2/11/2032	189,800
Mortgage Notes Payable (secured by one property in California) (4) (5)	6.14%	2/9/2026	266,825
	5.40%		$ 1,456,625

(1) Amounts are not adjusted for our minority equity interest.
(2) We provide certain limited recourse guaranties on this debt, with our liability limited to $100,000.
(3) Reflects August 2025 refinancing of the previous mortgage loan with an original principal balance of $620,000.
(4) The debt securing these properties is non-recourse to us.
(5) The joint venture has one remaining one-year extension option for the maturity date of this mortgage loan, subject to satisfaction of certain conditions, and this mortgage loan requires that interest be paid at an annual rate of the one-month term secured overnight financing rate, or SOFR, plus a premium of 1.90%. The joint venture has purchased an interest rate cap through February 2026 with a SOFR strike rate equal to 5.74%.

We account for the unconsolidated joint venture for 10 medical office and life science properties in which we own a 20% equity interest, or the LSMD JV, and the unconsolidated joint venture for a life science property located in Boston, Massachusetts in which we own a 10% equity interest, or the Seaport JV, using the equity method of accounting under the fair value option. We recognized changes in the fair value of our investments in our unconsolidated joint ventures of $1,869 and $1,707 during the three months ended September 30, 2025 and 2024, respectively, and $5,661 and $(18,173) during the nine months ended September 30, 2025 and 2024, respectively. These amounts are included in equity in net earnings (losses) of investees in our condensed consolidated statements of comprehensive income (loss). On August 21, 2025, the Seaport JV paid an aggregate cash distribution of $280,000 to its investors in connection with the refinancing of its prior mortgage loan in August 2025. Our pro rata share of this cash distribution was $28,000 and our basis in the equity method investment in the Seaport JV was reduced by such amount. See Note 6 for further information regarding the valuation of our investment in these joint ventures.

Equity Method Investment in AlerisLife:

As of September 30, 2025, we owned approximately 34.0% of the outstanding common shares of AlerisLife Inc., or AlerisLife. We do not control the activities that are most significant to AlerisLife and, as a result, we account for our non-controlling interest in AlerisLife using the equity method of accounting.

As of September 30, 2025, our investment in AlerisLife had a carrying value of $8,240. The cost basis of our investment in AlerisLife exceeded our proportionate share of AlerisLife's total stockholders' equity book value on the date of acquisition of our initial interest in AlerisLife, which was February 16, 2024, by an aggregate of $29,500. As required under GAAP, we are amortizing this difference to equity in earnings of an investee over 21 years, the weighted average remaining useful life of the real estate assets owned by AlerisLife and the intangible contract asset with us as of the date of acquisition. We recorded amortization of the basis difference of $351 and $351 for the three months ended September 30, 2025 and 2024, respectively, and $1,053 and $877 for the nine months ended September 30, 2025 and 2024, respectively. We recognized income of $2,863 and $(1,531) related to our investment in AlerisLife for the three months ended September 30, 2025 and 2024, respectively, and $2,938 and $7,414 for the nine months ended September 30, 2025 and 2024, respectively. These amounts are included in equity in net earnings (losses) of investees in our condensed consolidated statements of comprehensive income (loss). On February 14, 2025, AlerisLife paid an aggregate cash dividend of $50,000 to its stockholders. Our pro rata share of this cash dividend was $17,000 and our basis in the equity method investment in AlerisLife was reduced by such amount. On July 15, 2025, AlerisLife paid an aggregate cash dividend of $10,000 to its stockholders. Our pro rata share of this cash dividend was $3,400 and our basis in the equity method investment in AlerisLife was reduced by such amount. See Note 11 for further information regarding our investment in AlerisLife.

Other:

In September 2022, certain of our managed senior living communities located in Florida experienced hurricane related damage. We carry comprehensive property, casualty, flood and business interruption insurances which covered our losses at these senior living communities, subject to a deductible. During the nine months ended September 30, 2025, we recognized a gain on insurance recoveries of $7,522 as a result of insurance proceeds received for these damaged senior living communities and the closing of the associated claim.

Note 4. Leases

We are a lessor of medical office and life science properties, senior living communities and other healthcare related properties. Our leases provide our tenants with the contractual right to use and economically benefit from all of the premises demised under the leases; therefore, we have determined to evaluate our leases as lease arrangements.

Our leases provide for base rent payments and, in addition, may include variable payments. Rental income from operating leases, including any payments derived by index or market based indices, is recognized on a straight line basis over the lease term when we have determined that the collectability of substantially all of the lease payments is probable. Some of our leases have options to extend or terminate the lease exercisable at the option of our tenants, which are considered when determining the lease term.

We increased rental income to record revenue on a straight line basis by $450 and $658 for the three months ended September 30, 2025 and 2024, respectively, and $759 and $1,605 for the nine months ended September 30, 2025 and 2024, respectively. Rents receivable, excluding receivables related to our properties classified as held for sale, if any, include $62,056 and $69,814 of straight line rent receivables at September 30, 2025 and December 31, 2024, respectively, and are included in other assets, net in our condensed consolidated balance sheets.

We do not include in our measurement of our lease receivables certain variable payments, including changes in the index or market based indices after the inception of the lease, certain tenant reimbursements and other income until the specific events that trigger the variable payments have occurred. Such payments totaled $10,098 and $11,126 for the three months ended September 30, 2025 and 2024, respectively, of which tenant reimbursements totaled $10,064 and $11,083, respectively, and $30,748 and $34,111 for the nine months ended September 30, 2025 and 2024, respectively, of which tenant reimbursements totaled $30,255 and $33,953, respectively.

Right of Use Asset and Lease Liability: For leases where we are the lessee, we recognize a right of use asset and a lease liability equal to the present value of the minimum lease payments, with rental payments being applied to the lease liability and the right of use asset being amortized over the term of the lease. The values of the right of use assets and related liabilities representing our future obligation under the respective lease arrangements for which we are the lessee were $17,423 and $17,810, respectively, as of September 30, 2025, and $20,025 and $20,411, respectively, as of December 31, 2024. The right of use assets and related lease liabilities are included within other assets, net and other liabilities, respectively, within our condensed consolidated balance sheets. In addition, we lease equipment at certain of our managed senior living communities. These leases are short term in nature, are cancelable with no fee or do not result in an annual expense in excess of our capitalization policy and, as a result, are not recorded on our condensed consolidated balance sheets.

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 5. Indebtedness

At September 30, 2025 and December 31, 2024, our outstanding indebtedness consisted of the following:

Senior Unsecured Notes:

	Coupon Rate	Maturity	Principal Balance as of September 30, 2025	Principal Balance as of December 31, 2024
Senior unsecured notes	9.750%	June 2025	$ —	$ 380,000
Senior unsecured notes	4.750%	February 2028	500,000	500,000
Senior unsecured notes [1]	4.375%	March 2031	500,000	500,000
Senior unsecured notes	5.625%	August 2042	350,000	350,000
Senior unsecured notes	6.250%	February 2046	250,000	250,000
Total			1,600,000	1,980,000
Unamortized discount			(2,006)	(2,639)
Unamortized debt issuance costs			(17,967)	(20,042)
Senior unsecured notes, net			$ 1,580,027	$ 1,957,319

(1) These notes are fully and unconditionally guaranteed, on a joint, several and unsecured basis, by all of our subsidiaries except certain excluded subsidiaries. The notes and related guarantees are effectively subordinated to all of our and the subsidiary guarantors' secured indebtedness, respectively, to the extent of the value of the applicable collateral, and are structurally subordinated to all indebtedness and other liabilities and any preferred equity of any of our subsidiaries that do not guarantee the notes.

Secured and Other Debt:

	Number of Properties Securing at September 30, 2025	Number of Properties Securing at December 31, 2024	Principal Balance as of [1] September 30, 2025	Principal Balance as of [1] December 31, 2024	Interest Rate	Maturity	Net Book Value of Collateral as of September 30, 2025	Net Book Value of Collateral as of December 31, 2024
Secured revolving credit facility	14	—	$ —	$ —	6.84 %	June 2029	$ 327,475	$ —
Senior secured notes[2][3]	58	95	334,370	940,534	0.00 %	January 2026	617,410	1,064,171
Senior secured notes[4]	36	—	375,000	—	7.25 %	October 2030	406,715	—
Floating rate mortgage loan [5]	14	—	140,000	—	6.63 %	March 2028	144,694	—
Mortgage note	4	—	63,757	—	6.57 %	June 2030	136,169	—
Mortgage note	8	8	120,000	120,000	6.86 %	June 2034	184,383	191,186
Mortgage notes [6]	7	—	108,873	—	6.22 %	May 2035	149,689	—
Mortgage notes [7]	2	—	30,284	—	6.36 %	June 2035	35,192	—
Mortgage note	1	1	6,261	7,464	6.44 %	July 2043	13,009	13,097
Finance Leases	2	2	1,056	2,338	7.70 %	April 2026	20,546	21,606
Total	146	106	1,179,601	1,070,336			$ 2,035,282	$ 1,290,060
Unamortized discount			(10,398)	(101,035)				
Unamortized debt issuance costs [8]			(25,865)	(15,716)				
Total secured and other debt, net			$ 1,143,338	$ 953,585				

(1) The 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.

(2) These notes are fully and unconditionally guaranteed, on a joint, several and senior secured basis by certain of our subsidiaries that own 58 properties, or the 2026 Collateral Guarantors, and on a joint, several and unsecured basis, by all of our subsidiaries other

than the 2026 Collateral Guarantors and certain excluded subsidiaries. These notes and the guarantees provided by the 2026 Collateral Guarantors are secured by a first priority lien on and security interest in each of the collateral properties and 100% of the equity interests in each of the 2026 Collateral Guarantors. The unsecured guarantees related to these notes are effectively subordinated to all of the subsidiary guarantors' secured indebtedness to the extent of the value of the applicable collateral, and the notes and related guarantees are structurally subordinated to all indebtedness and other liabilities and any preferred equity of any of our subsidiaries that do not guarantee the notes.

(3) We have a one-time option to extend the maturity date of these senior secured notes by one year, to January 15, 2027, subject to satisfaction of certain conditions and payment of an extension fee. If we exercise this option, interest payments will be due semiannually during the extension period at an initial interest rate of 11.25% with increases of 50 basis points every 90 days these senior secured notes remain outstanding.

(4) These notes are fully and unconditionally guaranteed, on a joint, several and senior secured basis by certain of our subsidiaries that own 36 properties, or the 2030 Collateral Guarantors, and on a joint, several and unsecured basis, by all of our subsidiaries other than the 2030 Collateral Guarantors and certain excluded subsidiaries. These notes and the guarantees provided by the 2030 Collateral Guarantors are secured by a first priority lien on and security interest in 100% of the equity interests in each of the 2030 Collateral Guarantors. The unsecured guarantees related to these notes are effectively subordinated to all of the subsidiary guarantors' secured indebtedness to the extent of the value of the applicable collateral, and the notes and related guarantees are structurally subordinated to all indebtedness and other liabilities and any preferred equity of any of our subsidiaries that do not guarantee the notes.

(5) This mortgage loan requires that interest be paid at an annual rate of SOFR plus a premium of 2.50% with interest-only payments through April 2027, and we have two six-month extension options of the interest-only period, subject to satisfaction of certain conditions. In connection with this mortgage loan, we have purchased an interest rate cap with a SOFR strike rate equal to 4.50% pursuant to the terms of the applicable loan agreement.

(6) These mortgage loans require interest-only payments through May 2030.

(7) These mortgage loans require interest-only payments through June 2028.

(8) Excludes unamortized debt issuance costs for our revolving credit facility as these costs are included in other assets, net in our condensed consolidated balance sheets.

As of September 30, 2025, all $500,000 of our 4.375% senior notes due 2031 were fully and unconditionally guaranteed, on a joint, several and unsecured basis, by all of our subsidiaries except certain excluded subsidiaries. The notes and related guarantees are effectively subordinated to all of our and the subsidiary guarantors' secured indebtedness, respectively, to the extent of the value of the applicable collateral, and the notes and related guarantees are structurally subordinated to all indebtedness and other liabilities and any preferred equity of any of our subsidiaries that do not guarantee the notes. Our remaining $1,100,000 of senior unsecured notes do not have the benefit of any guarantees as of September 30, 2025.

No cash interest is due on these notes prior to maturity. The accreted value of these notes will increase at a rate of 11.25% per annum compounded semiannually on January 15 and July 15 of each year, such that the accreted value will equal the principal amount at maturity. We recognized discount accretion of $16,313 and $22,034 for the three months ended September 30, 2025 and 2024, respectively, and $54,742 and $64,133 for the nine months ended September 30, 2025 and 2024, respectively, for our senior secured notes due 2026 in interest expense in our condensed consolidated statements of comprehensive income (loss). As of November 3, 2025, we are under agreements or letters of intent to sell 12 additional properties that secure our senior secured notes due 2026 for an expected aggregate sales price of $90,529, excluding closing costs. The net proceeds from these sales are required to be used to partially redeem these senior secured notes, if these sales are completed.

(dollar amounts in thousands, except per share data or as otherwise stated)

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The table below represents our indebtedness repayments, excluding scheduled payments on amortizing debt, for the nine months ended September 30, 2025:

Date	Debt Instrument	Secured Property Count	Interest Rate	Original Maturity Date	Outstanding Principal Balance	Repayment Amount	Remaining Principal Balance	Loss on Modification or Early Extinguishment of Debt
Repayments during the nine months ended September 30, 2025:								
March 2025 (1)	Senior secured notes	73	0.00%	January 2026	$ 940,534	$ 299,158	$ 641,376	$ 29,071
April 2025	Senior unsecured notes	—	9.75%	June 2025	$ 380,000	140,000	$ 240,000	82
May 2025	Senior unsecured notes	—	9.75%	June 2025	$ 240,000	140,000	$ 100,000	44
June 2025	Senior unsecured notes	—	9.75%	June 2025	$ 100,000	100,000	$ —	—
September 2025 (2)	Senior secured notes	58	0.00%	January 2026	$ 641,376	307,006	$ 334,370	11,191
Total						$ 986,164		$ 40,388

(1) During the nine months ended September 30, 2025, we sold 22 properties that secured our senior secured notes due 2026. We used aggregate net proceeds of $299,158 from the sales of these properties to partially redeem these senior secured notes.

(2) In September 2025, we redeemed a portion of our senior secured notes due 2026 for a redemption price equal to the principal amount of $307,006. As a result of this partial redemption, 15 of the properties that secured these senior secured notes were released. There are now first priority liens on and security interests in 100% of the equity interests in the subsidiaries owning these 15 properties that secure our 7.25% senior secured notes due 2030.

In March 2025, we executed a $140,000 floating rate mortgage loan secured by 14 SHOP communities. This mortgage loan matures in March 2028 and requires that interest be paid at an annual rate of SOFR plus a premium of 2.50% with interest-only payments through April 2027.

In April 2025, we executed a $108,873 fixed rate mortgage financing secured by seven SHOP communities. These mortgage loans mature in May 2035 and require that interest be paid at an annual rate of 6.22% with interest-only payments through May 2030.

In May 2025, we executed a $64,000 fixed rate mortgage loan secured by four SHOP communities. This mortgage loan matures in June 2030 and requires that interest be paid at an annual rate of 6.57%.

In May 2025, we executed a $30,284 fixed rate mortgage financing secured by two SHOP communities. These mortgage loans mature in June 2035 and require that interest be paid at an annual rate of 6.36% with interest-only payments through June 2028.

From April through June 2025, we used the net proceeds from the 2025 mortgage financings, together with cash on hand, to fully redeem the remaining $380,000 principal balance of our 9.75% senior unsecured notes due June 2025.

In June 2025, we obtained a $150,000 revolving credit facility secured by 14 senior living communities in our SHOP segment. Our revolving credit facility is available for general business purposes, including acquisitions. We can borrow, repay and reborrow funds available under our revolving credit facility, and no principal repayments are due, until maturity. Availability of borrowings under the agreement governing our revolving credit facility, or our credit agreement, is subject to satisfying certain financial covenants and other credit facility conditions. Our revolving credit facility matures in June 2029 and we have two six-month extension options for the maturity date of the facility, subject to satisfaction of certain conditions and payment of an extension fee.

In September 2025, we issued $375,000 in aggregate principal amount of our 7.25% senior secured notes due 2030 in a private offering raising net proceeds of $364,726, after deducting discounts and commissions to the initial purchasers and other estimated fees and expenses. These notes require semi-annual interest payments through maturity. We used the net proceeds from the offering to partially redeem $307,006 of our then outstanding $641,376 senior secured notes due 2026. As a result of this partial redemption, we recorded a loss on modification or early extinguishment of debt of $11,191 for the three months ended September 30, 2025.

(dollar amounts in thousands, except per share data or as otherwise stated)

Interest payable on borrowings under our revolving credit facility is based on SOFR plus a premium of 2.50% to 3.00%, depending on our net leverage ratio, as defined in our credit agreement, which was 2.50% as of September 30, 2025. We also pay an unused commitment fee of 25 to 35 basis points per annum based on amounts outstanding under our revolving credit facility. As of September 30, 2025, the annual interest rate payable on borrowings under our revolving credit facility was 6.84%. As of September 30, 2025 and November 3, 2025, we had no borrowings under our revolving credit facility and $150,000 available for borrowings.

Interest on our senior unsecured notes and our 7.25% senior secured notes due 2030 is payable either semiannually or quarterly in arrears; however, no principal repayments are due until maturity. No interest is payable on our senior secured notes due 2026, with any principal amount outstanding due at maturity. Our mortgage loan maturing in June 2034 requires monthly interest payments and no principal payment is due until maturity, while our mortgage loans maturing in March 2028, May 2035 and June 2035 require monthly interest payments and no principal payment is due for a specified amount of time. Our mortgage loans maturing in June 2030 and July 2043 require monthly principal and interest payments. Payments under our finance leases are due monthly. We include amortization of finance lease assets in depreciation and amortization expense.

Our credit agreement, our mortgage loan agreements and our senior notes indentures and their supplements provide for acceleration of payment of all amounts outstanding upon the occurrence and continuation of certain events of default. Our credit agreement and our senior notes indentures and their supplements also contain covenants that restrict our ability to incur debts, including debts secured by mortgages on our properties, in excess of calculated amounts and require us to maintain various financial ratios. Borrowings under our revolving credit facility are subject to satisfying certain financial covenants and other credit facility conditions. We believe we were in compliance with the terms and conditions of our debt agreements as of September 30, 2025.

Note 6. Fair Value of Assets and Liabilities

The following table presents certain of our assets that are measured at fair value at September 30, 2025 and December 31, 2024, categorized by the level of inputs as defined in the fair value hierarchy under GAAP, used in the valuation of each asset.

	As of September 30, 2025		As of December 31, 2024	
Description	**Carrying Value**		**Carrying Value**	
Recurring Fair Value Measurements Assets:				
Investment in unconsolidated joint venture (Level 3) (1)	$	67,060	$	81,949
Investment in unconsolidated joint venture (Level 3) (2)	$	45,709	$	44,910
Interest rate cap (Level 2) (3)	$	1	$	—
Non-Recurring Fair Value Measurements Assets:				
Real estate properties held for sale (Level 2) (4)	$	129,922	$	—

(1) The 10% equity interest we own in the Seaport JV is included in investments in unconsolidated joint ventures in our condensed consolidated balance sheet, and is reported at fair value, which is based on significant unobservable inputs (Level 3 inputs). The significant unobservable inputs used in the fair value analysis are a discount rate of 7.00%, an exit capitalization rate of 6.00%, a holding period of 10 years and market rents. The assumptions made in the fair value analysis are based on the location, type and nature of the property, and current and anticipated market conditions. See Note 3 for further information regarding this joint venture.

(2) The 20% equity interest we own in the LSMD JV is included in investments in unconsolidated joint ventures in our condensed consolidated balance sheet, and is reported at fair value, which is based on significant unobservable inputs (Level 3 inputs). The significant unobservable inputs used in the fair value analysis are discount rates of between 6.25% and 8.75%, exit capitalization rates of between 5.25% and 8.00%, holding periods of 10 years and market rents. The assumptions we made in the fair value analysis are based on the location, type and nature of each property, and current and anticipated market conditions. See Note 3 for further information regarding this joint venture.

(3) The fair value of our interest rate cap derivative is based on prevailing market prices in secondary markets for similar derivative contracts as of the measurement date.

(4) We have assets in our condensed consolidated balance sheets that are measured at fair value on a non-recurring basis. During the three months ended September 30, 2025, we recorded impairment charges of $57,331 to reduce the carrying value of 12 medical office properties classified as held for sale to their estimated sales price, less estimated costs to sell, of $82,288 under agreements to sell that we have entered into with third parties. During the three months ended September 30, 2025, we also recorded impairment

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charges of $35,912 to reduce the carrying value of 24 senior living communities classified as held for sale to their estimated sales price, less estimated costs to sell, of $47,634 under agreements or letters of intent to sell that we have entered into with third parties. See Note 3 for further information about impairment charges and the properties we have classified as held for sale.

In addition to the assets described in the table above, our financial instruments at September 30, 2025 and December 31, 2024 included cash and cash equivalents, restricted cash, certain other assets, our revolving credit facility, senior unsecured notes, senior secured notes, secured debt and finance leases and certain other unsecured obligations and liabilities. The fair values of these financial instruments approximated their carrying values in our condensed consolidated financial statements as of such dates, except as follows:

	As of September 30, 2025		As of December 31, 2024	
Description	**Carrying Value (1)**	**Estimated Fair Value**	**Carrying Value (1)**	**Estimated Fair Value**
Senior unsecured notes, 9.750% coupon rate, due 2025	$ —	$ —	$ 379,392	$ 379,970
Senior secured notes, zero coupon rate, due 2026	322,734	330,692	826,974	885,108
Senior unsecured notes, 4.750% coupon rate, due 2028	496,972	476,700	496,018	429,170
Senior secured notes, 7.250% coupon rate, due 2030	364,753	381,113	—	—
Senior unsecured notes, 4.375% coupon rate, due 2031	495,346	441,700	494,702	368,240
Senior unsecured notes, 5.625% coupon rate, due 2042	343,588	233,800	343,302	218,260
Senior unsecured notes, 6.250% coupon rate, due 2046	244,121	176,200	243,905	157,700
Secured debt and finance leases	455,851	451,916	126,611	126,001
	$ 2,723,365	$ 2,492,121	$ 2,910,904	$ 2,564,449

(1) Includes unamortized net discounts, premiums and debt issuance costs, if any.

We estimated the fair values of our two issuances of senior unsecured notes due 2042 and 2046 based on the closing price on The Nasdaq Stock Market LLC, or Nasdaq, as of September 30, 2025 and December 31, 2024 (Level 1 inputs as defined in the fair value hierarchy under GAAP). We estimated the fair values of our three issuances of senior unsecured notes due 2025, 2028 and 2031 and our two issuances of senior secured notes due 2026 and 2030 using an average of the bid and ask price on Nasdaq on or about September 30, 2025 and December 31, 2024 (Level 2 inputs as defined in the fair value hierarchy under GAAP). We estimated the fair values of our secured debts by using discounted cash flows analyses and currently prevailing market terms as of the measurement date (Level 3 inputs as defined in the fair value hierarchy under GAAP). Because Level 3 inputs are unobservable, our estimated fair values may differ materially from the actual fair values.

Note 7. Shareholders' Equity

Common Share Awards:

On March 20, 2025, in accordance with our Trustee compensation arrangements, we awarded 33,582 of our common shares in connection with the election of one of our Trustees, valued at $2.68 per share, the closing price of our common shares on Nasdaq on that day.

On May 29, 2025, in accordance with our Trustee compensation arrangements, we awarded to each of our seven Trustees 29,141 of our common shares, valued at $3.26 per share, the closing price of our common shares on Nasdaq on that day.

On September 9, 2025, we awarded to our officers and certain other employees of The RMR Group LLC, or RMR, under our equity compensation plan an aggregate of 950,895 of our common shares, valued at $4.28 per share, the closing price of our common shares on Nasdaq on that day.

Common Share Purchases:

During the three and nine months ended September 30, 2025, we purchased an aggregate of 218,290 and 259,233 of our common shares, respectively, valued at a weighted average share price of $4.37 and $4.10, respectively, from our officers and certain other current and former officers and employees of RMR and certain current and former employees of AlerisLife in satisfaction of tax withholding and payment obligations in connection with the vesting of prior awards of our common shares. We withheld and purchased these common shares at their fair market values based upon the trading prices of our common shares at the close of trading on Nasdaq on the applicable purchase dates.

(dollar amounts in thousands, except per share data or as otherwise stated)

Distributions:

During the nine months ended September 30, 2025, we declared and paid quarterly distributions to common shareholders as follows:

Declaration Date	Record Date	Payment Date	Distribution Per Share	Total Distributions
January 16, 2025	January 27, 2025	February 20, 2025	$ 0.01	$ 2,413
April 10, 2025	April 22, 2025	May 15, 2025	0.01	2,413
July 10, 2025	July 21, 2025	August 14, 2025	0.01	2,414
			$ 0.03	$ 7,240

On October 9, 2025, we declared a quarterly distribution to common shareholders of record on October 27, 2025 of $0.01 per share, or approximately $2,421. We expect to pay this distribution on or about November 13, 2025 using cash on hand.

Note 8. Segment Reporting

Our operating segments are based on our internal reporting structure and property type and are aligned with how our Chief Operating Decision Maker, or the CODM, reviews the operating results to allocate resources and assess segment performance. The CODM is our President and Chief Executive Officer. Our two reportable segments are SHOP and Medical Office and Life Science Portfolio. Our SHOP segment consists of managed senior living communities that provide short term and long term residential living and, in some instances, care and other services for residents where we pay fees to managers to operate the communities on our behalf. Our Medical Office and Life Science Portfolio segment primarily consists of medical office properties leased to medical providers and other medical related businesses, as well as life science properties primarily leased to biotech laboratories and other similar tenants.

The significant expense categories and amounts presented below align with the segment-level information that is regularly provided to our CODM. The CODM reviews operating and financial results, including net income (loss) and its components, to assess performance, allocate resources and guide strategic decisions. For further information regarding the accounting policies of our reportable segments, see Note 2 to our consolidated financial statements included in Part IV, Item 15 of our Annual Report. The tables below present information about our segments.

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	For the Three Months Ended September 30, 2025		
	SHOP	Medical Office and Life Science Portfolio	Total
Revenues:			
Rental income	$ —	$ 48,201	$ 48,201
Residents fees and services	333,390	—	333,390
Total segment revenues	333,390	48,201	381,591
Reconciliation of revenue:			
Other revenue [1]			7,115
Total revenues			388,706
Less:			
Senior living labor and benefits	172,422	—	172,422
Dietary	21,362	—	21,362
Utilities	19,839	3,990	23,829
Real estate taxes	10,944	5,723	16,667
Insurance	9,385	739	10,124
Other operating expenses [2]	69,818	11,074	80,892
Interest expense	6,943	2,290	9,233
Depreciation and amortization	47,113	15,840	62,953
Other segment items [3]	36,130	55,538	91,668
Segment loss	(60,566)	(46,993)	(107,559)
Reconciliation of segment loss:			
Other income [1]			4,653
General and administrative			(12,789)
Acquisition and certain other transaction related costs			(1,158)
Gain on sale of properties			1,554
Interest income and other expenses			(774)
Interest expense			(39,653)
Loss on modification or early extinguishment of debt			(11,191)
Income tax expense			(337)
Equity in net earnings of an investee			3,214
Net loss			$ (164,040)

(1) Revenue and net income from our triple net leased wellness centers and senior living communities that are leased to third party operators, which we do not consider to be sufficiently material to constitute a separate reportable segment.

(2) Other operating expenses for each reportable segment include expenses such as management fees, repairs and maintenance, cleaning and other costs incurred in connection with the operation of our properties.

(3) Other segment items for each reportable segment include impairment of assets, gain (loss) on sale of properties, gain (loss) on modification or early extinguishment of debt, equity in net earnings (losses) of investees, interest income and other expenses and gain on insurance recoveries, as applicable.

DIVERSIFIED HEALTHCARE TRUST
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(dollar amounts in thousands, except per share data or as otherwise stated)

	For the Nine Months Ended September 30, 2025		
	SHOP	Medical Office and Life Science Portfolio	Total
Revenues:			
Rental income	$ —	$ 146,020	$ 146,020
Residents fees and services	989,241	—	989,241
Total segment revenues	989,241	146,020	1,135,261
Reconciliation of revenue:			
Other revenue [1]			23,021
Total revenues			1,158,282
Less:			
Senior living labor and benefits	500,086	—	500,086
Dietary	62,893	—	62,893
Utilities	56,777	10,380	67,157
Real estate taxes	34,988	17,529	52,517
Insurance	27,717	1,962	29,679
Other operating expenses [2]	203,717	36,131	239,848
Interest expense	11,870	6,814	18,684
Depreciation and amortization	143,474	49,336	192,810
Other segment items [3]	49,787	94,881	144,668
Segment loss	(102,068)	(71,013)	(173,081)
Reconciliation of segment loss:			
Other income [1]			15,803
General and administrative			(32,966)
Acquisition and certain other transaction related costs			(1,257)
Gain on sale of properties			99,114
Interest income and other expenses			4,307
Interest expense			(138,959)
Loss on modification or early extinguishment of debt			(40,388)
Income tax expense			(1,229)
Equity in net earnings of an investee			3,991
Net loss			$ (264,665)

(1) Revenue and net income from our triple net leased wellness centers and senior living communities that are leased to third party operators, which we do not consider to be sufficiently material to constitute a separate reportable segment.

(2) Other operating expenses for each reportable segment include expenses such as management fees, repairs and maintenance, cleaning and other costs incurred in connection with the operation of our properties.

(3) Other segment items for each reportable segment include impairment of assets, gain (loss) on sale of properties, gain (loss) on modification or early extinguishment of debt, equity in net earnings (losses) of investees, interest income and other expenses and gain on insurance recoveries, as applicable.

DIVERSIFIED HEALTHCARE TRUST
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(dollar amounts in thousands, except per share data or as otherwise stated)

	For the Three Months Ended September 30, 2024		
	SHOP	Medical Office and Life Science Portfolio	Total
Revenues:			
Rental income	$ —	$ 52,901	$ 52,901
Residents fees and services	312,005	—	312,005
Total segment revenues	312,005	52,901	364,906
Reconciliation of revenue:			
Other revenue (1)			8,734
Total revenues			373,640
Less:			
Senior living labor and benefits	157,756	—	157,756
Dietary	21,786	—	21,786
Utilities	18,917	4,240	23,157
Real estate taxes	8,851	6,767	15,618
Insurance	10,899	1,040	11,939
Other operating expenses (2)	66,363	13,027	79,390
Interest expense	54	2,319	2,373
Depreciation and amortization	47,343	18,773	66,116
Other segment items (3)	—	21,213	21,213
Segment loss	(19,964)	(14,478)	(34,442)
Reconciliation of segment loss:			
Other income (1)			5,840
General and administrative			(13,933)
Acquisition and certain other transaction related costs			(331)
Interest income and other expenses			2,575
Interest expense			(57,070)
Income tax expense			(148)
Equity in net earnings (losses) of an investee			(1,180)
Net loss			$ (98,689)

(1) Revenue and net income from our triple net leased wellness centers and senior living communities that are leased to third party operators, which we do not consider to be sufficiently material to constitute a separate reportable segment.

(2) Other operating expenses for each reportable segment include expenses such as management fees, repairs and maintenance, cleaning and other costs incurred in connection with the operation of our properties.

(3) Other segment items for each reportable segment include impairment of assets, gain (loss) on sale of properties, gain (loss) on modification or early extinguishment of debt, equity in net earnings (losses) of investees, interest income and other expenses and gain on insurance recoveries, as applicable.

DIVERSIFIED HEALTHCARE TRUST
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(dollar amounts in thousands, except per share data or as otherwise stated)

	For the Nine Months Ended September 30, 2024		
	SHOP	Medical Office and Life Science Portfolio	Total
Revenues:			
Rental income	$ —	$ 161,605	$ 161,605
Residents fees and services	928,653	—	928,653
Total segment revenues	928,653	161,605	1,090,258
Reconciliation of revenue:			
Other revenue [1]			25,550
Total revenues			1,115,808
Less:			
Senior living labor and benefits	470,363	—	470,363
Dietary	63,282	—	63,282
Utilities	53,726	10,639	64,365
Real estate taxes	31,983	21,006	52,989
Insurance	33,446	2,820	36,266
Other operating expenses [2]	194,726	38,788	233,514
Interest expense	183	3,435	3,618
Depreciation and amortization	141,176	58,488	199,664
Other segment items [3]	—	78,867	78,867
Segment loss	(60,232)	(52,438)	(112,670)
Reconciliation of segment loss:			
Other income [1]			17,178
General and administrative			(27,763)
Acquisition and certain other transaction related costs			(2,243)
Interest income and other expenses			7,215
Interest expense			(172,103)
Loss on modification or early extinguishment of debt			(209)
Income tax expense			(505)
Equity in net earnings of an investee			8,291
Net loss			$ (282,809)

(1) Revenue and net income from our triple net leased wellness centers and senior living communities that are leased to third party operators, which we do not consider to be sufficiently material to constitute a separate reportable segment.

(2) Other operating expenses for each reportable segment include expenses such as management fees, repairs and maintenance, cleaning and other costs incurred in connection with the operation of our properties.

(3) Other segment items for each reportable segment include impairment of assets, gain (loss) on sale of properties, gain (loss) on modification or early extinguishment of debt, equity in net earnings (losses) of investees, interest income and other expenses and gain on insurance recoveries, as applicable.

	As of September 30, 2025	As of December 31, 2024
Assets [1]		
SHOP	$ 2,954,224	$ 3,084,101
Medical Office and Life Science Portfolio	1,340,558	1,688,034
All Other	389,192	364,870
Total assets	$ 4,683,974	$ 5,137,005

(1) See Note 3 for further information regarding additions to long-lived assets.

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 9. Senior Living Community Management Agreements

Our managed senior living communities are operated by third parties pursuant to management agreements. Five Star Senior Living, or Five Star, which is an operating division of AlerisLife, manages many of our SHOP communities. Five Star manages these communities for us pursuant to a master management agreement. AlerisLife guarantees the payment and performance of each of its applicable subsidiary's obligations under the applicable management agreements. We lease our managed senior living communities to our taxable REIT subsidiaries, or TRSs. On September 3, 2025, we announced that we entered into agreements with AlerisLife and seven different third party managers to transition the management of 116 of our senior living communities managed by Five Star to these managers in connection with the sale by AlerisLife of all of its assets and the wind-down of its business. As of September 30, 2025, management agreements for 21 of our senior living communities had been transitioned from Five Star to new and existing managers. As of November 3, 2025, management agreements for 85 communities had been transitioned to new managers and we expect to complete the management transitions for the remaining senior living communities by December 31, 2025. We may experience temporary disruption, including reductions in our cash flows, as we transition these communities from Five Star.

Our Senior Living Communities Managed by Five Star. Five Star managed 97 and 119 of our senior living communities as of September 30, 2025 and 2024, respectively.

We incurred management fees payable to Five Star of $10,877 and $10,611 for the three months ended September 30, 2025 and 2024, respectively, and $33,251 and $31,462 for the nine months ended September 30, 2025 and 2024, respectively. For the three months ended September 30, 2025 and 2024, $10,446 and $10,060, respectively, of the total management fees were expensed to property operating expenses in our condensed consolidated statements of comprehensive income (loss) and $431 and $551, respectively, were capitalized in our condensed consolidated balance sheets. For the nine months ended September 30, 2025 and 2024, $31,721 and $30,053, respectively, of the total management fees were expensed to property operating expenses in our condensed consolidated statements of comprehensive income (loss) and $1,530 and $1,409, respectively, were capitalized in our condensed consolidated balance sheets. The amounts capitalized are being depreciated over the estimated useful lives of the related capital assets.

Our Senior Living Communities Managed by Other Third Party Managers. Several other third party managers managed 132 and 111 of our senior living communities as of September 30, 2025 and 2024, respectively.

We incurred management fees payable to these third party managers of $6,812 and $5,858 for the three months ended September 30, 2025 and 2024, respectively, and $19,116 and $17,341 for the nine months ended September 30, 2025 and 2024, respectively. Additionally, we incurred incentive management fees payable to certain of these third party managers of $351 for the nine months ended September 30, 2025. These amounts are included in property operating expenses in our condensed consolidated statements of comprehensive income (loss).

The following table presents residents fees and services revenue from all of our managed senior living communities disaggregated by the type of contract and payer:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Revenue from contracts with customers:	**2025**	**2024**	**2025**	**2024**
Basic housing and support services	$ 259,126	$ 242,787	$ 768,012	$ 727,558
Medicare and Medicaid programs	26,726	25,619	80,233	73,951
Private pay and other third party payer SNF services	47,538	43,599	140,996	127,144
Total residents fees and services	$ 333,390	$ 312,005	$ 989,241	$ 928,653

Note 10. Business and Property Management Agreements with RMR

We have no employees. The personnel and various services we require to operate our business are provided to us by RMR. We have two agreements with RMR to provide management services to us: (1) a business management agreement, which relates to our business generally; and (2) a property management agreement, which relates to the property level operations of many of our properties, including our medical office and life science properties, and major renovation or repositioning activities at our senior living communities that we may request RMR to manage from time to time. See Note 11 for further information regarding our relationship, agreements and transactions with RMR.

(dollar amounts in thousands, except per share data or as otherwise stated)

Business Management Agreements with RMR. Pursuant to our business management agreement and in accordance with GAAP, we accrued estimated incentive management fees during the three and nine months ended September 30, 2025 and 2024. The actual amount of incentive management fees incurred for 2025, if any, will be based on our common share total return, as defined in our business management agreement, for the three-year period ending December 31, 2025, and will be payable to RMR in January 2026. We did not incur any incentive management fees for the year ended December 31, 2024.

Expense Reimbursement. We are generally responsible for all our operating expenses, including certain expenses incurred or arranged by RMR on our behalf. We are generally not responsible for payment of RMR's employment, office or administrative expenses incurred to provide management services to us, except for the employment and related expenses of RMR's employees assigned to work exclusively or partly at our properties, our share of the wages, benefits and other related costs of RMR's centralized accounting personnel, our share of RMR's costs for providing our internal audit function or as otherwise agreed. Our property level operating expenses are generally incorporated into the rents charged to our tenants, including certain payroll and related costs incurred by RMR.

For the three and nine months ended September 30, 2025 and 2024, the business management fees, incentive management fees, property management fees and construction supervision fees and expense reimbursements recognized in our condensed consolidated financial statements were as follows:

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Financial Statement Line Item	**2025**	**2024**	**2025**	**2024**
Pursuant to business management agreement:					
Business management fees	General and administrative expenses [1]	$ 3,967	$ 3,977	$ 11,517	$ 12,321
Incentive management fees	General and administrative expenses	5,676	6,934	12,231	6,934
Total		$ 9,643	$ 10,911	$ 23,748	$ 19,255
Pursuant to property management agreement [2]:					
Property management fees	Property operating expenses	$ 1,199	$ 1,358	$ 3,643	$ 4,342
Construction supervision fees	Building and improvements [3]	341	429	775	1,069
Total		$ 1,540	$ 1,787	$ 4,418	$ 5,411
Expense Reimbursement:					
Property level expenses	Property operating expenses	$ 3,085	$ 3,925	$ 10,144	$ 11,202
Other reimbursed expenses	General and administrative expenses	50	82	150	246
Total		$ 3,135	$ 4,007	$ 10,294	$ 11,448

(1) The net business management fees we recognized reflect a reduction of $743 for each of the three months ended September 30, 2025 and 2024 and $2,229 for each of the nine months ended September 30, 2025 and 2024, for the amortization of the liability we recorded in connection with our former investment in The RMR Group Inc., or RMR Inc.
(2) The net property management and construction supervision fees we recognized reflect a reduction of $199 for each of the three months ended September 30, 2025 and 2024 and $597 for each of the nine months ended September 30, 2025 and 2024, for the amortization of the liability we recorded in connection with our former investment in RMR Inc.
(3) Amounts capitalized as building improvements are depreciated over the estimated useful lives of the related capital assets.

In January 2025, in connection with a $100,000 credit agreement and related security agreement entered into by RMR and certain of its subsidiaries with Citibank, N.A., or Citibank, and the other lenders party thereto, we consented to the pledge and assignment of RMR’s interest in our management agreements under the security agreement. Pursuant to the consent, we agreed, among other things, that upon notice that an event of default under the RMR credit agreement has occurred and is continuing, we will continue to make all payments under our management agreements in accordance with the instructions of Citibank, and that if there is an event of default by RMR under our management agreements that would allow us to terminate or suspend our obligations, we will not terminate or suspend without notice to Citibank and provide Citibank 30 days to cure the default on RMR’s behalf. The consent was approved by our Independent Trustees.

Management Agreements between our Joint Ventures and RMR. We have two separate joint venture arrangements with third party institutional investors, the Seaport JV and the LSMD JV. RMR provides management services to both of these joint ventures. Our joint ventures are not our consolidated subsidiaries and, as a result, we are not obligated to pay management fees to RMR under our management agreements with RMR for the services it provides regarding the joint ventures.

Note 11. Related Person Transactions

We have relationships and historical and continuing transactions with RMR, RMR Inc., AlerisLife (including Five Star) and others related to them, including other companies to which RMR or its subsidiaries provide management services and some of which have trustees, directors or officers who are also our Trustees or officers. RMR is a majority owned subsidiary of RMR Inc. The Chair of our Board of Trustees and one of our Managing Trustees, Adam Portnoy, is the sole trustee, an officer and the controlling shareholder of ABP Trust, which is the controlling shareholder of RMR Inc., the chair of the board of directors, a managing director and the president and chief executive officer of RMR Inc., an officer and employee of RMR and the sole director of AlerisLife. Christopher Bilotto, our other Managing Trustee and President and Chief Executive Officer, and Matthew Brown, our Chief Financial Officer and Treasurer, are also officers and employees of RMR. Jennifer Clark, our Secretary and former Managing Trustee, also serves as a managing director and the executive vice president, general counsel and secretary of RMR Inc., an officer and employee of RMR, an officer of ABP Trust and secretary of AlerisLife. Jeffrey Leer, the president and chief executive officer of AlerisLife, is an executive officer of RMR. Some of our Independent Trustees also serve as independent trustees of other public companies to which RMR or its subsidiaries provide management services. Mr. Portnoy serves as the chair of the board and as a managing trustee of these companies. Other officers of RMR, including Ms. Clark and certain of our officers, serve as managing trustees or officers of certain of these companies. In addition, officers of RMR and RMR Inc. serve as our officers and officers of other companies to which RMR or its subsidiaries provide management services. As of September 30, 2025, ABP Trust and Mr. Portnoy owned 9.8% of our outstanding common shares.

AlerisLife. On February 16, 2024, we exercised our purchase right in connection with ABP Trust's acquisition of AlerisLife in March 2023 and acquired, together with our applicable TRS, approximately 34.0% of the then outstanding AlerisLife common shares from ABP Trust, for a total purchase price of $15,459, including transaction related costs, and we, our applicable TRS, ABP Trust and AlerisLife entered into a stockholders agreement. Following this acquisition, ABP Trust owns the remaining approximate 66.0% of AlerisLife.

On February 14, 2025, AlerisLife paid an aggregate cash dividend of $50,000 to its stockholders. Our pro rata share of this cash dividend was $17,000.

On July 15, 2025, AlerisLife paid an aggregate cash dividend of $10,000 to its stockholders. Our pro rata share of this cash dividend was $3,400.

See Note 9 for further information regarding our relationships, agreements and transactions with AlerisLife (including Five Star).

Our Joint Ventures. In connection with our entering into the LSMD JV in January 2022, we paid mortgage escrow amounts and closing costs that were payable by that joint venture. The remaining costs totaled $4,050 as of September 30, 2025 and are included in other assets, net, in our condensed consolidated balance sheet. RMR provides management services to each of the Seaport JV and the LSMD JV. See Note 10 for further information regarding those management agreements with RMR.

Our Manager, RMR. We have two agreements with RMR to provide management services to us. See Note 10 for further information regarding our management agreements with RMR.

Leases with RMR. We lease office space to RMR in certain of our properties for RMR's property management offices. We recognized rental income from RMR for this leased office space of $102 and $97 for the three months ended September 30, 2025 and 2024, respectively, and $311 and $354 for the nine months ended September 30, 2025 and 2024, respectively.

For further information about these and other such relationships and certain other related person transactions, see our Annual Report.

(dollar amounts in thousands, except per share data or as otherwise stated)

Note 12. Derivatives and Hedging Activities

We are exposed to certain risks relating to our ongoing business operations, including the impact of changes in interest rates. The only risk currently managed by us using derivative instruments is our interest rate risk. As required under the applicable loan agreement, we have an interest rate cap agreement to manage our interest rate risk exposure on our $140,000 floating rate mortgage loan secured by 14 SHOP communities with interest payable at a rate equal to SOFR plus a premium of 2.50%. The use of derivative financial instruments carries certain risks, including the risk that the counterparties to these contractual arrangements are not able to perform under the agreements. To mitigate this risk, we only enter into derivative financial instruments with counterparties with high credit ratings and with major financial institutions with which we or our related parties may also have other financial relationships. We do not anticipate that any of the counterparties will fail to meet their obligations.

Our interest rate cap agreement is designated as a cash flow hedge of interest rate risk and is measured on a recurring basis at fair value. See Notes 5 and 6 for further information regarding the debt our interest rate cap is related to and the fair value of our interest rate cap. The following table summarizes the terms of our outstanding interest rate cap agreement as of September 30, 2025:

Balance Sheet Line Item	Underlying Instrument	Maturity Date	Strike Rate	Notional Amount	Fair Value
Other assets, net	Floating rate mortgage loan	3/31/2028	4.50%	$ 140,000	$ 1

Interest rate caps designated as cash flow hedges involve the receipt of variable amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an up-front premium. For derivatives designated and qualifying as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in cumulative other comprehensive income (loss) and subsequently reclassified into interest expense in the same period during which the hedged transaction affects earnings. Gains and losses on the derivative representing hedge components excluded from the assessment of effectiveness are recognized over the life of the hedge on a systematic and rational basis, as documented at hedge inception in accordance with our accounting policy election. The earnings recognition of excluded components is presented in interest expense. Amounts reported in cumulative other comprehensive income (loss) related to derivatives will be reclassified to interest expense as interest payments are made, if any, on our applicable debt.

The following table summarizes the activity related to our cash flow hedges within cumulative other comprehensive income (loss) for the periods shown:

	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2025
Amount of loss recognized on derivative in other comprehensive income (loss)	$ (17)	$ (46)
Amount of loss reclassified from cumulative other comprehensive income (loss) into interest expense	$ (11)	$ (23)
Total amount of interest expense presented in the condensed consolidated statements of comprehensive income (loss)	$ (48,886)	$ (157,643)

Note 13. Income Taxes

We have elected to be taxed as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, and, as such, are generally not subject to federal and most state income taxation on our operating income provided we distribute our taxable income to our shareholders and meet certain organization and operating requirements. We do, however, lease our managed senior living communities to our wholly owned TRSs that, unlike most of our subsidiaries, file a separate consolidated federal corporate income tax return and are subject to federal and state income taxes. Our consolidated income tax provision includes the income tax provision related to the operations of our TRSs and certain state income taxes we incur despite our taxation as a REIT. Our current income tax expense (or benefit) fluctuates from period to period based primarily on the timing of our income, including gains on the disposition of properties or losses in a particular quarter. For the three months ended September 30, 2025 and 2024, we recognized income tax expense of $337 and $148, respectively, and for the nine months ended September 30, 2025 and 2024, we recognized income tax expense of $1,229 and $505, respectively.

Note 14. Weighted Average Common Shares

We calculate basic earnings per common share using the two class method. We calculate diluted earnings per share using the more dilutive of the two class method or the treasury stock method. Unvested share awards and other potentially dilutive common shares, together with the related impact on earnings, are considered when calculating diluted earnings per share.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with our condensed consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q and with our Annual Report.

OVERVIEW

We are a REIT organized under Maryland law that primarily owns medical office and life science properties, senior living communities and other healthcare related properties throughout the United States. As of September 30, 2025, we owned 335 properties located in 34 states and Washington, D.C., including 50 properties classified as held for sale.

As of September 30, 2025, we owned an equity interest in each of the Seaport JV and the LSMD JV that own medical office and life science properties located in five states with an aggregate of approximately 2.2 million rentable square feet that were 99% leased with an average (by annualized rental income) remaining lease term of 14.4 years.

On September 3, 2025, we announced that we entered into agreements with AlerisLife and seven different third party managers to transition the management of 116 of our senior living communities managed by Five Star to these managers. As of September 30, 2025, management agreements for 21 of our senior living communities had been transitioned from Five Star to new and existing managers. As of November 3, 2025, management agreements for 85 communities had been transitioned to new managers and we expect to complete the management transitions for the remaining senior living communities by December 31, 2025. We may experience temporary disruption, including reductions in our cash flows, as we transition these communities from Five Star.

We are encouraged by positive trends, including increases in rates, margins and occupancy, in our SHOP segment. Additionally, we expect that favorable supply and demand dynamics in the senior living industry will enable our managers to continue to grow occupancy and drive positive performance. While certain costs, primarily labor, insurance and food costs, have increased, we expect these cost increases to moderate, which will provide our managers the opportunity to increase rates in excess of increases in costs, resulting in improving returns to us.

In an effort to optimize performance, our asset management team reviews the results of each of our senior living communities and our operators, taking into account various factors such as performance metric benchmarks, location and other relevant data points. This comprehensive review process ensures that our decisions are data-driven and strategically aligned with our overall objectives. As a result of these reviews, our strategy to drive positive performance includes analyzing non-performing communities for potential disposition or transition to different operators.

We are closely monitoring the impacts of the current economic and market conditions on all aspects of our business, including, but not limited to, uncertainties surrounding interest rates and inflation, volatility in the public debt and equity markets, global geopolitical hostilities and tensions, any U.S. government shutdown, economic uncertainties and tariffs, labor market conditions and changes in real estate utilization. We expect to experience continued variability in labor, insurance and food costs in our SHOP segment. Inflationary pressures in the United States, as well as global geopolitical instability and tensions, have given rise to uncertainty regarding potential disruptions in the financial markets. Continued or intensified disruptions in the financial markets could adversely affect our financial condition and that of our managers, operators and tenants, could adversely impact the ability or willingness of our managers, operators, tenants or residents to pay amounts owed to us, could impair our ability to effectively deploy our capital or realize our target returns on our investments, may restrict our access to, and would likely increase, our cost of capital, and may cause the values of our properties and of our securities to decline.

For further information and risks relating to these economic uncertainties and their impact on our business and financial condition, see Part I, Item 1, "Business" and Part I, Item 1A, "Risk Factors" in our Annual Report.

PORTFOLIO OVERVIEW

The following tables present an overview of our portfolio as of September 30, 2025 (dollars in thousands, except investment per square foot or unit data):

As of September 30, 2025	Number of Properties	Square Feet or Number of Units		Gross Book Value of Real Estate Assets [(1)]	% of Total Gross Book Value of Real Estate Assets	Investment per Square Foot or Unit [(2)]	Q3 2025 Revenues	% of Q3 2025 Revenues	Q3 2025 NOI [(3)]	% of Q3 2025 NOI
SHOP	229	24,906	units	$ 4,600,223	69.1 %	$ 184,703	$ 333,390	85.8 %	$ 29,620	46.8 %
Medical Office and Life Science Portfolio	88	6,931,407	sq. ft.	1,718,154	25.8 %	$ 248	48,201	12.4 %	26,675	42.1 %
Triple net leased senior living communities	8	1,180	units	133,324	2.0 %	$ 112,986	3,217	0.8 %	3,216	5.1 %
Wellness centers	10	812,246	sq. ft.	208,110	3.1 %	$ 256	3,898	1.0 %	3,808	6.0 %
Total	335			$ 6,659,811	100.0 %		$ 388,706	100.0 %	$ 63,319	100.0 %

	Occupancy	
	As of and For the Three Months Ended September 30,	
	2025	2024
SHOP	81.5 %	79.4 %
Medical Office and Life Science Portfolio [(4)]	86.6 %	80.8 %
Triple net leased senior living communities	100.0 %	100.0 %
Wellness centers	100.0 %	100.0 %

(1) Represents gross book value of real estate assets at cost plus certain acquisition costs, before depreciation and purchase price allocations and less impairment write downs, if any.
(2) Represents gross book value of real estate assets divided by number of rentable square feet or living units, as applicable.
(3) We calculate our net operating income, or NOI, on a consolidated basis and by reportable segment. Our definition of NOI and our reconciliation of net income (loss) to NOI are included below under the heading "Non-GAAP Financial Measures."
(4) Medical office and life science property 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.

During the three and nine months ended September 30, 2025, we entered into new and renewal leases in our Medical Office and Life Science Portfolio segment as summarized in the following tables (dollars and square feet in thousands, except per square foot amounts):

	Three Months Ended September 30, 2025		
	New Leases	Renewals	Total
Square feet leased during the quarter	10	76	86
Weighted average rental rate change (by rentable square feet)	29.8 %	6.9 %	9.1 %
Weighted average lease term (years)	7.5	6.6	6.7
Total leasing costs and concession commitments [(1)]	$ 601	$ 1,793	$ 2,394
Total leasing costs and concession commitments per square foot [(1)]	$ 62.74	$ 23.46	$ 27.84
Total leasing costs and concession commitments per square foot per year [(1)]	$ 8.42	$ 3.54	$ 4.14

	Nine Months Ended September 30, 2025		
	New Leases	Renewals	Total
Square feet leased during the quarter	134	203	337
Weighted average rental rate change (by rentable square feet)	21.8 %	8.9 %	13.6 %
Weighted average lease term (years)	11.1	6.5	8.3
Total leasing costs and concession commitments [(1)]	$ 10,598	$ 4,298	$ 14,896
Total leasing costs and concession commitments per square foot [(1)]	$ 79.27	$ 21.14	$ 44.20
Total leasing costs and concession commitments per square foot per year [(1)]	$ 7.13	$ 3.28	$ 5.35

(1) Includes commitments made for leasing expenditures and concessions, such as tenant improvements, leasing commissions, tenant reimbursements and free rent.

Lease Expiration Schedules

As of September 30, 2025, lease expirations in our Medical Office and Life Science Portfolio segment were as follows (dollars in thousands):

Year	Number of Tenants	Square Feet Leased	% of Total Leased Square Feet	Cumulative % of Total Leased Square Feet	Annualized Rental Income (1)	% of Total Annualized Rental Income	Cumulative % of Total Annualized Rental Income
2025	27	71,907	1.2 %	1.2 %	$ 2,936	1.5 %	1.5 %
2026	50	645,464	10.7 %	11.9 %	20,763	10.9 %	12.4 %
2027	66	749,776	12.5 %	24.4 %	19,183	10.0 %	22.4 %
2028	61	1,148,176	19.1 %	43.5 %	35,318	18.5 %	40.9 %
2029	64	607,939	10.1 %	53.6 %	18,604	9.7 %	50.6 %
2030	52	451,387	7.5 %	61.1 %	12,282	6.4 %	57.0 %
2031	23	838,149	14.0 %	75.1 %	23,709	12.4 %	69.4 %
2032	20	379,834	6.3 %	81.4 %	14,246	7.5 %	76.9 %
2033	15	360,350	6.0 %	87.4 %	15,209	8.0 %	84.9 %
2034 and thereafter	43	752,349	12.6 %	100.0 %	28,889	15.1 %	100.0 %
Total	421	6,005,331	100.0 %		$ 191,139	100.0 %	
Weighted average remaining lease term (in years)		4.7			5.0		

(1) Annualized rental income is based on rents pursuant to existing leases as of September 30, 2025, including straight line rent adjustments and estimated recurring expense reimbursements for certain net and modified gross leases and excluding lease value amortization at certain of our medical office and life science properties.

As of September 30, 2025, lease expirations at our triple net leased wellness centers and senior living communities leased to third party operators were as follows (dollars in thousands):

Year	Number of Properties	Number of Units or Square Feet	Annualized Rental Income (1)	Percent of Total	Cumulative Percent of Total
2025	—	—	$ —	— %	— %
2026	—	—	—	— %	— %
2027	4	533 units	4,229	15.1 %	15.1 %
2028	—	—	—	— %	15.1 %
2029	1	155 units	547	1.9 %	17.0 %
2030	5	277 units and 129,600 sq. ft.	5,046	18.0 %	35.0 %
2031	—	—	—	— %	35.0 %
2032	—	—	—	— %	35.0 %
2033	1	215 units	4,341	15.5 %	50.5 %
2034 and thereafter	7	682,646 sq. ft.	13,917	49.5 %	100.0 %
Total	18		$ 28,080	100.0 %	
Weighted average remaining lease term (in years)			10.1		

(1) Annualized rental income is based on rents pursuant to existing leases as of September 30, 2025. Annualized rental income includes estimated percentage rents and straight line rent adjustments and excludes lease value amortization.

RESULTS OF OPERATIONS (dollars and square feet in thousands, unless otherwise noted)

We operate in, and report financial information for, the following two segments: SHOP and Medical Office and Life Science Portfolio. Our SHOP segment consists of managed senior living communities that provide short term and long term residential living and, in some instances, care and other services for residents where we pay fees to managers to operate the communities on our behalf. Our Medical Office and Life Science Portfolio segment primarily consists of medical office properties leased to medical providers and other medical related businesses, as well as life science properties primarily leased to biotech laboratories and other similar tenants.

We also report "All Other" operations, which consists of triple net leased wellness centers and senior living communities that are leased to third party operators from which we receive rents, which we do not consider to be sufficiently material to constitute a separate reportable segment, and any other income or expenses that are not attributable to a specific reportable segment.

The following table summarizes the results of operations of each of our segments for the three and nine months ended September 30, 2025 and 2024:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenues:				
SHOP	$ 333,390	$ 312,005	$ 989,241	$ 928,653
Medical Office and Life Science Portfolio	48,201	52,901	146,020	161,605
All Other	7,115	8,734	23,021	25,550
Total revenues	$ 388,706	$ 373,640	$ 1,158,282	$ 1,115,808
Net loss:				
SHOP	$ (60,566)	$ (19,964)	$ (102,068)	$ (60,232)
Medical Office and Life Science Portfolio	(46,993)	(14,478)	(71,013)	(52,438)
All Other	(56,481)	(64,247)	(91,584)	(170,139)
Net loss	$ (164,040)	$ (98,689)	$ (264,665)	$ (282,809)

The following section analyzes and discusses the results of operations of each of our segments for the periods presented.

<u>Three Months Ended September 30, 2025 Compared to Three Months Ended September 30, 2024 (dollars and square feet in thousands, except average monthly rate):</u>

Unless otherwise indicated, references in this section to changes or comparisons of results, income or expenses refer to comparisons of the results for the three months ended September 30, 2025 to the three months ended September 30, 2024. Our definition of NOI and our reconciliation of net income (loss) to NOI and a description of why we believe NOI is an appropriate supplemental measure are included below under the heading "Non-GAAP Financial Measures."

	Three Months Ended September 30,			
	2025	**2024**	**$ Change**	**% Change**
NOI by segment:				
SHOP	$ 29,620	$ 27,433	$ 2,187	8.0 %
Medical Office and Life Science Portfolio	26,675	27,827	(1,152)	(4.1)%
All Other	7,024	8,683	(1,659)	(19.1)%
Total NOI	63,319	63,943	(624)	(1.0)%
Depreciation and amortization	65,324	68,959	(3,635)	(5.3)%
General and administrative	12,789	13,933	(1,144)	(8.2)%
Acquisition and certain other transaction related costs	1,158	331	827	nm
Impairment of assets	93,243	23,031	70,212	nm
Gain on sale of properties	1,260	111	1,149	nm
Interest income and other expenses	(774)	2,575	(3,349)	(130.1)%
Interest expense	(48,886)	(59,443)	10,557	(17.8)%
Loss on modification or early extinguishment of debt	(11,191)	—	(11,191)	100.0 %
Loss before income taxes and equity in net earnings of investees	(168,786)	(99,068)	(69,718)	70.4 %
Income tax expense	(337)	(148)	(189)	127.7 %
Equity in net earnings of investees	5,083	527	4,556	nm
Net loss	$ (164,040)	$ (98,689)	$ (65,351)	66.2 %

nm - not meaningful

<u>SHOP</u>:

	Comparable Properties (1) As of and For the Three Months Ended September 30,		All Properties As of and For the Three Months Ended September 30,	
	2025	**2024**	**2025**	**2024**
Total properties	185	185	229	232
Number of units	21,638	21,638	24,906	25,152
Occupancy	82.4 %	81.0 %	81.5 %	79.4 %
Average monthly rate (2)	$ 5,413	$ 5,142	$ 5,472	$ 5,199

	Three Months Ended September 30,									
	Comparable (1) Properties Results				Non-Comparable Properties Results		Consolidated Properties Results			
	2025	**2024**	**$ Change**	**% Change**	**2025**	**2024**	**2025**	**2024**	**$ Change**	**% Change**
Residents fees and services	$ 289,378	$ 271,453	$ 17,925	6.6 %	$ 44,012	$ 40,552	$ 333,390	$ 312,005	$ 21,385	6.9 %
Property operating expenses	(257,344)	(239,028)	18,316	7.7 %	(46,426)	(45,544)	(303,770)	(284,572)	19,198	6.7 %
NOI	$ 32,034	$ 32,425	$ (391)	(1.2)%	$ (2,414)	$ (4,992)	$ 29,620	$ 27,433	$ 2,187	8.0 %

(1) Consists of senior living communities that we have owned, are in service and reported in the same segment since July 1, 2024; excludes communities classified as held for sale, closed or out of service, if any, and planned dispositions. Properties are included in same property once stabilized for the full period in both comparison periods presented.

(2) Average monthly rate reflects the average monthly residents fees and services per occupied unit for the period presented. The average monthly rate is calculated based on the actual number of days during the period.

Residents fees and services. Residents fees and services are the revenues earned at our managed senior living communities. We recognize these revenues as services are provided and related fees are accrued. Residents fees and services increased at our comparable properties primarily due to increases in occupancy and average monthly rate at our communities as shown in the table above. The activity for our non-comparable properties primarily reflects the 15 communities classified as held for sale as of September 30, 2025 and nine communities transitioned to an existing third party manager during the 2024 period.

Property operating expenses. Property operating expenses consist of real estate taxes, utility expenses, insurance, wages and benefit costs of community level personnel, repairs and maintenance expense, management fees, cleaning expense and other direct costs of operating these communities. Property operating expenses increased at our comparable properties primarily due to increases in labor costs, marketing, contract labor costs and management fees as a result of higher revenues and other direct costs, partially offset by decreased insurance costs due to a reduction in premiums. The activity for our non-comparable properties primarily reflects the 15 communities classified as held for sale as of September 30, 2025 and nine communities transitioned to an existing third party manager during the 2024 period.

Net operating income. The change in NOI reflects the net changes in residents fees and services and property operating expenses described above.

<u>Medical Office and Life Science Portfolio</u>:

	Comparable Properties (1)		All Properties	
	As of September 30,		As of September 30,	
	2025	2024	2025	2024
Total properties	65	65	88	99
Total square feet	5,362	5,362	6,931	8,192
Occupancy	93.3 %	93.3 %	86.6 %	80.8 %

	Three Months Ended September 30,									
	Comparable (1) Properties Results				Non-Comparable Properties Results		Consolidated Properties Results			
	2025	2024	$ Change	% Change	2025	2024	2025	2024	$ Change	% Change
Rental income	$ 40,266	$ 40,432	$ (166)	(0.4)%	$ 7,935	$ 12,469	$ 48,201	$ 52,901	$ (4,700)	(8.9)%
Property operating expenses	(16,417)	(16,882)	(465)	(2.8)%	(5,109)	(8,192)	(21,526)	(25,074)	(3,548)	(14.2)%
NOI	$ 23,849	$ 23,550	$ 299	1.3 %	$ 2,826	$ 4,277	$ 26,675	$ 27,827	$ (1,152)	(4.1)%

(1) Consists of medical office and life science properties that we have owned and which have been in service continuously since July 1, 2024; excludes properties classified as held for sale or out of service undergoing redevelopment, if any, planned dispositions and properties owned by unconsolidated joint ventures in each of which we own an equity interest. Properties are included in same property once stabilized for the full period in both comparison periods presented.

Rental income. Rental income decreased at our comparable properties primarily due to vacancies at certain of our properties, partially offset by an increase in real estate tax reimbursements at certain of our properties. Rental income decreased at our non-comparable properties primarily due to dispositions since July 1, 2024.

Property operating expenses. Property operating expenses consist of real estate taxes, utility expenses, insurance, management fees, salaries and benefit costs of property level personnel, repairs and maintenance expense, cleaning expense and other direct costs of operating these properties. The decrease in property operating expenses at our comparable properties is primarily due to a decrease in insurance costs, salaries and other direct costs. These decreases were partially offset by an increase in real estate taxes as a result of successful appeals at certain of our properties during the three months ended September 30, 2024. Property operating expenses decreased at our non-comparable properties primarily due to dispositions since July 1, 2024.

Net operating income. The change in NOI reflects the net changes in rental income and property operating expenses described above.

All Other [1]:

	Comparable Properties [2]		All Properties	
	As of and For the Three Months Ended September 30,		As of and For the Three Months Ended September 30,	
	2025	2024	2025	2024
Total properties:				
Triple net leased senior living communities	8	8	8	27
Wellness centers	10	10	10	10
Rent coverage:				
Triple net leased senior living communities [3]	1.85 x	1.82 x	1.85 x	1.79 x
Wellness centers [3]	3.23 x	1.99 x	3.23 x	1.99 x

	Three Months Ended September 30,									
	Comparable [2] Properties Results				Non-Comparable Properties Results		Consolidated Properties Results			
	2025	2024	$ Change	% Change	2025	2024	2025	2024	$ Change	% Change
Rental income	$ 7,115	$ 6,708	$ 407	6.1 %	$ —	$ 2,026	$ 7,115	$ 8,734	$ (1,619)	(18.5)%
Property operating expenses	(91)	(51)	40	78.4 %	—	—	(91)	(51)	40	78.4 %
NOI	$ 7,024	$ 6,657	$ 367	5.5 %	$ —	$ 2,026	$ 7,024	$ 8,683	$ (1,659)	(19.1)%

(1) All Other operations consist of all of our other operations, including certain wellness centers and senior living communities that are leased to third party operators, which segment we do not consider to be sufficiently material to constitute a separate reportable segment, and any other income or expenses that are not attributable to a specific reportable segment.

(2) Consists of properties that we have owned and which have been reported in the same segment and leased to the same operator continuously since July 1, 2024; excludes properties classified as held for sale and planned dispositions, if any. Properties are included in same property once stabilized for the full period in both comparison periods presented.

(3) All tenant operating data presented are based upon the operating results provided by our tenants for the most recent prior period for which tenant operating results are available to us. Rent coverage is calculated using the annualized operating cash flows from our triple net lease tenants' operations of our properties, before subordinated charges, if any, divided by annualized rental income. We have not independently verified tenant operating data. Excludes data for historical periods prior to our ownership of certain properties.

Rental income. Rental income increased at our comparable properties primarily due to new leases for one of our wellness center tenants. The activity for our non-comparable properties primarily reflects the 18 triple net leased senior living communities that we sold in February 2025.

Net operating income. The change in NOI primarily reflects the change in rental income described above.

Consolidated:

Depreciation and amortization expense. Depreciation and amortization expense decreased primarily due to dispositions since July 1, 2024 and certain depreciable assets becoming fully depreciated, partially offset by the purchase of capital improvements at certain of our properties.

General and administrative expense. General and administrative expense consists of fees paid to RMR under our business management agreement, legal and accounting fees, fees and expenses of our Trustees, equity compensation expense and other costs relating to our status as a publicly traded company. General and administrative expense decreased primarily due to $5,676 of estimated incentive management fees that we recognized for the three months ended September 30, 2025, compared to $6,934 for the three months ended September 30, 2024. These incentive management fees were recorded as a result of our total shareholder return exceeding the returns for the MSCI U.S. REIT/Health Care REIT Index over the applicable measurement period.

Acquisition and certain other transaction related costs. Acquisition and certain other transaction related costs primarily represent costs incurred with acquisitions and non-recurring transactions that we expensed under GAAP. We incurred transition costs during the three months ended September 30, 2025 as a result of the management transitions of 21 communities to both new and existing third party managers. For more information about such management transitions of communities, see Note 9 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Impairment of assets. For information about our asset impairment charges, see Note 3 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q and Note 3 to our consolidated financial statements included in Part IV, Item 15 of our Annual Report.

Gain on sale of properties. For information regarding loss on sale of properties, see Note 3 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Interest income and other expenses. The decrease in interest income and other expenses is primarily due to lower average invested cash balances and interest rates during the three months ended September 30, 2025 and other expenses.

Interest expense. Interest expense decreased primarily due to the redemption during 2025 of an aggregate $380,000 of our remaining 9.75% senior unsecured notes due 2025 and a decrease in discount accretion for our senior secured notes due 2026 due to the partial redemption of an aggregate $606,164 of these notes during 2025. During the three months ended September 30, 2025 and 2024, we recognized discount accretion of $16,313 and $22,034, respectively, for our senior secured notes due 2026. These decreases were partially offset by four mortgage financings totaling $343,157 during 2025 and the issuance of $375,000 in aggregate principal amount of our 7.25% senior secured notes due 2030 in September 2025.

Loss on modification or early extinguishment of debt. During the three months ended September 30, 2025, we recorded a loss on early extinguishment of debt in connection with our partial redemption of our senior secured notes due 2026. For more information regarding our loss on modification or early extinguishment of debt, see Note 5 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Income tax expense. Income tax expense is the result of operating income we earned in certain jurisdictions where we are subject to state income taxes.

Equity in net earnings of investees. Equity in net earnings of investees is the change in the fair value of our investments in our joint ventures and also represents our proportionate share of the earnings of our equity method investment in AlerisLife. For further information regarding our investment in AlerisLife, see Notes 3 and 11 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Nine Months Ended September 30, 2025 Compared to Nine Months Ended September 30, 2024 (dollars and square feet in thousands, except average monthly rate):

Unless otherwise indicated, references in this section to changes or comparisons of results, income or expenses refer to comparisons of the results for the nine months ended September 30, 2025 to the nine months ended September 30, 2024. Our definition of NOI and our reconciliation of net income (loss) to NOI and a description of why we believe NOI is an appropriate supplemental measure are included below under the heading "Non-GAAP Financial Measures."

	Nine Months Ended September 30,			
	2025	2024	$ Change	% Change
NOI by segment:				
SHOP	$ 103,063	$ 81,127	$ 21,936	27.0 %
Medical Office and Life Science Portfolio	80,018	88,352	(8,334)	(9.4)%
All Other	22,908	24,963	(2,055)	(8.2)%
Total NOI	205,989	194,442	11,547	5.9 %
Depreciation and amortization	199,915	207,449	(7,534)	(3.6)%
General and administrative	32,966	27,763	5,203	18.7 %
Acquisition and certain other transaction related costs	1,257	2,243	(986)	(44.0)%
Impairment of assets	162,708	41,718	120,990	nm
Gain (loss) on sale of properties	103,971	(18,976)	122,947	(647.9)%
Gain on insurance recoveries	7,522	—	7,522	100.0 %
Interest income and other expenses	4,307	7,215	(2,908)	(40.3)%
Interest expense	(157,643)	(175,721)	18,078	(10.3)%
Loss on modification or early extinguishment of debt	(40,388)	(209)	(40,179)	nm
Loss before income tax expense and equity in net earnings (losses) of investees	(273,088)	(272,422)	(666)	0.2 %
Income tax expense	(1,229)	(505)	(724)	143.4 %
Equity in net earnings (losses) of investees	9,652	(9,882)	19,534	(197.7)%
Net loss	$ (264,665)	$ (282,809)	$ 18,144	(6.4)%

nm - not meaningful

SHOP:

	Comparable Properties [1] As of and For the Nine Months Ended September 30,		All Properties As of and For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Total properties	182	182	229	232
Number of units	21,453	21,453	24,906	25,152
Occupancy	81.6 %	80.6 %	80.8 %	79.1 %
Average monthly rate [2]	$ 5,385	$ 5,127	$ 5,442	$ 5,175

	Nine Months Ended September 30,									
	Comparable [1] Properties Results				Non-Comparable Properties Results		Consolidated Properties Results			
	2025	2024	$ Change	% Change	2025	2024	2025	2024	$ Change	% Change
Residents fees and services	$ 851,688	$ 802,365	$ 49,323	6.1 %	$ 137,553	$ 126,288	$ 989,241	$ 928,653	$ 60,588	6.5 %
Property operating expenses	(743,297)	(708,069)	35,228	5.0 %	(142,881)	(139,457)	(886,178)	(847,526)	38,652	4.6 %
NOI	$ 108,391	$ 94,296	$ 14,095	14.9 %	$ (5,328)	$ (13,169)	$ 103,063	$ 81,127	$ 21,936	27.0 %

(1) Consists of senior living communities that we have owned, are in service and reported in the same segment since January 1, 2024; excludes communities classified as held for sale, closed or out of service, if any, and planned dispositions. Properties are included in same property once stabilized for the full period in both comparison periods presented.

(2) Average monthly rate reflects the average monthly residents fees and services per occupied unit for the period presented. The average monthly rate is calculated based on the actual number of days during the period.

Residents fees and services. Residents fees and services increased at our comparable properties primarily due to increases in occupancy and average monthly rate at our communities as shown in the table above. The activity for our non-comparable properties primarily reflects the 15 communities classified as held for sale as of September 30, 2025 and 13 communities transitioned to an existing third party manager during the 2024 period.

Property operating expenses. Property operating expenses increased at our comparable properties primarily due to increases in labor costs, management fees as a result of higher revenues, marketing and other direct costs, partially offset by decreased insurance costs due to a reduction in premiums. The activity for our non-comparable properties primarily reflects the 15 communities classified as held for sale as of September 30, 2025 and 13 communities transitioned to an existing third party manager during the 2024 period.

Net operating income. The change in NOI reflects the net changes in residents fees and services and property operating expenses described above.

Medical Office and Life Science Portfolio:

	Comparable Properties (1)		All Properties	
	As of September 30,		As of September 30,	
	2025	2024	2025	2024
Total properties	64	64	88	99
Total square feet	5,350	5,350	6,931	8,192
Occupancy	93.3 %	93.3 %	86.6 %	80.8 %

	Nine Months Ended September 30,									
	Comparable (1) Properties Results				Non-Comparable Properties Results		Consolidated Properties Results			
	2025	2024	$ Change	% Change	2025	2024	2025	2024	$ Change	% Change
Rental income	$ 119,518	$ 121,021	$ (1,503)	(1.2)%	$ 26,502	$ 40,584	$ 146,020	$ 161,605	$ (15,585)	(9.6)%
Property operating expenses	(47,834)	(47,506)	328	0.7 %	(18,168)	(25,747)	(66,002)	(73,253)	(7,251)	(9.9)%
NOI	$ 71,684	$ 73,515	$ (1,831)	(2.5)%	$ 8,334	$ 14,837	$ 80,018	$ 88,352	$ (8,334)	(9.4)%

(1) Consists of medical office and life science properties that we have owned and which have been in service continuously since January 1, 2024; excludes properties classified as held for sale or out of service undergoing redevelopment, if any, planned dispositions and properties owned by unconsolidated joint ventures in each of which we own an equity interest. Properties are included in same property once stabilized for the full period in both comparison periods presented.

Rental income. Rental income decreased at our comparable properties primarily due to vacancies at certain of our properties and the write off of straight line rent for a former tenant at one of our properties, partially offset by a termination fee from this former tenant totaling $600 paid during the nine months ended September 30, 2025. This space was subsequently re-leased to another tenant in April 2025. Rental income decreased at our non-comparable properties primarily due to dispositions since January 1, 2024.

Property operating expenses. Property operating expenses increased at our comparable properties primarily due to an increase in HVAC expenses and snow removal costs, partially offset by a decrease in insurance and other direct costs. Property operating expenses decreased at our non-comparable properties primarily due to dispositions since January 1, 2024.

Net operating income. The change in NOI reflects the net changes in rental income and property operating expenses described above.

All Other[(1)]:

	Comparable Properties (2)		All Properties	
	As of and For the Nine Months Ended September 30,		As of and For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Total properties:				
Triple net leased senior living communities	8	8	8	27
Wellness centers	10	10	10	10
Rent coverage:				
Triple net leased senior living communities (3)	1.85 x	1.82 x	1.85 x	1.79 x
Wellness centers (3)	3.23 x	1.99 x	3.23 x	1.99 x

	Nine Months Ended September 30,									
	Comparable (2) Properties Results				Non-Comparable Properties Results		Consolidated Properties Results			
	2025	2024	$ Change	% Change	2025	2024	2025	2024	$ Change	% Change
Rental income	$ 21,346	$ 19,313	$ 2,033	10.5 %	$ 1,675	$ 6,237	$ 23,021	$ 25,550	$ (2,529)	(9.9)%
Property operating expenses	(110)	(543)	(433)	(79.7)%	(3)	(44)	(113)	(587)	(474)	(80.7)%
NOI	$ 21,236	$ 18,770	$ 2,466	13.1 %	$ 1,672	$ 6,193	$ 22,908	$ 24,963	$ (2,055)	(8.2)%

(1) All Other operations consist of all of our other operations, including certain wellness centers and senior living communities that are leased to third party operators, which segment we do not consider to be sufficiently material to constitute a separate reportable segment, and any other income or expenses that are not attributable to a specific reportable segment.

(2) Consists of properties that we have owned and which have been reported in the same segment and leased to the same operator continuously since January 1, 2024; excludes properties classified as held for sale and planned dispositions, if any. Properties are included in same property once stabilized for the full period in both comparison periods presented.

(3) All tenant operating data presented are based upon the operating results provided by our tenants for the most recent prior period for which tenant operating results are available to us. Rent coverage is calculated using the annualized operating cash flows from our triple net lease tenants' operations of our properties, before subordinated charges, if any, divided by annualized rental income. We have not independently verified tenant operating data. Excludes data for historical periods prior to our ownership of certain properties.

Rental income. Rental income increased at our comparable properties primarily due to new leases for one of our wellness center tenants. The activity for our non-comparable properties primarily reflects the 18 triple net leased senior living communities that we sold in February 2025.

Property operating expenses. The decrease in property operating expenses for our comparable properties primarily reflects real estate taxes and other expenses paid directly by our tenants during the nine months ended September 30, 2025, which were previously paid by us during prior periods.

Net operating income. The change in NOI reflects the net changes in rental income and property operating expenses described above.

Consolidated:

Depreciation and amortization expense. Depreciation and amortization expense decreased primarily due to dispositions since January 1, 2024 and certain depreciable assets becoming fully depreciated, partially offset by the purchase of capital improvements at certain of our properties.

General and administrative expense. General and administrative expense increased primarily due to $12,231 of estimated incentive management fees that we recognized for the nine months ended September 30, 2025 compared to $6,934 for the nine months ended September 30, 2024. These incentive management fees were recorded as a result of our total shareholder return exceeding the returns for the MSCI U.S. REIT/Health Care REIT Index over the applicable measurement period.

Acquisition and certain other transaction related costs. We incurred transition costs during the nine months ended September 30, 2025 as a result of our transition of 21 communities to both new and existing third party managers. We incurred transition costs, including termination and other fees, during the 2024 period as a result of the management transitions of 13 communities to an existing third party manager. For more information about such management transitions of communities, see Note 9 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Impairment of assets. For information about our asset impairment charges, see Note 3 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q and Note 3 to our consolidated financial statements included in Part IV, Item 15 of our Annual Report.

Gain (loss) on sale of properties. For information regarding gain (loss) on sale of properties, see Note 3 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q and Note 3 to our consolidated financial statements included in Part IV, Item 15 of our Annual Report.

Gain on insurance recoveries. During the nine months ended September 30, 2025, we recognized a gain on insurance recoveries related to cash received from our insurance provider in excess of our losses for a claim that was finalized. For further information regarding this gain on insurance recoveries, see Note 3 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Interest income and other expenses. The decrease in interest income and other expenses is primarily due to lower average invested cash balances and interest rates during the nine months ended September 30, 2025 compared to the 2024 period.

Interest expense. Interest expense decreased primarily due to the redemption during 2025 of an aggregate $380,000 of our remaining 9.75% senior unsecured notes due 2025. Additionally, there was a decrease in discount accretion for our senior secured notes due 2026 due to the partial redemption of an aggregate $606,164 of these notes during 2025. During the nine months ended September 30, 2025 and 2024, we recognized discount accretion of $54,742 and $64,133, respectively, for our senior secured notes due 2026. These decreases were partially offset by four mortgage financings totaling $343,157 during 2025, the execution of a $120,000 mortgage loan in May 2024 at a fixed interest rate of 6.864% per annum and the issuance of $375,000 in aggregate principal amount of our 7.25% senior secured notes due 2030 in September 2025.

Loss on modification or early extinguishment of debt. During the nine months ended September 30, 2025, we recorded a loss on early extinguishment of debt in connection with the partial redemption of an aggregate $606,164 of our outstanding senior secured notes due 2026 and with the redemption of all $380,000 of our remaining 9.75% senior secured notes due 2025. For more information regarding our loss on modification or early extinguishment of debt, see Note 5 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Income tax expense. Income tax expense is the result of operating income we earned in certain jurisdictions where we are subject to state income taxes.

Equity in net earnings (losses) of investees. Equity in net earnings (losses) of investees is the change in the fair value of our investments in our joint ventures and also represents our proportionate share of the earnings of our equity method investment in AlerisLife. For further information regarding our investment in AlerisLife, see Notes 3 and 11 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Non-GAAP Financial Measures (dollars in thousands, except per share amounts)

We present certain "non-GAAP financial measures" within the meaning of the applicable rules of the Securities and Exchange Commission, or the SEC, including funds from operations, or FFO, normalized funds from operations, or Normalized FFO, and NOI for the three and nine months ended September 30, 2025 and 2024. 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 our operating performance or as measures of our liquidity. These measures should be considered in conjunction with net income (loss) as presented in our condensed consolidated statements of comprehensive income (loss). We consider these non-GAAP measures to be appropriate supplemental measures of operating performance for a REIT, along with net income (loss). 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, 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.

Funds From Operations and Normalized Funds From Operations

We calculate FFO and Normalized FFO as shown below. FFO is calculated on the basis defined by the National Association of Real Estate Investment Trusts, 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 investees, loss on impairment of real estate assets, gains or losses on equity securities, net, if any, and including adjustments to reflect our proportionate share of FFO of our equity method investees, plus real estate depreciation and amortization of consolidated properties, as well as certain other adjustments currently not applicable to us. In calculating Normalized FFO, we adjust for the items shown below, including similar adjustments for our unconsolidated joint ventures, if any, and incentive management fees, if any. FFO and Normalized FFO 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 and Normalized FFO differently than we do.

Our calculations of FFO and Normalized FFO for the three and nine months ended September 30, 2025 and 2024 and reconciliations of net income (loss), the most directly comparable financial measure under GAAP reported in our condensed consolidated financial statements, to FFO and Normalized FFO appear in the following table. This table also provides a comparison of distributions to shareholders, FFO and Normalized FFO and net income (loss) per share for these periods.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net loss	$ (164,040)	$ (98,689)	$ (264,665)	$ (282,809)
Depreciation and amortization	65,324	68,959	199,915	207,449
(Gain) loss on sale of properties	(1,260)	(111)	(103,971)	18,976
Impairment of assets	93,243	23,031	162,708	41,718
Equity in net (earnings) losses of investees	(5,083)	(527)	(9,652)	9,882
Share of FFO from unconsolidated joint ventures	2,199	2,273	7,651	6,334
Adjustments to reflect our share of FFO attributable to an equity method investment	3,731	1,698	5,699	12,235
FFO	(5,886)	(3,366)	(2,315)	13,785
Incentive management fees [(1)]	5,676	6,934	12,231	6,934
Acquisition and certain other transaction related costs	1,158	331	1,257	2,243
Gain on insurance recoveries	—	—	(7,522)	—
Loss on modification or early extinguishment of debt	11,191	—	40,388	209
Adjustments to reflect our share of Normalized FFO attributable to an equity method investment	(2,418)	127	(1,441)	(8,792)
Normalized FFO	$ 9,721	$ 4,026	$ 42,598	$ 14,379
Weighted average common shares outstanding (basic and diluted)	240,385	239,667	240,160	239,396
Per common share data (basic and diluted):				
Net loss	$ (0.68)	$ (0.41)	$ (1.10)	$ (1.18)
FFO	$ (0.02)	$ (0.01)	$ (0.01)	$ 0.06
Normalized FFO	$ 0.04	$ 0.02	$ 0.18	$ 0.06
Distributions declared	$ 0.01	$ 0.01	$ 0.03	$ 0.03

(1) Incentive management fees are estimated and accrued for during the applicable measuring period. Actual incentive management fees will be calculated based on common share total return, as defined in our business management agreement, for the three-year period ending December 31 for the applicable calendar year, are included in general and administrative expenses in our condensed consolidated statements of comprehensive income (loss) and will be payable to RMR in January of the following calendar year. In calculating net income (loss) in accordance with GAAP, we recognize estimated incentive management fees expense, if any, in the first, second and third quarters. Although we recognize this expense, if any, in the first, second and third quarters for purposes of calculating net income (loss), we do not include these amounts in the calculation of Normalized FFO until the fourth quarter, when the amount of the incentive management fees expense for the calendar year, if any, is determined.

Property Net Operating Income (NOI)

We calculate NOI as shown below. The calculation of NOI excludes certain components of net income (loss) in order to provide results that are more closely related to our property level results of operations. We define NOI as income from our real estate less our property operating expenses. NOI excludes depreciation and amortization. We use NOI to evaluate individual and company-wide property level performance. Other real estate companies and REITs may calculate NOI differently than we do.

The calculation of NOI by reportable segment is included above in this Item 2. The following table includes the reconciliation of net loss to NOI for the three and nine months ended September 30, 2025 and 2024.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Reconciliation of Net Loss to NOI:				
Net loss	$ (164,040)	$ (98,689)	$ (264,665)	$ (282,809)
Equity in net (earnings) losses of investees	(5,083)	(527)	(9,652)	9,882
Income tax expense	337	148	1,229	505
Loss before income taxes and equity in net earnings (losses) of investees	(168,786)	(99,068)	(273,088)	(272,422)
Loss on modification or early extinguishment of debt	11,191	—	40,388	209
Interest expense	48,886	59,443	157,643	175,721
Interest income and other expenses	774	(2,575)	(4,307)	(7,215)
Gain on insurance recoveries	—	—	(7,522)	—
(Gain) loss on sale of properties	(1,260)	(111)	(103,971)	18,976
Impairment of assets	93,243	23,031	162,708	41,718
Acquisition and certain other transaction related costs	1,158	331	1,257	2,243
General and administrative	12,789	13,933	32,966	27,763
Depreciation and amortization	65,324	68,959	199,915	207,449
Total NOI	$ 63,319	$ 63,943	$ 205,989	$ 194,442
SHOP NOI	$ 29,620	$ 27,433	$ 103,063	$ 81,127
Medical Office and Life Science Portfolio NOI	26,675	27,827	80,018	88,352
All Other NOI	7,024	8,683	22,908	24,963
Total NOI	$ 63,319	$ 63,943	$ 205,989	$ 194,442

LIQUIDITY AND CAPITAL RESOURCES (dollars in thousands)

Our principal sources of cash to meet operating and capital expenses, pay our debt service obligations and make distributions to our shareholders are the operating cash flows we generate as rental income from our leased properties, residents fees and services revenues from our managed communities and proceeds from the disposition of certain properties. We believe that these sources of funds will be sufficient to meet our operating and capital expenses, pay our debt service obligations and make distributions to our shareholders for at least the next 12 months and for the foreseeable future thereafter. Our future cash flows from operating activities will depend primarily upon:

- our ability to receive rents from our tenants;
- our ability to maintain or increase the occupancy of, and the rates at, our properties;
- our and our managers' abilities to control operating expenses and capital expenses at our properties, including increased operating expenses that we may incur in response to wage and commodity price inflation, limited labor availability and increased insurance costs; and
- our managers' abilities to maintain or increase our returns from our managed senior living communities.

The following is a summary of our sources and uses of cash flows for the periods presented, as reflected in our condensed consolidated statements of cash flows:

	Nine Months Ended September 30,	
	2025	2024
Cash and cash equivalents and restricted cash at beginning of period	$ 149,854	$ 246,961
Net cash provided by (used in):		
Operating activities	492	94,028
Investing activities	276,154	(120,882)
Financing activities	(216,877)	41,293
Cash and cash equivalents and restricted cash at end of period	$ 209,623	$ 261,400

Our Operating Liquidity and Resources

We generally receive minimum rents from tenants at our medical office and life science properties, triple net leased wellness centers and senior living communities monthly, we receive residents fees and services revenues, net of expenses, from our managed senior living communities monthly and we receive percentage rents from tenants at certain of our triple net senior living communities monthly, quarterly or annually.

The decrease in cash provided by operating activities for the nine months ended September 30, 2025 compared to the prior period was primarily due to the accreted interest of $86,992 paid during the 2025 period as a result of the partial redemption of our outstanding senior secured notes due 2026.

Our Investing Liquidity and Resources

The change in cash provided by (used in) investing activities for the nine months ended September 30, 2025 compared to the prior period was primarily due to an increase in proceeds from the sale of properties, a $28,000 cash distribution paid to us by the Seaport JV, aggregate cash dividends of $20,400 paid to us by AlerisLife, a reduction in real estate improvements and our purchase on February 16, 2024 of approximately 34.0% of the then outstanding AlerisLife common shares from ABP Trust at the tender offer price of $1.31 per share for a total purchase price, including transaction related costs, of $15,459. These changes were partially offset by $8,500 of contributions made to the Seaport JV in the 2025 period.

The following is a summary of capital expenditures, development, redevelopment and other activities for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
SHOP fixed assets and capital improvements	$ 33,306	$ 27,923	$ 78,704	$ 59,637
Medical Office and Life Science Portfolio capital expenditures:				
Lease related costs (1)	4,961	3,504	12,336	15,942
Building improvements (2)	2,295	1,359	5,337	4,130
Recurring capital expenditures - Medical Office and Life Science Portfolio	7,256	4,863	17,673	20,072
Wellness centers lease related costs (1)	—	5,488	—	17,002
Total recurring capital expenditures	$ 40,562	$ 38,274	$ 96,377	$ 96,711
Development, redevelopment and other activities - SHOP (3)	$ 1,865	$ 11,714	$ 12,093	$ 18,608
Development, redevelopment and other activities - Medical Office and Life Science Portfolio (3)	175	537	175	2,362
Total development, redevelopment and other activities	$ 2,040	$ 12,251	$ 12,268	$ 20,970
Capital expenditures by segment:				
SHOP	$ 35,171	$ 39,637	$ 90,797	$ 78,245
Medical Office and Life Science Portfolio	7,431	5,400	17,848	22,434
All Other - wellness centers	—	5,488	—	17,002
Total capital expenditures	$ 42,602	$ 50,525	$ 108,645	$ 117,681

(1) Includes capital expenditures to improve tenants' space or amounts paid directly to tenants to improve their space and other leasing related costs, such as brokerage commissions and tenant inducements.
(2) Includes capital expenditures to replace obsolete building components that extend the useful life of existing assets or other improvements to increase the marketability of the property.
(3) Includes capital expenditures that reposition a property or result in change of use or new sources of revenue.

We generally plan to continue investing capital in our properties, including redevelopment projects, to better position these properties in their respective markets in order to increase our returns in future years.

As of September 30, 2025, we had estimated unspent leasing related obligations at our medical office and life science properties of approximately $22,615, of which we expect to spend approximately $20,405 during the next 12 months. We expect to fund these obligations using operating cash flows, cash on hand, proceeds from the disposition of certain properties and future financing activities.

We are currently in the process of redeveloping certain properties, primarily our managed senior living communities. We continue to assess opportunities to redevelop other properties in our SHOP segment and Medical Office and Life Science Portfolio segment. These redevelopment projects may require significant capital expenditures and time to complete and we may defer certain redevelopment projects to preserve liquidity. Additionally, due to labor availability constraints and wage and commodity price inflation, the capital investments we plan to make may be delayed or cost more than we expect.

During the nine months ended September 30, 2025, we sold 32 properties for an aggregate sales price of $353,675, excluding closing costs. Subsequent to September 30, 2025, we sold 12 properties for an aggregate sales price of $42,130, excluding closing costs. As of November 3, 2025, we had 38 properties under agreements or letters of intent to sell for an aggregate sales price of $237,219, excluding closing costs. The net proceeds from the sales of 12 of these properties, which have an expected aggregate sales price, excluding closing costs, of $90,529, are required to be used to partially redeem our outstanding senior secured notes due 2026, if the sales of such properties are completed. We may not complete the sales of any or all of the properties we currently plan to sell. Also, we 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 we may incur losses on any such sales as a result.

For further information regarding our dispositions, see Note 3 to our Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

On February 14, 2025, AlerisLife paid an aggregate cash dividend of $50,000 to its stockholders. Our pro rata share of this cash dividend was $17,000.

On July 15, 2025, AlerisLife paid an aggregate cash dividend of $10,000 to its stockholders. Our pro rata share of this cash dividend was $3,400.

On August 21, 2025, the Seaport JV paid an aggregate cash distribution of $280,000 to its investors in connection with the $1,000,000 refinancing of its prior mortgage loan in August 2025. Our pro rata share of this cash distribution was $28,000.

Our Financing Liquidity and Resources

The change in cash (used in) provided by financing activities for the nine months ended September 30, 2025 compared to the prior period was primarily due to the redemption of our outstanding senior secured notes due 2025 and partial redemption of our outstanding senior secured notes due 2026, partially offset by our issuance of $375,000 in aggregate principal amount of our 7.25% senior secured notes due 2030 in a private offering raising net proceeds of $364,726, after deducting discounts and commissions to the initial purchasers and other estimated fees and expenses. Additionally, we executed four mortgage financings for aggregate proceeds, excluding closing costs, of $343,157 in the 2025 period.

In June 2025, we obtained a $150,000 revolving credit facility secured by 14 SHOP communities. Our revolving credit facility is available for general business purposes, including acquisitions. We can borrow, repay and reborrow funds available under our revolving credit facility, and no principal repayments are due, until maturity. Availability of borrowings under our credit agreement is subject to satisfying certain financial covenants and other credit facility conditions. Our revolving credit facility matures in June 2029 and we have two six-month extension options for the maturity date of the facility, subject to satisfaction of certain conditions and payment of an extension fee.

Interest payable on borrowings under our revolving credit facility is based on SOFR plus a premium of 2.50% to 3.00%, depending on our net leverage ratio, as defined in our credit agreement, which was 2.50% as of September 30, 2025. We also pay an unused commitment fee of 25 to 35 basis points per annum based on amounts outstanding under our revolving credit facility. As of September 30, 2025, the annual interest rate payable on borrowings under our revolving credit facility was 6.84%. As of September 30, 2025 and November 3, 2025, we had no borrowings under our revolving credit facility and $150,000 available for borrowings.

As of September 30, 2025, we had $201,371 of cash and cash equivalents. We typically use cash balances, net proceeds from offerings of securities, debt issuances or dispositions of assets and cash flows from our operations to fund our operations, debt repayments, distributions, acquisitions, investments, capital expenditures and other general business purposes.

During the nine months ended September 30, 2025, we paid quarterly cash distributions to our shareholders totaling approximately $7,240 using existing cash balances. On October 9, 2025, we declared a quarterly distribution payable to common shareholders of record on October 27, 2025 in the amount of $0.01 per share, or approximately $2,421. We expect to pay this distribution on or about November 13, 2025 using cash on hand. For further information regarding the distribution we paid during 2025, see Note 7 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

We believe we may have access to various types of financings, including debt or equity offerings, to fund our operations and repay our debts and other obligations as they become due. Our ability to complete, and the costs associated with, future debt or equity transactions depends primarily upon market conditions and our then creditworthiness and our ability to be in compliance with our debt covenants. We have no control over market conditions. Our credit and debt ratings depend upon evaluations by credit rating agencies of our business practices and plans, including our ability to maintain our earnings, our liquidity position, to stagger our debt maturities and to balance our use of debt and equity capital so that our financial performance and leverage ratios afford us flexibility to withstand any reasonably anticipated adverse changes. Similarly, our ability to raise equity capital in the future will depend primarily upon equity capital market conditions and our ability to conduct our business to maintain and grow our operating cash flows. We intend to conduct our business activities in a manner which will afford us reasonable access to capital for investment and financing activities, but we cannot be sure that we will be able to successfully carry out that intention. A protracted negative impact on the economy or the industries in which our properties and businesses operate resulting from wage and commodity price inflation, high interest rates, geopolitical risks or other economic, market or industry conditions, including the delayed recovery of the senior housing industry, economic downturns and a possible recession, may have various negative consequences including a decline in financing availability and increased costs for financing. Further, those conditions could also disrupt capital markets and limit our access to financing from public sources, particularly if the global financial markets experience significant disruptions.

Our $334,370 in outstanding senior secured notes due 2026 are fully and unconditionally guaranteed, on a joint, several and senior secured basis, by the 2026 Collateral Guarantors, and on a joint, several and unsecured basis, by all of our subsidiaries other than the 2026 Collateral Guarantors and certain excluded subsidiaries. These notes and the guarantees provided by the 2026 Collateral Guarantors are secured by a first priority lien and security interest in each of the collateral properties and 100% of the equity interests in each of the 2026 Collateral Guarantors. No cash interest will accrue on these notes prior to maturity. The accreted value of these notes will increase at a rate of 11.25% per annum compounded semiannually on January 15 and July 15 of each year. We have a one-time option to extend the maturity date of these senior secured notes by one year, to January 15, 2027, subject to satisfaction of certain conditions and payment of an extension fee. If we exercise this option, interest payments will be due semiannually during the extension period at an initial interest rate of 11.25% with increases of 50 basis points every 90 days these senior secured notes remain outstanding. During the nine months ended September 30, 2025, we sold 22 properties that secured our senior secured notes due 2026 and used aggregate net proceeds of $299,158 from the sales of these properties to partially redeem these senior secured notes. In October 2025, we used net proceeds of $10,249 from the sale of one property to partially redeem our outstanding senior secured notes due 2026. We are currently under agreements or letters of intent to sell 12 properties securing our senior secured notes due 2026 for an aggregate sales price of $90,529, excluding closing costs. The net proceeds from these sales are required to be used to partially redeem these senior secured notes, if these sales are completed.

In March 2025, we executed a $140,000 floating rate mortgage loan secured by 14 SHOP communities. This mortgage loan matures in March 2028 and requires that interest be paid at an annual rate of SOFR plus a premium of 2.50% with interest-only payments through April 2027, and we have two six-month extension options of the interest-only period, subject to satisfaction of certain conditions. In connection with this mortgage loan, we have purchased an interest rate cap with a SOFR strike rate equal to 4.50% pursuant to the terms of the applicable loan agreement.

In April 2025, we executed a $108,873 fixed rate mortgage financing secured by seven SHOP communities. These mortgage loans mature in May 2035 and require that interest be paid at an annual rate of 6.22% with interest-only payments through May 2030.

In May 2025, we executed a $64,000 fixed rate mortgage loan secured by four SHOP communities. This mortgage loan matures in June 2030 and requires that interest be paid at an annual rate of 6.57%.

In May 2025, we executed a $30,284 fixed rate mortgage financing secured by two SHOP communities. These mortgage loans mature in June 2035 and require that interest be paid at an annual rate of 6.36% with interest-only payments through June 2028.

From April through June 2025, we used the net proceeds from these 2025 mortgage financings, together with cash on hand, to fully redeem the remaining $380,000 principal balance of our 9.75% senior unsecured notes due June 2025. Our next significant debt maturity is $334,370 in outstanding senior secured notes with a maturity date of January 15, 2026, which is subject to a one-time option to extend the maturity date by one year, to January 15, 2027.

In September 2025, we issued $375,000 in aggregate principal amount of our 7.25% senior secured notes due 2030 in a private offering raising net proceeds of $364,726, after deducting discounts and commissions to the initial purchasers and other estimated fees and expenses. These notes are fully and unconditionally guaranteed, on a joint, several and senior secured basis, by the 2030 Collateral Guarantors, and on a joint, several and unsecured basis, by all of our subsidiaries other than the 2030 Collateral Guarantors and certain excluded subsidiaries. These notes and the guarantees provided by the 2030 Collateral Guarantors are secured by a first priority lien and security interest on 100% of the equity interests in each of the 2030 Collateral Guarantors. These notes require semi-annual interest payments through maturity. We used the net proceeds from this offering to partially redeem $307,006 of our then outstanding $641,376 senior secured notes due 2026.

For further information regarding our outstanding debt, see Note 5 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

In August 2025, Moody's Investors Service, or Moody's, upgraded our issuer credit rating from Caa3 to Caa1, senior secured notes due 2026 rating from Caa2 to B3, our 4.375% senior notes due 2031 rating from Caa3 to Caa1, and our senior unsecured notes from Ca to Caa2.

In September 2025, S&P Global, or S&P, upgraded our issuer credit rating from CCC+ to B-, our senior secured notes due 2026 and our 4.375% senior notes due 2031 ratings from B to B+ and our senior unsecured notes note rating from CCC+ to B-. Additionally, S&P rated our 7.25% senior secured notes due 2030 as B+.

Debt Covenants (dollars in thousands)

Our principal debt obligations at September 30, 2025 were: (1) $1,600,000 outstanding principal amount of senior unsecured notes; (2) $709,370 outstanding principal amount of senior secured notes; (3) $329,175 aggregate principal amount of mortgage notes (excluding discounts, premiums and net debt issuance costs) secured by 36 properties; and (4) $140,000 principal amount floating rate mortgage loan (excluding discounts, premiums and net debt issuance costs) secured by 14 properties. For further information regarding our indebtedness, see Note 5 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Our senior notes are governed by our senior notes indentures and their supplements. Our credit agreement, our mortgage loan agreements and our senior notes indentures and their supplements provide for acceleration of payment of all amounts outstanding upon the occurrence and continuation of certain events of default. Our credit agreement and our senior notes indentures and their supplements also contain covenants that restrict our ability to incur debts, including debts secured by mortgages on our properties, in excess of calculated amounts and require us to maintain various financial ratios. As of September 30, 2025, we believe we were in compliance with all of the covenants under our debt agreements. Although we continue to take steps to enhance our ability to maintain sufficient liquidity, as noted elsewhere in this Quarterly Report on Form 10-Q, a protracted negative impact on the economy or the industries in which our properties and businesses operate resulting from wage or commodity price inflation, high interest rates, geopolitical risks or other economic, market or industry conditions, including the delayed recovery of the senior housing industry, economic downturns or a possible recession, may cause increased pressure on our ability to satisfy financial and other covenants. If our operating results and financial condition are significantly negatively impacted by economic conditions or otherwise, we may fail to satisfy our debt covenants and conditions.

Our senior notes indentures and their supplements do not contain provisions for acceleration which could be triggered by our debt ratings. See "—Our Financing Liquidity and Resources" above for information regarding recent changes to our issuer credit rating and senior debt ratings.

Our revolving credit facility contains cross default provisions to any other debts of more than $25,000. Our senior unsecured notes indentures and their supplements contain cross default provisions to any other debts of more than $20,000 ($50,000 or more in the case of our senior notes indentures and supplements entered in February 2016, February 2018, June 2020, February 2021 and December 2023).

The loan agreements governing the aggregate $1,000,000 secured debt financing related to the Seaport JV contain customary covenants and provide for acceleration of payment of all amounts due thereunder upon the occurrence and continuation of certain events of default. We provide certain limited recourse guaranties on this debt, with our liability limited to $100,000. The debt secured by the properties included in the LSMD JV in which we own a 20% equity interest is guaranteed by this joint venture and is non-recourse to us.

Supplemental Guarantor Information (dollars in thousands)

On February 3, 2021, we issued $500,000 of our 4.375% senior notes due 2031. As of September 30, 2025, all $500,000 of our 4.375% senior notes due 2031 were fully and unconditionally guaranteed, on a joint, several and unsecured basis, by all of our subsidiaries except certain excluded subsidiaries. The notes and related guarantees are effectively subordinated to all of our and the subsidiary guarantors' secured indebtedness, respectively, to the extent of the value of the applicable collateral, and are structurally subordinated to all indebtedness and other liabilities and any preferred equity of any of our subsidiaries that do not guarantee the notes. Our remaining $1,100,000 of senior unsecured notes do not have the benefit of any guarantees.

A subsidiary guarantor's guarantee of our 4.375% senior notes due 2031 and all other obligations of such subsidiary guarantor under the indenture governing the notes will automatically terminate and such subsidiary guarantor will automatically be released from all of its obligations under such subsidiary guarantee and the indenture under certain circumstances, including on or after the date (a) the notes have an investment grade rating from two rating agencies and one of such investment grade ratings is a mid-BBB investment grade rating and (b) no default or event of default has occurred and is continuing under the indenture. Our non-guarantor subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on our 4.375% senior notes due 2031 or their guarantees, or to make any funds available therefor, whether by dividend, distribution, loan or other payments. The rights of holders of our 4.375% senior notes due 2031 to benefit from any of the assets of our non-guarantor subsidiaries are subject to the prior satisfaction of claims of those subsidiaries' creditors and any preferred equity holders. As a result, our 4.375% senior notes due 2031 and their guarantees are structurally subordinated to all indebtedness, guarantees and other liabilities of our subsidiaries that do not guarantee our 4.375% senior notes due 2031, including guarantees of other indebtedness of ours, payment obligations under lease agreements, trade payables and preferred equity.

The following tables present summarized financial information for guarantor entities and issuer, on a combined basis after eliminating (i) intercompany transactions and balances among the guarantor entities and (ii) equity in earnings from, and any investments in, any subsidiary that is a non-guarantor:

	September 30, 2025	December 31, 2024
Real estate properties, net	$ 2,081,469	$ 2,216,534
Other assets, net	321,765	349,634
Total assets	$ 2,403,234	$ 2,566,168
Indebtedness, net	$ 2,221,568	$ 2,783,826
Other liabilities	199,017	219,602
Total liabilities	$ 2,420,585	$ 3,003,428

	Nine Months Ended September 30, 2025
Revenues	$ 656,309
Expenses	$ 853,646
Loss from continuing operations	$ (363,993)
Net loss	$ (355,570)

Related Person Transactions

We have relationships and historical and continuing transactions with RMR, RMR Inc., AlerisLife (including Five Star) and others related to them. For further information about these and other such relationships and related person transactions, see Notes 9, 10 and 11 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, our Annual Report, our definitive Proxy Statement for our 2025 Annual Meeting of Shareholders and our other filings with the SEC. In addition, see the section captioned “Risk Factors” of our Annual Report for a description of risks that may arise as a result of these and other related person transactions and relationships. We may engage in additional transactions with related persons, including businesses to which RMR or its subsidiaries provide management services.

Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect reported amounts. Actual results could differ from those estimates. Significant estimates in our condensed consolidated financial statements include purchase price allocations, useful lives of fixed assets and impairments of real estate and intangible assets.

A discussion of our critical accounting estimates is included in our Annual Report. There have been no significant changes in our critical accounting estimates since the year ended December 31, 2024.

Impact of Government Reimbursement

For the nine months ended September 30, 2025, substantially all of our NOI was generated from properties where a majority of the revenues are derived from our tenants' and residents' private resources, and a small amount of our NOI was generated from properties where a majority of the revenues are derived from Medicare and Medicaid payments. Nonetheless, we own, and our tenants, managers and operators operate, facilities in many states that participate in federal and state healthcare payment programs, including the federal Medicare and state Medicaid programs and other federal and state healthcare payment programs. Also, some of our medical office and life science property tenants participate in federal Medicare and state Medicaid programs and other government healthcare payment programs.

For more information regarding the government healthcare funding and regulation of our business, please see the section captioned "Business—Government Regulation and Reimbursement" in our Annual Report and the section captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations—Impact of Government Reimbursement" in our Annual Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to risks associated with market changes in interest rates. We manage our exposure to this market risk by monitoring available financing alternatives, including fixed rate debt, and employing derivative instruments, including interest rate caps, to limit our exposure to increasing interest rates. Other than as described below, we do not currently expect any significant changes in our exposure to fluctuations in interest rates or in how we manage this exposure in the near future.

Floating Rate Debt

As of September 30, 2025, our outstanding floating rate debt consisted of the following:

Debt	Principal Balance	Annual Interest Rate (1)	Annual Interest Expense	Maturity Date	Interest Payments Due
Floating rate mortgage loan	$ 140,000	6.63%	$ 9,411	3/31/2028	Monthly
Floating rate secured revolving credit facility	—	—	—	6/11/2029	Monthly
	$ 140,000		$ 9,411		

(1) The annual interest rate is the rate stated in the applicable contract, as adjusted by our interest rate cap, if applicable.

Our $140,000 floating rate mortgage loan is subject to two one-year extension options and requires that interest be paid at an annual rate of SOFR plus a premium of 2.50%. We are vulnerable to changes in the U.S. dollar based on short term interest rates, specifically SOFR. In connection with this mortgage loan, to hedge our exposure to risks related to changes in SOFR and pursuant to the terms of the applicable loan agreement, we have purchased an interest rate cap with a SOFR strike rate equal to 4.50%.

At September 30, 2025, we had no amounts outstanding under our revolving credit facility. No principal repayments are required under our revolving credit facility prior to maturity and repayments may be made and redrawn subject to conditions at any time without penalty.

Borrowings under our revolving credit facility are in U.S. dollars and require interest to be paid at a rate of SOFR plus a premium. Accordingly, we are vulnerable to changes in U.S. dollar based short term interest rates, specifically SOFR. In addition, upon renewal or refinancing of these obligations, we are vulnerable to increases in interest rate premiums, including increases in the cost of replacement interest rate caps, due to market conditions and our perceived credit risk. The following table presents the approximate impact a one percentage point increase in interest rates would have on our annual floating rate interest expense at September 30, 2025, including the impact of our interest rate cap:

	Impact of an Increase in Interest Rates			
	Interest Rate (1)	Outstanding Debt	Total Interest Expense Per Year	Annual Earnings Per Share Impact (2)
As of September 30, 2025	6.63%	$ 140,000	$ 9,411	$ (0.04)
One percentage point increase (3)	7.00%	$ 140,000	$ 9,936	$ (0.04)

(1) Based on SOFR plus a premium, which was 250 basis points per annum for our $140,000 floating rate mortgage loan, as of September 30, 2025.
(2) Based on the diluted weighted average common shares outstanding for the nine months ended September 30, 2025.
(3) A one percentage point increase in interest rates would be capped at 7.00% for our $140,000 floating rate mortgage loan as a result of our 4.50% interest rate cap purchased for this debt. However, a one percentage point increase in the interest rate of our floating rate debt to 7.63% at September 30, 2025 would result in total floating rate interest expense per year of $10,829 and a decrease in annual earnings per share of $0.05.

The following table presents the impact a one percentage point increase in interest rates would have on our annual floating rate interest expense at September 30, 2025 if we were fully drawn on our revolving credit facility:

	Impact of an Increase in Interest Rates			
	Interest Rate (1)	Outstanding Debt (2)	Total Interest Expense Per Year	Annual Earnings Per Share Impact (3)
As of September 30, 2025	6.74%	$ 290,000	$ 19,817	$ (0.08)
One percentage point increase (4)	7.46%	$ 290,000	$ 21,934	$ (0.09)

(1) Based on SOFR plus a premium, which was 250 basis points per annum for both our revolving credit facility and our $140,000 floating rate mortgage loan, as of September 30, 2025. Interest rate is weighted based on amounts outstanding.
(2) Represents the maximum amount available under our revolving credit facility and our $140,000 floating rate mortgage loan.
(3) Based on the diluted weighted average common shares outstanding for the nine months ended September 30, 2025.
(4) A one percentage point increase in interest rates would be capped at 7.00% for our $140,000 floating rate mortgage loan as a result of our 4.50% interest rate cap purchased for this debt. However, a one percentage point increase in the interest rate of our floating rate debt to 7.74% at September 30, 2025 would result in total floating rate interest expense per year of $22,757 and a decrease in annual earnings per share of $0.09.

The foregoing table shows the impact of an immediate one percentage point change in floating interest rates, including the impact of our interest rate cap. Our exposure to fluctuations in floating interest rates will increase or decrease in the future with increases or decreases in the outstanding amounts of any floating rate debt we may incur and the impact, if any, of interest rate caps we may purchase. Generally, if interest rates were to change gradually over time, the impact would be spread over time.

Fixed Rate Debt

As of September 30, 2025, our outstanding fixed rate debt consisted of the following:

Debt	Principal Balance	Annual Interest Rate (1)	Annual Interest Expense	Maturity Date	Interest Payments Due
Senior secured notes	$ 375,000	7.250 %	$ 27,188	10/15/2030	Semiannually
Senior unsecured notes	500,000	4.750 %	23,750	2/15/2028	Semiannually
Senior unsecured notes	500,000	4.375 %	21,875	3/1/2031	Semiannually
Senior unsecured notes	350,000	5.625 %	19,688	8/1/2042	Quarterly
Senior unsecured notes	250,000	6.250 %	15,625	2/1/2046	Quarterly
Mortgage note	63,757	6.572 %	4,248	6/7/2030	Monthly
Mortgage note	120,000	6.864 %	8,351	6/11/2034	Monthly
Mortgage note	108,873	6.220 %	6,866	5/1/2035	Monthly
Mortgage note	30,284	6.360 %	1,953	6/1/2035	Monthly
Mortgage note	6,261	6.444 %	409	7/1/2043	Monthly
	$ 2,304,175		$ 129,953		

(1) The annual interest rate is the rate stated in the applicable contract.

No principal repayments are due under our senior notes until maturity. Our mortgage loan maturing in June 2034 requires monthly interest payments and no principal payment is due until maturity, while our mortgage loans maturing in March 2028, May 2035 and June 2035 require monthly interest payments and no principal payment is due for a specified amount of time.

Our mortgage loans maturing in June 2030 and July 2043 require monthly principal and interest payments. Because these debts require interest to be paid at a fixed rate, changes in market interest rates during the term of these debts will not affect our interest obligations. If these debts were refinanced at interest rates which are one percentage point higher or lower than shown above, our annual interest cost would increase or decrease by approximately $23,042, which amount excludes $334,370 of our senior secured notes due 2026. Our $334,370 senior secured notes due 2026 require no cash interest to accrue prior to maturity and will accrete at a rate of 11.25% per annum compounded semi-annually on January 15 and July 15 of each year, such that the accreted value will equal the principal amount at maturity.

Changes in market interest rates would affect the fair value of our fixed rate debt obligations. Increases in market interest rates decrease the fair value of our fixed rate debt, while decreases in market interest rates increase the fair value of our fixed rate debt. Interest rates continue to remain elevated despite recent reductions by the U.S. Federal Reserve. There are uncertainties surrounding interest rates and they may remain at current levels, decrease or increase.

Our debt agreements contain provisions that allow us to make repayments earlier than the stated maturity date. In some cases, we are not allowed to make early repayment prior to a cutoff date, and we are generally allowed to make prepayments only at a premium equal to a make whole amount, as defined, which is generally designed to preserve a stated yield to the noteholder. In the past, we have repurchased and retired some of our outstanding debt and we may do so again in the future. These prepayment rights and our ability to repurchase and retire outstanding debt may afford us opportunities to mitigate the risk of refinancing our debts at maturity at higher rates by refinancing prior to maturity.

Item 4. Controls and Procedures.

As of the end of the period covered by this Quarterly Report on Form 10-Q, our management carried out an evaluation, under the supervision and with the participation of our President and Chief Executive Officer and our Chief Financial Officer and Treasurer, of the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, our President and Chief Executive Officer and our Chief Financial Officer and Treasurer concluded that our disclosure controls and procedures are effective.

There have been no changes in our internal control over financial reporting during the quarter ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Warning Concerning Forward-Looking Statements

This Quarterly Report on Form 10-Q 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: our efforts to manage costs and increase occupancy at our SHOP communities; market demand and supply for healthcare services for older adults and senior living communities; the transitions of management of certain of our senior living communities to third party managers and the expected timing and costs related to such transitions; demand for medical office and life science leased space; our future leasing activity; our leverage; the sufficiency of our liquidity; our liquidity needs and sources; our redemptions of notes; our capital expenditure plans and commitments; our acquisitions and our pending or potential property dispositions; our redevelopment, repositioning and construction activities and plans; and the amount and timing of future distributions.

Forward-looking statements reflect our current expectations, are based on judgments and assumptions, are inherently uncertain and are subject to risks, uncertainties and other factors, which could cause our 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 our 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 impact of unfavorable market and commercial real estate industry conditions due to possible reduced demand for healthcare related space and senior living communities, uncertainties surrounding interest rates, wage and commodity price inflation, supply chain disruptions, volatility in the public debt and equity markets, effects of or changes to tariffs or trading policies, pandemics, geopolitical instability and tensions, any U.S. government shutdown, economic uncertainties, labor market conditions or changes in real estate utilization, among other things, on us and our managers and other operators and tenants,
- Our senior living operators' abilities to successfully and profitably operate the communities they manage for us,
- The continuing impact of changing market practices on us and our managers and other operators and tenants, such as delayed recovery of the senior housing industry, reduced demand for leased medical office, life science and other space of ours and residencies at senior living communities and increased operating costs,
- The financial strength of our 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,
- The likelihood that we may experience temporary disruption, including reductions in our cash flows, as we transition the management of 116 of our senior living communities managed by Five Star to seven different third party managers,
- Whether our tenants will renew or extend their leases or whether we will obtain replacement tenants on terms as favorable to us as our prior leases,
- The likelihood that our tenants and residents will pay rent or be negatively impacted by continuing unfavorable market and commercial real estate industry conditions,
- Our managers' abilities to increase or maintain rates charged to residents of our senior living communities and manage operating costs for those communities,
- Our ability to increase or maintain occupancy at our properties on terms desirable to us,
- Our ability to increase rents when our leases expire or renew,
- Costs we incur and concessions we grant to lease our properties,

- Risk and uncertainties regarding the costs and timing of development, redevelopment and repositioning activities, including as a result of inflation, cost overruns, tariffs, supply chain challenges, labor shortages, construction delays or inability to obtain necessary permits or volatility in the commercial real estate markets,
- Our ability to manage our capital expenditures and other operating costs effectively and to maintain and enhance our properties and their appeal to tenants and residents,
- Our ability to effectively raise and balance our use of debt and equity capital,
- Our ability to purchase cost effective interest rate caps,
- Our ability to comply with the financial covenants under our debt agreements,
- Our ability to make required payments on our debt,
- Our ability to maintain sufficient liquidity, including the availability of borrowings under our revolving credit facility, and otherwise manage leverage,
- Our credit ratings,
- Our ability to sell properties at prices or returns we target, and the timing of such sales,
- Our ability to sell additional equity interests in, or contribute additional properties to, our existing joint ventures, or enter into additional real estate joint ventures or to attract co-venturers and benefit from our existing joint ventures or any real estate joint ventures we may enter into,
- Our ability to acquire, develop, redevelop or reposition properties that realize our targeted returns,
- Non-performance by the counterparties to our interest rate cap,
- Our ability to pay distributions to our shareholders and to maintain or increase the amount of such distributions,
- The ability of RMR to successfully manage us,
- Competition in the real estate industry, particularly in those markets in which our properties are located,
- Government regulations affecting Medicare and Medicaid 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 our related parties, including our Managing Trustees, RMR, ABP Trust, AlerisLife and others affiliated with them,
- Limitations imposed by and our ability to satisfy complex rules to maintain our qualification for taxation as a REIT for U.S. federal income tax purposes,
- Acts of terrorism, outbreaks of pandemics or other public health safety events or conditions, war or other hostilities, global climate change or other manmade or natural disasters beyond our control, and
- Other matters.

These risks, uncertainties and other factors are not exhaustive and should be read in conjunction with other cautionary statements that are included in our periodic filings. The information contained elsewhere in this Quarterly Report on Form 10-Q or in our other filings with the SEC, including under the caption “Risk Factors”, or incorporated herein or therein, identifies other important factors that could cause differences from 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 our 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.

Statement Concerning Limited Liability

The Amended and Restated Declaration of Trust establishing Diversified Healthcare Trust, dated September 20, 1999, as amended and supplemented, as filed with the State Department of Assessments and Taxation of Maryland, provides that no trustee, officer, shareholder, employee or agent of Diversified Healthcare Trust shall be held to any personal liability, jointly or severally, for any obligation of, or claim against, Diversified Healthcare Trust. All persons dealing with Diversified Healthcare Trust in any way shall look only to the assets of Diversified Healthcare Trust for the payment of any sum or the performance of any obligation.

PART II. Other Information

Item 1A. Risk Factors.

There have been no material changes to risk factors from those we previously disclosed in our Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer purchases of equity securities. The following table provides information about our purchases of our equity securities during the three months ended September 30, 2025:

Calendar Month	Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
September 1 - September 30, 2025	218,290	$ 4.37	—	$ —
Total	218,290	$ 4.37	—	$ —

(1) These common share withholdings and purchases were made to satisfy tax withholding and payment obligations of our officers and certain other current and former officers and employees of RMR and certain employees of AlerisLife in connection with the vesting of awards of our common shares. We withheld and purchased these common shares at their fair market values based upon the trading prices of our common shares at the close of trading on Nasdaq on the applicable purchase dates.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Composite Copy of Articles of Amendment and Restatement, dated September 20, 1999, as amended to date. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020.)
3.2	Articles Supplementary, dated May 11, 2000. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000.)
3.3	Articles Supplementary, dated June 30, 2017. (Incorporated by reference to the Company's Current Report on Form 8-K filed on June 30, 2017.)
3.4	Articles Supplementary, dated May 19, 2020. (Incorporated by reference to the Company's Current Report on Form 8-K filed on May 20, 2020.)
3.5	Fourth Amended and Restated Bylaws of the Company, adopted May 31, 2024. (Incorporated by reference to the Company’s Current Report on Form 8-K filed on June 4, 2024.)
4.1	Form of Common Share Certificate. (Incorporated by reference to the Company's Current Report on Form 8-K filed on January 2, 2020.)
4.2	Indenture, dated as of December 20, 2001, between the Company and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association, as successor trustee to State Street Bank and Trust Company). (Incorporated by reference to the Company's Registration Statement on Form S-3, File No. 333-76588.)
4.3	Supplemental Indenture No. 7, dated as of July 20, 2012, between the Company and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), related to 5.625% Senior Notes due 2042, including form thereof. (Incorporated by reference to the Company's Registration Statement on Form 8-A filed on July 20, 2012.)
4.4	Indenture, dated as of February 18, 2016, between the Company and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association). (Incorporated by reference to the Company's Current Report on Form 8-K filed on February 18, 2016.)
4.5	First Supplemental Indenture, dated as of February 18, 2016, between the Company and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), related to 6.25% Senior Notes due 2046, including form thereof. (Incorporated by reference to the Company's Current Report on Form 8-K filed on February 18, 2016.)

4.6	Second Supplemental Indenture, dated as of February 12, 2018, between the Company and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), related to 4.75% Senior Notes due 2028, including form thereof. (Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2017.)
4.7	Fourth Supplemental Indenture, dated as of February 8, 2021, among the Company, certain subsidiaries of the Company named therein as guarantors and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), related to 4.375% Senior Notes due 2031, including form thereof. (Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2020.)
4.8	Supplemental Indenture, dated as of March 5, 2021, among the Company, certain subsidiaries of the Company named therein as guarantors and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), related to 4.375% Senior Notes due 2031. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.)
4.9	Supplemental Indenture, dated as of September 9, 2022, among the Company, certain subsidiaries of the Company named therein as guarantors and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), related to 4.375% Senior Notes due 2031. (Incorporated by reference to the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2022.)
4.10	Supplemental Indenture, dated as of November 22, 2022, among the Company, certain subsidiaries of the Company named therein as guarantors and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), related to 4.375% Senior Notes due 2031. (Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2022.)
4.11	Supplemental Indenture, dated as of March 1, 2024, among the Company, certain subsidiaries of the Company named therein as guarantors and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), related to 4.375% Senior Notes due 2031. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024.)
4.12	Indenture, dated as of December 21, 2023, among the Company, certain subsidiaries of the Company named therein as guarantors and U.S. Bank Trust Company, National Association, related to Senior Secured Notes due 2026. (Incorporated by reference to the Company's Current Report on Form 8-K filed on December 22, 2023.)
4.13	Indenture, dated as of September 26, 2025, between the Company, certain subsidiaries of the Company named therein as guarantors and U.S. Bank Trust Company, National Association, related to the Company’s 7.250% Senior Secured Notes due 2030. (Incorporated by reference to the Company’s Form 8-K filed on September 29, 2025.)
4.14	Registration Rights and Lock-Up Agreement, dated as of June 5, 2015, among the Company, ABP Trust (f/k/a Reit Management & Research Trust) and Adam D. Portnoy. (Incorporated by reference to the Company's Current Report on Form 8-K filed on June 8, 2015.)
10.1	Release of Certain Guarantors, dated as of September 26, 2025, related to Senior Secured Notes due 2026, among the Company, certain subsidiaries of the Company named therein and U.S. Bank Trust Company, National Association. (Filed herewith.)
22.1	List of Subsidiary Guarantors. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2025.)
31.1	Rule 13a-14(a) Certification. (Filed herewith.)
31.2	Rule 13a-14(a) Certification. (Filed herewith.)
32.1	Section 1350 Certification. (Furnished herewith.)
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document. (Filed herewith.)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document. (Filed herewith.)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. (Filed herewith.)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document. (Filed herewith.)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document. (Filed herewith.)
104	Cover Page Interactive Data File. (Formatted as Inline XBRL and contained in Exhibit 101.)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DIVERSIFIED HEALTHCARE TRUST

By: /s/ Christopher J. Bilotto
Christopher J. Bilotto
President and Chief Executive Officer

Dated: November 3, 2025

By: /s/ Matthew C. Brown
Matthew C. Brown
Chief Financial Officer and Treasurer
(principal financial and accounting officer)

Dated: November 3, 2025

Exhibit 10.1

RELEASE OF CERTAIN GUARANTORS

Reference is made to that certain Indenture, dated as of December 21, 2023, among Diversified Healthcare Trust, a Maryland real estate investment trust (the "Company"), U.S. Bank Trust Company, National Association, as Trustee (the “Trustee”), each of the Subsidiaries listed on Schedule I attached hereto (each, a “Released Guarantor”) and certain other Subsidiaries of the Company, as Guarantors (the “Indenture”), relating to the Company’s Senior Secured Notes due 2026 (the “Notes”). The terms defined in the Indenture are used herein as therein defined, unless otherwise defined herein.

Pursuant to Section 12.04 of the Indenture, the undersigned, as Trustee, hereby confirms the release and discharge of each Released Guarantor from any and all obligations and liabilities under the Subsidiary Guarantee, and further hereby confirms the termination and release of each Released Guarantor of all other obligations under the Indenture or the Notes, each as of September 26, 2025.

Dated as of September 26, 2025.

U.S. Bank Trust Company, National Association, as Trustee

By: /s/ James H. Byrnes
Name: James H. Byrnes
Title: Vice President

SCHEDULE 1

RELEASED GUARANTORS

1. SNH Clear Brook LLC, a Delaware limited liability company
2. SNH LTF Properties LLC, a Maryland limited liability company
3. SNH Well Properties GA-MD LLC, a Delaware limited liability company
4. SNH Well Properties Trust, a Maryland real estate investment trust
5. SPTMISC Properties Trust, a Maryland real estate investment trust
6. SPTSUN II Properties Trust, a Maryland real estate investment trust

Exhibit 31.1

CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)

I, Christopher J. Bilotto, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Diversified Healthcare Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2025

/s/ Christopher J. Bilotto

Christopher J. Bilotto
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)

I, Matthew C. Brown, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Diversified Healthcare Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 3, 2025

/s/ Matthew C. Brown

Matthew C. Brown
Chief Financial Officer and Treasurer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SEC. 1350

In connection with the filing by Diversified Healthcare Trust (the “Company”) of the Quarterly Report on Form 10-Q for the period ended September 30, 2025 (the “Report”), each of the undersigned hereby certifies, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Christopher J. Bilotto

Christopher J. Bilotto
President and Chief Executive Officer

/s/ Matthew C. Brown

Matthew C. Brown
Chief Financial Officer and Treasurer

Date: November 3, 2025