

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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 June 30, 2020

OR

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

Commission File Number 1-34364

OFFICE PROPERTIES INCOME TRUST

(Exact Name of Registrant as Specified in Its Charter)

Maryland

(State or Other Jurisdiction of Incorporation or Organization)

26-4273474

(IRS Employer Identification No.)

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

(Address of Principal Executive Offices) (Zip Code)

617-219-1440

(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	OPI	The Nasdaq Stock Market LLC
5.875% Senior Notes due 2046	OPINI	The Nasdaq Stock Market LLC
6.375% Senior Notes due 2050	OPINL	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 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 of beneficial interest, \$.01 par value per share, outstanding as of July 29, 2020: 48,227,800

OFFICE PROPERTIES INCOME TRUST

FORM 10-Q

June 30, 2020

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

PART I. Financial Information
Item 1. Financial Statements

OFFICE PROPERTIES INCOME TRUST
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except per share data)
(unaudited)

	June 30, 2020	December 31, 2019
ASSETS		
Real estate properties:		
Land	\$ 843,418	\$ 840,550
Buildings and improvements	2,691,482	2,652,681
Total real estate properties, gross	3,534,900	3,493,231
Accumulated depreciation	(422,716)	(387,656)
Total real estate properties, net	3,112,184	3,105,575
Assets of properties held for sale	—	70,877
Investments in unconsolidated joint ventures	39,067	39,756
Acquired real estate leases, net	645,589	732,382
Cash and cash equivalents	24,485	93,744
Restricted cash	5,616	6,952
Rents receivable	95,005	83,556
Deferred leasing costs, net	45,029	40,107
Other assets, net	10,688	20,187
Total assets	\$ 3,977,663	\$ 4,193,136
LIABILITIES AND SHAREHOLDERS' EQUITY		
Unsecured revolving credit facility	\$ 200,000	\$ —
Senior unsecured notes, net	1,766,387	2,017,379
Mortgage notes payable, net	210,539	309,946
Liabilities of properties held for sale	—	14,693
Accounts payable and other liabilities	115,593	125,048
Due to related persons	6,856	7,141
Assumed real estate lease obligations, net	11,858	13,175
Total liabilities	2,311,233	2,487,382
Commitments and contingencies		
Shareholders' equity:		
Common shares of beneficial interest, \$.01 par value: 200,000,000 shares authorized, 48,227,800 and 48,201,941 shares issued and outstanding, respectively	482	482
Additional paid in capital	2,613,868	2,612,425
Cumulative net income	189,356	177,217
Cumulative other comprehensive loss	(85)	(200)
Cumulative common distributions	(1,137,191)	(1,084,170)
Total shareholders' equity	1,666,430	1,705,754
Total liabilities and shareholders' equity	\$ 3,977,663	\$ 4,193,136

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Rental income	\$ 145,603	\$ 176,032	\$ 295,488	\$ 350,809
Expenses:				
Real estate taxes	15,781	18,147	32,588	36,539
Utility expenses	5,201	7,470	12,213	16,851
Other operating expenses	25,787	29,692	51,667	59,828
Depreciation and amortization	64,170	73,913	127,113	151,434
Loss on impairment of real estate	—	2,380	—	5,584
Acquisition and transaction related costs	—	98	—	682
General and administrative	7,204	8,744	14,313	17,467
Total expenses	118,143	140,444	237,894	288,385
Gain (loss) on sale of real estate	66	(17)	10,822	22,075
Dividend income	—	980	—	1,960
Loss on equity securities	—	(66,135)	—	(44,007)
Interest and other income	30	241	736	489
Interest expense (including net amortization of debt premiums, discounts and issuance costs of \$2,402, \$2,863, \$4,685 and \$5,704, respectively)	(25,205)	(35,348)	(52,364)	(72,481)
Loss on early extinguishment of debt	(557)	(71)	(3,839)	(485)
Income (loss) before income tax (expense) benefit and equity in net losses of investees	1,794	(64,762)	12,949	(30,025)
Income tax (expense) benefit	(235)	130	(274)	(353)
Equity in net losses of investees	(260)	(142)	(536)	(377)
Net income (loss)	1,299	(64,774)	12,139	(30,755)
Other comprehensive income (loss):				
Unrealized gain (loss) on financial instrument	176	(269)	115	(367)
Equity in unrealized gain of investees	—	71	—	137
Other comprehensive income (loss)	176	(198)	115	(230)
Comprehensive income (loss)	\$ 1,475	\$ (64,972)	\$ 12,254	\$ (30,985)
Weighted average common shares outstanding (basic and diluted)	48,106	48,049	48,101	48,040
Per common share amounts (basic and diluted):				
Net income (loss)	\$ 0.03	\$ (1.35)	\$ 0.25	\$ (0.64)

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

OFFICE PROPERTIES INCOME 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 Common Distributions	Total Shareholders' Equity
Balance at December 31, 2019	48,201,941	\$ 482	\$ 2,612,425	\$ 177,217	\$ (200)	\$ (1,084,170)	\$ 1,705,754
Share grants	—	—	379	—	—	—	379
Share repurchases	(1,012)	—	(27)	—	—	—	(27)
Net current period other comprehensive loss	—	—	—	—	(61)	—	(61)
Net income	—	—	—	10,840	—	—	10,840
Distributions to common shareholders	—	—	—	—	—	(26,511)	(26,511)
Balance at March 31, 2020	48,200,929	482	2,612,777	188,057	(261)	(1,110,681)	1,690,374
Share grants	28,000	—	1,121	—	—	—	1,121
Share repurchases	(1,129)	—	(30)	—	—	—	(30)
Net current period other comprehensive income	—	—	—	—	176	—	176
Net income	—	—	—	1,299	—	—	1,299
Distributions to common shareholders	—	—	—	—	—	(26,510)	(26,510)
Balance at June 30, 2020	48,227,800	\$ 482	\$ 2,613,868	\$ 189,356	\$ (85)	\$ (1,137,191)	\$ 1,666,430

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

OFFICE PROPERTIES INCOME TRUST
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(dollars in thousands)
(unaudited)

	Number of Shares	Common Shares	Additional Paid In Capital	Cumulative Net Income (Loss)	Cumulative Other Comprehensive Income (Loss)	Cumulative Common Distributions	Total Shareholders' Equity
Balance at December 31, 2018	48,082,903	\$ 481	\$ 2,609,801	\$ 146,882	\$ 106	\$ (978,302)	\$ 1,778,968
Share grants	9,000	—	865	—	—	—	865
Amount reclassified from cumulative other comprehensive income to net income	—	—	—	—	(371)	—	(371)
Net current period other comprehensive loss	—	—	—	—	(32)	—	(32)
Net income	—	—	—	34,019	—	—	34,019
Distributions to common shareholders	—	—	—	—	—	(26,445)	(26,445)
Balance at March 31, 2019	48,091,903	481	2,610,666	180,901	(297)	(1,004,747)	1,787,004
Share grants	24,000	—	971	—	—	—	971
Share repurchases	(2,245)	—	(63)	—	—	—	(63)
Share forfeitures	(214)	—	(4)	—	—	—	(4)
Net current period other comprehensive loss	—	—	—	—	(198)	—	(198)
Net loss	—	—	—	(64,774)	—	—	(64,774)
Distributions to common shareholders	—	—	—	—	—	(26,450)	(26,450)
Balance at June 30, 2019	48,113,444	\$ 481	\$ 2,611,570	\$ 116,127	\$ (495)	\$ (1,031,197)	\$ 1,696,486

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

OFFICE PROPERTIES INCOME TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)
(unaudited)

	Six Months Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 12,139	\$ (30,755)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	41,318	46,091
Net amortization of debt premiums, discounts and issuance costs	4,685	5,704
Amortization of acquired real estate leases	85,726	105,460
Amortization of deferred leasing costs	3,380	2,771
Gain on sale of real estate	(10,822)	(22,075)
Loss on impairment of real estate	—	5,584
Loss on early extinguishment of debt	2,701	485
Straight line rental income	(9,051)	(12,461)
Other non-cash expenses, net	957	1,288
Loss on equity securities	—	44,007
Equity in net losses of investees	536	377
Change in assets and liabilities:		
Rents receivable	(2,162)	15,886
Deferred leasing costs	(8,803)	(15,208)
Other assets	5,300	6,104
Accounts payable and other liabilities	(14,429)	(16,858)
Due to related persons	(285)	(28,610)
Net cash provided by operating activities	111,190	107,790
CASH FLOWS FROM INVESTING ACTIVITIES:		
Real estate acquisitions	(11,864)	—
Real estate improvements	(32,050)	(21,126)
Distributions in excess of earnings from unconsolidated joint ventures	153	1,121
Distributions in excess of earnings from Affiliates Insurance Company	287	—
Proceeds from sale of properties, net	81,528	288,885
Proceeds from repayment of mortgage note receivable	2,880	—
Net cash provided by investing activities	40,934	268,880
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of mortgage notes payable	(114,413)	(9,970)
Repayment of unsecured term loans	—	(218,000)
Repayment of senior unsecured notes	(400,000)	—
Proceeds from issuance of senior notes, net of discounts	145,275	—
Borrowings on unsecured revolving credit facility	481,467	85,000
Repayments on unsecured revolving credit facility	(281,467)	(195,000)
Payment of debt issuance costs	(503)	—
Repurchase of common shares	(57)	(63)
Distributions to common shareholders	(53,021)	(52,895)
Net cash used in financing activities	(222,719)	(390,928)

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

OFFICE PROPERTIES INCOME TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(dollars in thousands)
(unaudited)

	Six Months Ended June 30,	
	2020	2019
Decrease in cash, cash equivalents and restricted cash	\$ (70,595)	\$ (14,258)
Cash, cash equivalents and restricted cash at beginning of period	100,696	38,943
Cash, cash equivalents and restricted cash at end of period	<u>\$ 30,101</u>	<u>\$ 24,685</u>

	Six Months Ended June 30,	
	2020	2019
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$ 53,811	\$ 68,640
Income taxes paid	\$ —	\$ 457

SUPPLEMENTAL DISCLOSURE OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH:

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

	As of June 30,	
	2020	2019
Cash and cash equivalents	\$ 24,485	\$ 21,102
Restricted cash	5,616	3,583
Total cash, cash equivalents and restricted cash shown in the condensed consolidated statements of cash flows	<u>\$ 30,101</u>	<u>\$ 24,685</u>

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

OFFICE PROPERTIES INCOME TRUST
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share data)
(unaudited)

Note 1. Basis of Presentation

The accompanying condensed consolidated financial statements of Office Properties Income Trust and its subsidiaries, or OPI, 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, 2019, or our 2019 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. Our 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 the condensed consolidated financial statements include purchase price allocations, useful lives of fixed assets and assessment of impairment of real estate and the related intangibles.

Note 2. Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires that entities use a new forward looking “expected loss” model that generally will result in the earlier recognition of allowance for credit losses. The measurement of expected credit losses is based upon historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. We adopted ASU No. 2016-13 on January 1, 2020 using the modified retrospective approach. The implementation of this standard did not have a material impact in our condensed consolidated financial statements.

Note 3. Per Common Share Amounts

We calculate basic earnings per common share by dividing net income (loss) by the weighted average number of our common shares outstanding during the period. 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. For the three and six months ended June 30, 2020 and 2019, certain unvested common shares were not included in the calculation of diluted earnings per share because to do so would have been antidilutive.

Note 4. Real Estate Properties

As of June 30, 2020, our wholly owned properties were comprised of 184 properties with approximately 24,909,000 rentable square feet, with an aggregate undepreciated carrying value of \$3,534,900 and we had noncontrolling ownership interests in three properties totaling approximately 444,000 rentable square feet through two unconsolidated joint ventures in which we own 51% and 50% interests. We generally lease space at our properties on a gross lease, modified gross lease or net lease basis pursuant to fixed term contracts expiring between 2020 and 2040. Some of our leases generally require us to pay all or some property operating expenses and to provide all or most property management services. During the three months ended June 30, 2020, we entered into 16 leases for approximately 642,000 rentable square feet for a weighted (by rentable square feet) average lease term of 6.1 years and we made commitments for approximately \$16,529 of leasing related costs. During the six months ended June 30, 2020, we entered into 43 leases for approximately 1,231,000 rentable square feet for a weighted (by rentable square feet) average lease term of 5.4 years and we made commitments for approximately \$29,459 of leasing related costs.

As of June 30, 2020, we have estimated unspent leasing related obligations of \$61,720.

We regularly evaluate whether events or changes in circumstances have occurred that could indicate an impairment in the value of our long lived assets. If there is an indication that the carrying value of an asset is not recoverable, we estimate the projected undiscounted cash flows to determine if an impairment loss should be recognized. The future net undiscounted cash

OFFICE PROPERTIES INCOME TRUST
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(dollars in thousands, except per share data)
(unaudited)

flows are subjective and are based in part on assumptions regarding hold periods, market rents and terminal capitalization rates. We determine the amount of any impairment loss by comparing the historical carrying value to estimated fair value. We estimate fair value through an evaluation of recent financial performance and projected discounted cash flows using standard industry valuation techniques. In addition to the consideration of impairment upon the events or changes in circumstances described above, we regularly evaluate the remaining lives of our long lived assets. If we change our estimate of the remaining lives, we allocate the carrying value of the affected assets over their revised remaining lives.

Acquisition Activities

In February 2020, we acquired a property adjacent to a property we own in Boston, MA for \$11,864, including \$364 of acquisition related costs. This acquisition was accounted for as an asset acquisition. The purchase price of this acquisition was allocated to land and building in the amounts of \$2,618 and \$9,246, respectively.

In July 2020, we entered into an agreement to acquire an office property located in Denver, CO with approximately 68,000 rentable square feet for a purchase price of \$38,100, excluding acquisition related costs. This acquisition is expected to occur before the end of the third quarter. However, this acquisition is subject to due diligence and other closing conditions; accordingly, we cannot be sure that we will complete this acquisition, that this acquisition will not be delayed or that the terms will not change.

Disposition Activities

During the six months ended June 30, 2020, we sold six properties with a combined 734,784 rentable square feet for an aggregate sales price of \$85,363, excluding closing costs and including the repayment of one mortgage note with an outstanding principal balance of \$13,095, an annual interest rate of 5.9% and a maturity date in August 2021.

The sales of these properties, as presented in the table below, do not represent significant dispositions individually or in the aggregate nor do they represent a strategic shift in our business. As a result, the results of operations of these properties are included in continuing operations through the date of sale in our condensed consolidated statements of comprehensive income (loss).

Date of Sale	Number of Properties	Location	Rentable Square Feet	Gross Sales Price ⁽¹⁾	Gain (Loss) on Sale of Real Estate
January 2020	2	Stafford, VA	64,656	\$ 14,063	\$ 4,704
January 2020	1	Windsor, CT	97,256	7,000	314
February 2020	1	Lincolnshire, IL	222,717	12,000	1,176
March 2020	1	Trenton, NJ	267,025	30,100	(192)
March 2020	1	Fairfax, VA	83,130	22,200	4,820
	<u>6</u>		<u>734,784</u>	<u>\$ 85,363</u>	<u>\$ 10,822</u>

(1) Gross sales price is equal to the gross contract price, includes purchase price adjustments, if any, and excludes closing costs.

In July 2020, we entered into an agreement to sell a four property business park located in Fairfax, VA containing approximately 171,000 rentable square feet for a gross sales price of \$25,400, excluding closing costs. This sale is expected to occur before the end of the third quarter. However, this sale is subject to conditions; accordingly, we cannot be sure that we will complete this sale or that this sale will not be delayed or the terms will not change.

OFFICE PROPERTIES INCOME TRUST
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(dollars in thousands, except per share data)
(unaudited)

Unconsolidated Joint Ventures

We own interests in two joint ventures that own three properties. We account for these investments under the equity method of accounting. As of June 30, 2020 and December 31, 2019, our investments in unconsolidated joint ventures consisted of the following:

Joint Venture	OPI Ownership	OPI Carrying Value of Investments at		Number of Properties	Location	Rentable Square Feet
		June 30, 2020	December 31, 2019			
Prosperity Metro Plaza	51%	\$ 22,304	\$ 22,483	2	Fairfax, VA	328,655
1750 H Street, NW	50%	16,763	17,273	1	Washington, D.C.	115,411
Total		\$ 39,067	\$ 39,756	3		444,066

The following table provides a summary of the mortgage debt of our two unconsolidated joint ventures:

Joint Venture	Interest Rate ⁽¹⁾	Maturity Date	Principal Balance at June 30, 2020 and December 31, 2019 ⁽²⁾	
Prosperity Metro Plaza	4.09%	12/1/2029	\$	50,000
1750 H Street, NW	3.69%	8/1/2024		32,000
Weighted Average / Total	3.93%		\$	82,000

(1) Includes the effect of mark to market purchase accounting.

(2) Reflects the entire balance of the debt secured by the properties and is not adjusted to reflect the interests in the joint ventures we do not own. None of the debt is recourse to us.

At June 30, 2020, the aggregate unamortized basis difference of our two unconsolidated joint ventures of \$7,706 is primarily attributable to the difference between the amount we paid to purchase our interest in these joint ventures, including transaction costs, and the historical carrying value of the net assets of these joint ventures. This difference is being amortized over the remaining useful life of the related properties and the resulting amortization expense is included in equity in net losses of investees in our condensed consolidated statements of comprehensive income (loss).

Note 5. Leases

Revenue Recognition. 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. In certain circumstances, some leases provide the tenant with the right to terminate if the legislature or other funding authority does not appropriate the funding necessary for the tenant to meet its lease obligations; we have determined the fixed non-cancelable lease term of these leases to be the full term of the lease because we believe the occurrence of early terminations to be remote contingencies based on both our historical experience and our assessments of the likelihood of lease cancellation on a separate lease basis.

We increased rental income to record revenue on a straight line basis by \$3,468 and \$5,667 for the three months ended June 30, 2020 and 2019, respectively, and \$9,051 and \$12,461 for the six months ended June 30, 2020 and 2019, respectively. Rents receivable, excluding properties classified as held for sale, include \$63,829 and \$54,837 of straight line rent receivables at June 30, 2020 and December 31, 2019, respectively.

We do not include in our measurement of our lease receivables certain variable payments, including payments determined by 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 \$18,302 and \$38,048 for the three and six months ended June 30, 2020, respectively, of which tenant reimbursements totaled \$17,229 and \$35,851, respectively. For the three and six months ended June 30, 2019, such payments totaled \$22,696 and \$46,090, respectively, of which tenant reimbursements totaled \$21,540 and \$43,663, respectively.

OFFICE PROPERTIES INCOME TRUST
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(dollars in thousands, except per share data)
(unaudited)

As a result of the COVID-19 pandemic, some of our tenants have requested rent assistance. As of July 27, 2020, we have granted temporary rent assistance totaling \$2,475 to 23 of our tenants who represent approximately 3.7% of our annualized rental income, as defined below, as of June 30, 2020, pursuant to a deferred payment plan whereby these tenants will be obligated to pay, in most cases, the deferred rent over a 12-month period beginning in September 2020. We have elected to use the FASB relief package regarding the application of lease accounting guidance to lease concessions provided as a result of the COVID-19 pandemic. The FASB relief package provides entities with the option to account for lease concessions resulting from the COVID-19 pandemic outside of the existing lease modification guidance if the resulting cash flows from the modified lease are substantially the same as or less than the original lease. Because the deferred rent amounts referenced above will be repaid over a 12-month period, the cash flows from the respective leases are substantially the same as before the rent deferrals. The deferred amounts did not impact our results for the three and six months ended June 30, 2020 and, as of June 30, 2020, we recognized an increase in our accounts receivable related to these deferred payments of \$2,222.

Right of Use Asset and Lease Liability. For leases where we are the lessee, we are required to record a right of use asset and lease liability for all leases with an initial term greater than 12 months. As of June 30, 2020, we had one lease that met these criteria where we are the lessee, which expires on January 31, 2021. We sublease a portion of the space, which sublease expires on January 31, 2021. The values of the right of use asset and related liability representing our future obligation under the lease arrangement for which we are the lessee were \$1,167 and \$1,190, respectively, as of June 30, 2020, and \$2,149 and \$2,179, respectively, as of December 31, 2019. The right of use asset and related lease liability are included within other assets, net and accounts payable and other liabilities, respectively, within our condensed consolidated balance sheets. Rent expense incurred under the lease, net of sublease revenue, was \$446 and \$381 for the three months ended June 30, 2020 and 2019, respectively, and \$892 and \$815 for the six months ended June 30, 2020 and 2019, respectively.

Note 6. Concentration

Tenant Concentration

We define annualized rental income as the annualized contractual base rents from our tenants pursuant to our lease agreements as of the measurement date, plus straight line rent adjustments and estimated recurring expense reimbursements to be paid to us, and excluding lease value amortization. As of June 30, 2020, the U.S. Government, 11 state governments and two other government tenants combined were responsible for approximately 35.1% of our annualized rental income. As of June 30, 2019, the U.S. Government, 13 state governments and three other government tenants combined were responsible for approximately 35.7% of our annualized rental income. The U.S. Government is our largest tenant by annualized rental income and was responsible for approximately 25.2% and 25.6% of our annualized rental income as of June 30, 2020 and 2019, respectively.

Geographic Concentration

At June 30, 2020, our 184 wholly owned properties were located in 34 states and the District of Columbia. Properties located in Virginia, California, the District of Columbia, Texas and Maryland were responsible for 15.1%, 12.1%, 10.9%, 8.3% and 6.7% of our annualized rental income as of June 30, 2020, respectively.

Note 7. Indebtedness

Our principal debt obligations at June 30, 2020 were: (1) \$200,000 of outstanding borrowings under our \$750,000 unsecured revolving credit facility; (2) \$1,810,000 aggregate outstanding principal amount of senior unsecured notes; and (3) \$211,796 aggregate outstanding principal amount of mortgage notes.

Our \$750,000 revolving credit facility is governed by a credit agreement, or our credit agreement, with a syndicate of institutional lenders that includes a feature under which the maximum aggregate borrowing availability may be increased to up to \$1,950,000 in certain circumstances.

Our \$750,000 revolving credit facility is available for general business purposes, including acquisitions. The maturity date of our revolving credit facility is January 31, 2023 and, subject to our payment of an extension fee and meeting certain other conditions, we have the option to extend the stated maturity date of our revolving credit facility by two additional six month periods. We can borrow, repay and reborrow funds available under our revolving credit facility until maturity and no principal repayment is due until maturity. We are required to pay interest at a rate of LIBOR plus a premium, which was 110 basis points per annum at June 30, 2020, on the amount outstanding under our revolving credit facility. We also pay a facility fee on the total

OFFICE PROPERTIES INCOME TRUST
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amount of lending commitments under our revolving credit facility, which was 25 basis points per annum at June 30, 2020. Both the interest rate premium and facility fee are subject to adjustment based upon changes to our credit ratings. As of June 30, 2020 and December 31, 2019, the annual interest rate payable on borrowings under our revolving credit facility was 1.2% and 2.7%, respectively. The weighted average annual interest rate for borrowings under our revolving credit facility was 1.3% and 3.5% for the three months ended June 30, 2020 and 2019, respectively, and 2.1% and 3.5% for the six months ended June 30, 2020 and 2019, respectively. As of June 30, 2020 and July 29, 2020, we had \$200,000 and \$180,000, respectively, outstanding under our revolving credit facility, and \$550,000 and \$570,000, respectively, available for borrowing under our revolving credit facility.

Our credit agreement and senior unsecured notes indentures and their supplements provide for acceleration of payment of all amounts due thereunder upon the occurrence and continuation of certain events of default, such as, in the case of our credit agreement, a change of control of us, which includes The RMR Group LLC, or RMR LLC, ceasing to act as our business and property manager. Our credit agreement and senior unsecured notes indentures and their supplements also contain covenants, including covenants that restrict our ability to incur debts, require us to comply with certain financial covenants and, in the case of our credit agreement, restrict our ability to make distributions under certain circumstances. We believe we were in compliance with the terms and conditions of the respective covenants under our credit agreement and senior unsecured notes indentures and their supplements at June 30, 2020.

In January 2020, we redeemed, at par plus accrued interest, all \$400,000 of our 3.60% senior unsecured notes due 2020. As a result of the redemption of our 3.60% senior unsecured notes due 2020, we recognized a loss on early extinguishment of debt of \$61 during the six months ended June 30, 2020, to write off unamortized discounts.

In March 2020, in connection with the sale of one property, we prepaid, at a premium plus accrued interest, a mortgage note secured by that property with an outstanding principal balance of \$13,095, an annual interest rate of 5.9% and a maturity date in August 2021, which was classified in liabilities of properties held for sale in our condensed consolidated balance sheet as of December 31, 2019. As a result of the prepayment of this mortgage note, we recognized a loss on early extinguishment of debt of \$508 during the six months ended June 30, 2020, from a prepayment penalty and the write off of unamortized debt issuance costs.

In March 2020, we prepaid, at a premium plus accrued interest, a mortgage note secured by one property with an outstanding principal balance of \$66,780, an annual interest rate of 4.0% and a maturity date in September 2030. As a result of the prepayment of this mortgage note, we recognized a loss on early extinguishment of debt of \$2,713 during the six months ended June 30, 2020, from a prepayment penalty and the write off of unamortized discounts.

In April 2020, we prepaid, at par plus accrued interest, a mortgage note secured by one property with an outstanding principal balance of \$32,677, an annual interest rate of 5.7% and a maturity date in July 2020. As a result of the prepayment of this mortgage note, we recognized a gain on early extinguishment of debt of \$163 during the six months ended June 30, 2020, from the write off of unamortized premiums.

In June 2020, we issued \$150,000 of our 6.375% senior unsecured notes due 2050 in an underwritten public offering, raising net proceeds of \$144,772, after deducting underwriters' discounts and estimated offering expenses. In connection with this offering, we granted the underwriters a 30 day option to purchase up to an additional \$22,500 aggregate principal amount of these notes. In July 2020, the underwriters partially exercised this option for an additional \$12,000 of these notes. These notes require quarterly payments of interest only through maturity and may be repaid at par (plus accrued and unpaid interest) on or after June 23, 2025.

At June 30, 2020, eight of our consolidated properties with an aggregate net book value of \$354,773 were encumbered by mortgage notes with an aggregate principal amount of \$211,796. Our mortgage notes are non-recourse, subject to certain limited exceptions and do not contain any material financial covenants.

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Note 8. Fair Value of Assets and Liabilities

Our financial instruments include our cash and cash equivalents, restricted cash, rents receivable, accounts payable, a revolving credit facility, senior unsecured notes, mortgage notes payable, amounts due to related persons, other accrued expenses and security deposits. At June 30, 2020 and December 31, 2019, the fair values of our financial instruments approximated their carrying values in our condensed consolidated financial statements, due to their short term nature or floating interest rates, except as follows:

Financial Instrument	As of June 30, 2020		As of December 31, 2019	
	Carrying Value ⁽¹⁾	Fair Value	Carrying Value ⁽¹⁾	Fair Value
Senior unsecured notes, 3.60% interest rate, due in 2020 ⁽²⁾	\$ —	\$ —	\$ 399,934	\$ 400,048
Senior unsecured notes, 4.00% interest rate, due in 2022	298,118	299,565	297,657	306,096
Senior unsecured notes, 4.15% interest rate, due in 2022	298,324	299,199	297,795	307,221
Senior unsecured notes, 4.25% interest rate, due in 2024	341,159	347,069	340,018	364,602
Senior unsecured notes, 4.50% interest rate, due in 2025	382,919	399,232	381,055	419,578
Senior unsecured notes, 5.875% interest rate, due in 2046	301,091	288,176	300,920	322,028
Senior unsecured notes, 6.375% interest rate, due in 2050 ⁽³⁾	144,776	147,780	—	—
Mortgage notes payable ⁽⁴⁾	210,539	214,129	323,074	331,675
Total	\$ 1,976,926	\$ 1,995,150	\$ 2,340,453	\$ 2,451,248

(1) Includes unamortized debt premiums, discounts and issuance costs totaling \$44,870 and \$45,756 as of June 30, 2020 and December 31, 2019, respectively.

(2) These senior unsecured notes were redeemed in January 2020.

(3) These senior unsecured notes were issued in June 2020. In July 2020, we issued an additional \$12,000 of these senior unsecured notes in connection with the underwriters partial exercise of their option to purchase additional notes.

(4) Balance as of December 31, 2019 includes one mortgage note with a carrying value of \$13,128 net of unamortized issuance costs totaling \$38 which is classified in liabilities of properties held for sale in our condensed consolidated balance sheet. This mortgage note was secured by a property in Fairfax, VA that was sold in March 2020. The mortgage note was repaid at closing.

We estimated the fair value of our senior unsecured notes (except for our senior unsecured notes due 2046 and 2050) using an average of the bid and ask price of the notes (Level 2 inputs as defined in the fair value hierarchy under GAAP) as of the measurement date. We estimated the fair value of our senior unsecured notes due 2046 and 2050 based on the closing price on The Nasdaq Stock Market LLC, or Nasdaq, (Level 1 inputs as defined in the fair value hierarchy under GAAP) as of the measurement date. We estimated the fair values of our mortgage notes payable using discounted cash flow analyses and currently prevailing market rates (Level 3 inputs as defined in the fair value hierarchy under GAAP) as of the measurement date. Because Level 3 inputs are unobservable, our estimated fair value may differ materially from the actual fair value.

Note 9. Shareholders' Equity

Share Awards

On May 27, 2020, in accordance with our Trustee compensation arrangements, we awarded to each of our eight Trustees 3,500 of our common shares, valued at \$26.61 per share, the closing price of our common shares on Nasdaq on that day.

Share Purchases

During the three and six months ended June 30, 2020, we purchased an aggregate of 1,129 and 2,141 of our common shares, respectively, valued at weighted average share prices of \$26.27 and \$26.52 per share, respectively, from one of our Trustees and certain former officers and employees of RMR LLC in satisfaction of tax withholding and payment obligations in connection with the vesting of awards of our common shares.

OFFICE PROPERTIES INCOME TRUST
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Distributions

During the six months ended June 30, 2020, we declared and paid regular quarterly distributions to common shareholders as follows:

Declaration Date	Record Date	Paid Date	Distributions Per Common Share	Total Distributions
January 16, 2020	January 27, 2020	February 20, 2020	\$ 0.55	\$ 26,511
April 2, 2020	April 13, 2020	May 21, 2020	0.55	26,510
			<u>\$ 1.10</u>	<u>\$ 53,021</u>

On July 16, 2020, we declared a regular quarterly distribution to common shareholders of record on July 27, 2020 of \$0.55 per share, or approximately \$26,500. We expect to pay this distribution on or about August 20, 2020.

Note 10. Business and Property Management Agreements with RMR LLC

We have no employees. The personnel and various services we require to operate our business are provided to us by RMR LLC. We have two agreements with RMR LLC 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 our property level operations.

Pursuant to our business management agreement with RMR LLC, we recognized net business management fees of \$4,302 and \$5,322 for the three months ended June 30, 2020 and 2019, respectively, and \$9,001 and \$11,044 for the six months ended June 30, 2020 and 2019, respectively. Based on our common share total return, as defined in our business management agreement, as of June 30, 2020 and 2019, no estimated incentive fees are included in the net business management fees we recognized for the three or six months ended June 30, 2020 or 2019. The actual amount of annual incentive fees for 2020, 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, 2020, and will be payable in 2021. We did not incur an incentive fee payable to RMR LLC for the year ended December 31, 2019. We include business management fees in general and administrative expenses in our condensed consolidated statements of comprehensive income (loss).

Pursuant to our property management agreement with RMR LLC, we recognized aggregate net property management and construction supervision fees of \$5,128 and \$5,534 for the three months ended June 30, 2020 and 2019, respectively, and \$10,192 and \$10,983 for the six months ended June 30, 2020 and 2019, respectively. These amounts are included in other operating expenses or have been capitalized, as appropriate, in our condensed consolidated financial statements.

We are generally responsible for all of our operating expenses, including certain expenses incurred or arranged by RMR LLC on our behalf. We are generally not responsible for payment of RMR LLC's employment, office or administrative expenses incurred to provide management services to us, except for the employment and related expenses of RMR LLC's employees assigned to work exclusively or partly at our properties, our share of the wages, benefits and other related costs of RMR LLC's centralized accounting personnel, our share of RMR LLC's costs for providing our internal audit function and 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 LLC. We reimbursed RMR LLC \$6,259 and \$6,533 for these expenses and costs for the three months ended June 30, 2020 and 2019, respectively, and \$12,250 and \$13,157 for these expenses and costs for the six months ended June 30, 2020 and 2019, respectively. We included these amounts in other operating expenses and general and administrative expenses, as applicable, in our condensed consolidated statements of comprehensive income (loss).

Note 11. Related Person Transactions

We have relationships and historical and continuing transactions with RMR LLC, The RMR Group Inc., or RMR Inc., and others related to them, including other companies to which RMR LLC or its subsidiaries provide management services and some of which have trustees, directors or officers who are also our Trustees or officers. RMR LLC 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., a managing director, the president and chief executive officer of RMR Inc. and an officer and employee of RMR LLC. David Blackman,

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our other Managing Trustee and our President and Chief Executive Officer, also serves as an executive officer of RMR LLC, and each of our other officers is also an officer and employee of RMR LLC. Some of our Independent Trustees also serve as independent trustees or independent directors of other public companies to which RMR LLC or its subsidiaries provide management services. Adam Portnoy serves as chair of the boards of trustees or boards of directors of several of these public companies and as a managing director or managing trustee of these public companies. Other officers of RMR LLC, including Mr. Blackman and certain of our other officers, serve as managing trustees, managing directors or officers of certain of these companies.

Our Manager, RMR LLC. We have two agreements with RMR LLC to provide management services to us. For more information regarding our management agreements with RMR LLC, see Note 10.

Leases with RMR LLC. We lease office space to RMR LLC in certain of our properties for RMR LLC's property management offices. Pursuant to our lease agreements with RMR LLC, we recognized rental income from RMR LLC for leased office space of \$274 and \$287 for the three months ended June 30, 2020 and 2019, respectively, and \$554 and \$566 for the six months ended June 30, 2020 and 2019, respectively.

Affiliates Insurance Company, or AIC. Until its dissolution on February 13, 2020 we, ABP Trust and five other companies to which RMR LLC provides management services owned AIC in equal amounts. We and the other AIC shareholders historically participated in a combined property insurance program arranged and insured or reinsured in part by AIC. The policies under that program expired on June 30, 2019, and we and the other AIC shareholders elected not to renew the AIC property insurance program; we have instead purchased standalone property insurance coverage with unrelated third party insurance providers.

As of June 30, 2020 and December 31, 2019, our investment in AIC had a carrying value of \$11 and \$298, respectively. These amounts are included in other assets, net in our condensed consolidated balance sheets. In June 2020, we received an additional liquidating distribution of approximately \$287 from AIC in connection with its dissolution. We did not recognize any income related to our investment in AIC for the three or six months ended June 30, 2020, respectively, and we recognized income of \$130 and \$534 for the three and six months ended June 30, 2019, respectively. These amounts are included in equity in net losses of investees in our condensed consolidated statements of comprehensive income (loss). Our other comprehensive loss for the 2019 period includes our proportionate part of unrealized gains (losses) on fixed income securities, which are owned by AIC, related to our investment in AIC.

For more information about these and other such relationships and certain other related person transactions, refer to our 2019 Annual Report.

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

The following information should be read in conjunction with our condensed consolidated financial statements and accompanying notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q and with our 2019 Annual Report.

OVERVIEW (dollars in thousands, except per share and per square foot data)

We are a real estate investment trust, or REIT, organized under Maryland law. As of June 30, 2020, our wholly owned properties were comprised of 184 properties and we had noncontrolling ownership interests in three properties totaling approximately 444,000 rentable square feet through two unconsolidated joint ventures in which we own 51% and 50% interests. As of June 30, 2020, our properties are located in 34 states and the District of Columbia and contain approximately 24,909,000 rentable square feet. As of June 30, 2020, our properties were leased to 357 different tenants with a weighted average remaining lease term (based on annualized rental income) of approximately 5.5 years. The U.S. Government is our largest tenant, representing approximately 25.2% of our annualized rental income as of June 30, 2020. The term annualized rental income as used herein is defined as the annualized contractual base rents from our tenants pursuant to our lease agreements as of June 30, 2020, plus straight line rent adjustments and estimated recurring expense reimbursements to be paid to us, and excluding lease value amortization.

COVID-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic and, in response to the outbreak, the U.S. Health and Human Services Secretary declared a public health emergency in the United States and many states and municipalities declared public health emergencies. The virus that causes COVID-19 has continued to spread throughout the United States and the world. Various governmental responses attempting to contain and mitigate the spread of the virus have negatively impacted, and continue to negatively impact, the global economy, including the U.S. economy. As a result, most market observers believe the global economy and the U.S. economy are in a recession. States and municipalities across the United States have been allowing certain businesses to re-open and easing certain restrictions they had previously implemented in response to the COVID-19 pandemic, often in stages that are phased in over time. Recently, economic data have indicated that the U.S. economy has improved since the lowest periods experienced in March and April 2020. However, certain areas of the United States have experienced increased numbers of COVID-19 infections following the re-openings of their economies and easing of restrictions and, in some cases, certain states have imposed or re-imposed closings of certain business activities and other restrictions in response. It is unclear whether the increases in the number of COVID-19 infections will continue or amplify or whether any "second wave" of COVID-19 infection outbreaks will occur in the United States or elsewhere and, if so, what the impact of that would be on human health and safety, the economy, our tenants or our business.

Our business is focused on leasing office space to primarily single tenants and those with high credit quality characteristics such as government entities. Although, to date, the COVID-19 pandemic has not had a significant impact on our business, we have received requests from some of our tenants for rent assistance. As of July 27, 2020, we have granted temporary rent assistance totaling \$2,475 to 23 tenants who represent approximately 3.7% of our annualized rental income as of June 30, 2020. As of June 30, 2020, we recognized an increase in our accounts receivable related to these deferred payments of \$2,222. This assistance generally entails a deferral of, in most cases, one month of rent until September 2020 when the deferred rent amounts will begin to be payable over a 12-month period. For the quarter ended June 30, 2020, we collected approximately 98% of contractual rent obligations and 99% of contractual rent obligations after giving effect to such rent deferrals.

We are continuing to closely monitor the impact of the COVID-19 pandemic on all aspects of our business, including:

- our tenants and their ability to withstand the current economic conditions and continue to pay us rent;
- our operations, liquidity and capital needs and resources;
- conducting financial modeling and sensitivity analyses;
- actively communicating with our tenants and other key constituents and stakeholders in order to help assess market conditions, opportunities, best practices and mitigate risks and potential adverse impacts;
- monitoring applicable states and municipalities to which we lease property and their responses to the COVID-19 pandemic and economic slowdown, including budgetary impacts; and
- monitoring, with the assistance of counsel and other specialists, possible government relief funding sources and other programs that may be available to us or our tenants to enable us and them to operate through the current economic conditions and enhance our tenants' ability to pay us rent.

We believe that our current financial resources, the characteristics of our portfolio, including the diversity of our tenant base, both geographically and by industry, and the financial strength and resources of our tenants, will enable us to withstand the COVID-19 pandemic and perhaps present opportunities for us to strategically deploy our capital. As of July 29, 2020, we had:

- \$570,000 of availability under our revolving credit facility;
- only approximately \$40,000 of debt maturities until 2022; and
- 62.8% of our annualized rental income, as of June 30, 2020, derived from investment grade tenants (as described below).

We do not have any employees and the personnel and various services we require to operate our business are provided to us by RMR LLC pursuant to our business and property management agreements with RMR LLC. RMR LLC has implemented enhanced cleaning protocols and social distancing guidelines at its corporate headquarters and its regional offices, as well as business continuity plans to ensure RMR LLC employees remain safe and able to support us and other companies managed by RMR LLC or its subsidiaries, including providing appropriate information technology such as notebook computers, smart phones, computer applications, information technology security applications and technology support.

With respect to our properties, RMR LLC has implemented enhanced cleaning protocols and has taken measures to reduce the possibility of persons gathering in groups and in close proximity to each other, for the purpose of mitigating the potential for spreading of COVID-19 infections. Included among these protocols and measures are the following:

- focusing on sanitizing high touch points in common areas and restrooms;
- shutting down certain building amenities; and
- prudently managing the execution or deferment of tenant work orders to limit RMR LLC staff and tenant interactions at our properties.

All RMR LLC property management and engineering personnel have been trained on COVID-19 precaution procedures. As states and local communities across the country moved to stay at home orders, RMR LLC worked to reduce and optimize our operating costs at our properties by:

- deferring non-emergency work;
- implementing energy reduction protocols for lighting and HVAC systems;
- reducing non-essential building services and staff; and
- reducing the frequency of trash removal.

RMR LLC's property management teams have also established business continuity plans to ensure operational stability at our properties. As stay at home orders have been lifted or loosened across the United States, RMR LLC has implemented additional procedures at our properties based on recommended guidelines from the U.S. Centers for Disease Control and Prevention and other regulatory agencies. For example:

- installing signage throughout our properties with social distancing reminders;
- making changes to certain building HVAC systems and equipment, including adjusting outdoor air control programs to increase the amount of outside air delivered to interior spaces and to adjust control sequences to maintain space relative humidity in order to help minimize the concentration of the virus;
- flushing domestic water systems to prepare for re-occupancy;
- performing service calls and preventative maintenance after business hours to limit social interactions;
- requiring vendors to follow best practices under COVID-19 pandemic conditions, including providing RMR LLC with documented preventative measures for the vendors' employees and requiring vendors' staff to wear appropriate personal protective equipment when working at our properties; and

- altering cleaning schedules to perform vacuuming at times intended to reduce the potential airborne spread of the virus.

RMR LLC has significantly reduced all non-essential work travel and its regional leadership personnel have not been allowed to work in the same locations at the same time. RMR LLC also requires its employees who work at our properties to use personal protective equipment and business continuity bonus payments have been provided to certain essential workers at our properties. RMR LLC's regional management offices are currently limiting walk-in visitors and maintain maximum office occupancy limits as required by state and local guidelines, including weekly rotations of employees as needed.

There are extensive uncertainties surrounding the COVID-19 pandemic. These uncertainties include among others:

- the duration and severity of the negative economic impact;
- the strength and sustainability of any economic recovery;
- the timing and process for how federal, state and local governments and other market participants may oversee and conduct the return of economic activity when the COVID-19 pandemic abates, such as what continuing restrictions and protective measures may remain in place or be added and what restrictions and protective measures may be lifted or reduced in order to foster a return of increased economic activity in the United States; and
- whether, following a recommencing of more normal levels of economic activities, the United States or other countries experience any "second wave" of COVID-19 infection outbreaks and, if so, the responses of governments, businesses and the general public to those events.

As a result of these uncertainties, we are unable to determine what the ultimate impact will be on our, our tenants' and other stakeholders' businesses, operations, financial results and financial position. For further information and risks relating to the COVID-19 pandemic on us and our business, see Part II, Item 1A "Risk Factors," in this Quarterly Report on Form 10-Q.

Property Operations

Unless otherwise noted, the data presented in this section excludes three properties owned by two unconsolidated joint ventures in which we own 51% and 50% interests. For more information regarding our two unconsolidated joint ventures, see Note 4 to the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

As of June 30, 2020, 91.7% of our rentable square feet was leased, compared to 91.6% of our rentable square feet as of June 30, 2019. Occupancy data for our properties as of June 30, 2020 and 2019 was as follows (square feet in thousands):

	All Properties ⁽¹⁾		Comparable Properties ⁽²⁾	
	June 30,		June 30,	
	2020	2019	2020	2019
Total properties ⁽³⁾	184	209	182	182
Total rentable square feet ⁽⁴⁾	24,909	29,309	24,622	24,711
Percent leased ⁽⁵⁾	91.7%	91.6%	92.8%	93.4%

(1) Based on properties we owned on June 30, 2020 and 2019, respectively.

(2) Based on properties we owned continuously since January 1, 2019; excludes properties classified as held for sale and properties undergoing significant redevelopment, if any, and three properties owned by two unconsolidated joint ventures in which we own 51% and 50% interests.

(3) Includes one leasable land parcel.

(4) Subject to changes when space is remeasured or reconfigured for tenants.

(5) Percent leased includes (i) space being fitted out for tenant occupancy pursuant to our lease agreements, if any, and (ii) space which is leased, but is not occupied or is being offered for sublease by tenants, if any, as of the measurement date.

The average effective rental rate per square foot for our properties for the three and six months ended June 30, 2020 and 2019 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Average effective rental rate per square foot ⁽¹⁾ :				
All properties ⁽²⁾	\$ 25.71	\$ 26.37	\$ 25.87	\$ 26.20
Comparable properties ⁽³⁾	\$ 25.77	\$ 25.87	\$ 25.93	\$ 25.98

- (1) Average effective rental rate per square foot represents annualized total rental income during the period specified divided by the average rentable square feet leased during the period specified.
- (2) Based on properties we owned on June 30, 2020 and 2019, respectively.
- (3) Based on properties we owned continuously since April 1, 2019 and January 1, 2019, respectively; excludes properties classified as held for sale and properties undergoing significant redevelopment, if any, and three properties owned by two unconsolidated joint ventures in which we own 51% and 50% interests.

During the three and six months ended June 30, 2020, changes in rentable square feet leased and available for lease at our properties were as follows (square feet in thousands):

	Three Months Ended June 30, 2020			Six Months Ended June 30, 2020		
	Leased	Available for Lease	Total	Leased	Available for Lease	Total
Beginning of period	22,789	2,117	24,906	23,761	1,965	25,726
Changes resulting from:						
Acquisition of properties	—	—	—	—	13	13
Disposition of properties	—	—	—	(693)	(42)	(735)
Lease expirations	(590)	590	—	(1,458)	1,458	—
Lease renewals ⁽¹⁾	564	(564)	—	1,072	(1,072)	—
New leases ⁽¹⁾	78	(78)	—	159	(159)	—
Remeasurements ⁽²⁾	(2)	5	3	(2)	(93)	(95)
End of period	22,839	2,070	24,909	22,839	2,070	24,909

- (1) Based on leases entered during the three and six months ended June 30, 2020.
- (2) Rentable square feet are subject to changes when space is remeasured or reconfigured for tenants.

Leases at our properties totaling approximately 590,000 and 1,458,000 rentable square feet expired during the three and six months ended June 30, 2020, respectively. During the three and six months ended June 30, 2020, we entered leases totaling approximately 642,000 and 1,231,000 rentable square feet, respectively, including lease renewals of approximately 564,000 and 1,072,000 rentable square feet, respectively, and new leases of approximately 78,000 and 159,000 rentable square feet, respectively. The weighted (by rentable square feet) average rents were 3.9% and 4.0%, respectively, above prior rents for the same space and the weighted (by rentable square feet) average lease term for new and renewal leases entered during the three and six months ended June 30, 2020 was 6.1 years and 5.4 years, respectively.

During the three and six months ended June 30, 2020, commitments made for expenditures, such as tenant improvements and leasing costs, in connection with leasing space at our properties were as follows (square feet in thousands):

	Three Months Ended June 30, 2020		
	New Leases	Renewals	Total
Rentable square feet leased	78	564	642
Tenant leasing costs and concession commitments ⁽¹⁾	\$ 8,158	\$ 8,371	\$ 16,529
Tenant leasing costs and concession commitments per rentable square foot ⁽¹⁾	\$ 104.83	\$ 14.85	\$ 25.76
Weighted (by square feet) average lease term (years)	12.8	5.1	6.1
Total leasing costs and concession commitments per rentable square foot per year ⁽¹⁾	\$ 8.16	\$ 2.90	\$ 4.25

	Six Months Ended June 30, 2020		
	New Leases	Renewals	Total
Rentable square feet leased	159	1,072	1,231
Tenant leasing costs and concession commitments ⁽¹⁾	\$ 14,318	\$ 15,141	\$ 29,459
Tenant leasing costs and concession commitments per rentable square foot ⁽¹⁾	\$ 90.11	\$ 14.12	\$ 23.93
Weighted (by square feet) average lease term (years)	11.8	4.5	5.4
Total leasing costs and concession commitments per rentable square foot per year ⁽¹⁾	\$ 7.64	\$ 3.14	\$ 4.40

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

During the three and six months ended June 30, 2020, changes in effective rental rates per square foot achieved for new leases and lease renewals at our properties that commenced during the three and six months ended June 30, 2020, when compared to prior effective rental rates per square foot in effect for the same space (and excluding space acquired vacant), were as follows (square feet in thousands):

	Three Months Ended June 30, 2020			Six Months Ended June 30, 2020		
	Old Effective Rent Per Square Foot ⁽¹⁾	New Effective Rent Per Square Foot ⁽¹⁾	Rentable Square Feet	Old Effective Rent Per Square Foot ⁽¹⁾	New Effective Rent Per Square Foot ⁽¹⁾	Rentable Square Feet
New leases	\$ 30.82	\$ 30.29	50	\$ 29.03	\$ 28.07	150
Lease renewals	\$ 32.48	\$ 32.85	280	\$ 37.32	\$ 38.25	848
Total leasing activity	\$ 32.23	\$ 32.46	330	\$ 36.07	\$ 36.72	998

(1) Effective rental rate includes contractual base rents from our tenants pursuant to our lease agreements, plus straight line rent adjustments and estimated expense reimbursements to be paid to us, and excluding lease value amortization.

During the three and six months ended June 30, 2020 and 2019, amounts capitalized at our properties for tenant improvements, leasing costs, building improvements and development, redevelopment and other activities were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Tenant improvements ⁽¹⁾	\$ 7,764	\$ 7,123	\$ 10,731	\$ 12,035
Leasing costs ⁽²⁾	4,157	6,760	8,303	14,085
Building improvements ⁽³⁾	10,005	7,317	19,235	11,625
Recurring capital expenditures	21,926	21,200	38,269	37,745
Development, redevelopment and other activities ⁽⁴⁾	2,578	959	5,739	1,185
Total capital expenditures	\$ 24,504	\$ 22,159	\$ 44,008	\$ 38,930

(1) Tenant improvements include capital expenditures used to improve tenants' space or amounts paid directly to tenants to improve their space.

(2) Leasing costs include leasing related costs, such as brokerage commissions and other tenant inducements.

(3) Building improvements generally include expenditures to replace obsolete building components and expenditures that extend the useful life of existing assets.

(4) Development, redevelopment and other activities generally include capital expenditure projects that reposition a property or result in new sources of revenue.

As of June 30, 2020, we have estimated unspent leasing related obligations of \$61,720.

As of June 30, 2020, we had leases at our properties totaling approximately 707,000 rentable square feet that were scheduled to expire through December 31, 2020. As of July 29, 2020, tenants with leases totaling approximately 167,000 rentable square feet that are scheduled to expire through December 31, 2020, have notified us that they do not plan to renew their leases upon expiration and we cannot be sure as to whether other tenants may or may not renew their leases upon expiration. As a result of the COVID-19 pandemic and its economic impact, overall new leasing volume for 2020 has slowed and we expect that trend may continue until market conditions meaningfully improve for a sustained period. However, we also believe that the current market conditions may result in our overall tenant retention levels increasing. Prevailing market conditions and government and other tenants' needs at the time we negotiate and enter leases or lease renewals will generally determine rental rates and demand for leased space at our properties, and market conditions and our tenants' needs are beyond our control. Whenever we extend, renew or enter into new leases for our properties, we intend to seek rents which are equal to or higher than our historical rents for the same properties; however, our ability to maintain or increase the rents for our current properties will depend in large part upon market conditions, which are beyond our control. We cannot be sure of the rental rates which will result from our ongoing negotiations regarding lease renewals or any new or renewed leases we may enter; also, we may experience material declines in our rental income due to vacancies upon lease expirations or early terminations.

As of June 30, 2020, our lease expirations by year are as follows (square feet in thousands):

Year (1)	Number of Leases Expiring	Leased Square Feet Expiring (2)	Percent of Total	Cumulative Percent of Total	Annualized Rental Income Expiring	Percent of Total	Cumulative Percent of Total
2020	46	707	3.1%	3.1%	\$ 17,436	3.0%	3.0%
2021	55	1,998	8.7%	11.8%	57,408	9.9%	12.9%
2022	77	1,986	8.7%	20.5%	55,597	9.6%	22.5%
2023	65	2,710	11.9%	32.4%	73,280	12.6%	35.1%
2024	57	3,869	16.9%	49.3%	101,042	17.4%	52.5%
2025	51	2,026	8.9%	58.2%	43,530	7.5%	60.0%
2026	28	1,699	7.4%	65.6%	45,446	7.8%	67.8%
2027	30	2,026	8.9%	74.5%	51,481	8.9%	76.7%
2028	13	872	3.8%	78.3%	25,582	4.4%	81.1%
2029 and thereafter	51	4,946	21.7%	100.0%	109,427	18.9%	100.0%
Total	473	22,839	100.0%		\$ 580,229	100.0%	
Weighted average remaining lease term (in years)		5.8			5.5		

- (1) The year of lease expiration is pursuant to current contract terms. Some of our leases allow the tenants to vacate the leased premises before the stated expirations of their leases with little or no liability. As of June 30, 2020, tenants occupying approximately 11.5% of our rentable square feet and responsible for approximately 8.6% of our annualized rental income as of June 30, 2020 currently have exercisable rights to terminate their leases before the stated terms of their leases expire. Also, in 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2030 and 2035, early termination rights become exercisable by other tenants who currently occupy an additional approximately 2.3%, 1.6%, 2.3%, 1.3%, 1.0%, 2.2%, 1.0%, 0.5%, 1.1%, 0.1% and 0.1% of our rentable square feet, respectively, and contribute an additional approximately 2.8%, 1.8%, 2.4%, 1.5%, 1.6%, 3.9%, 1.3%, 0.7%, 1.4%, 0.2% and 0.1% of our annualized rental income, respectively, as of June 30, 2020. In addition, as of June 30, 2020, pursuant to leases with 14 of our tenants, these tenants have rights to terminate their leases if their respective legislature or other funding authority does not appropriate rent amounts in their respective annual budgets. These 14 tenants occupy approximately 5.4% of our rentable square feet and contribute approximately 5.8% of our annualized rental income as of June 30, 2020.
- (2) Leased square feet is pursuant to leases existing as of June 30, 2020, and includes (i) space being fitted out for tenant occupancy pursuant to our lease agreements, if any, and (ii) space which is leased, but is not occupied or is being offered for sublease by tenants, if any. Square feet measurements are subject to changes when space is remeasured or reconfigured for new tenants.

We generally will seek to renew or extend the terms of leases in our single tenant properties when they expire. Because of the capital many of the tenants in these properties have invested in the properties and because many of these properties appear to be of strategic importance to the tenants' businesses, we believe that it is likely that these tenants will renew or extend their leases prior to when they expire. If we are unable to extend or renew our leases, it may be time consuming and expensive to relet some of these properties.

We believe that current government budgetary methodology, spending priorities and the current U.S. presidential administration's views on the size and scope of government employment have resulted in a decrease in government employment. Furthermore, for the past six years, government tenants have reduced their space utilization per employee and

consolidated government tenants into existing government owned properties. This activity has reduced the demand for government leased space. Our historical experience with respect to properties of the type we own that are majority leased to government tenants has been that government tenants frequently renew leases to avoid the costs and disruptions that may result from relocating their operations. However, efforts to reduce space utilization rates may result in our tenants exercising early termination rights under our leases, vacating our properties upon expiration of our leases in order to relocate, or renewing their leases for less space than they currently occupy. Also, our government tenants' desires to reconfigure leased office space to reduce utilization per employee may require us to spend significant amounts for tenant improvements, and tenant relocations have become more prevalent than our past experiences in instances where efforts by government tenants to reduce their space utilization require a significant reconfiguration of currently leased space. Increasing uncertainty with respect to government agency budgets and funding to implement relocations, consolidations and reconfigurations has resulted in delayed decisions by some of our government tenants and their reliance on short term lease renewals; however, recent activity prior to the outbreak of the COVID-19 pandemic suggested that the government had begun to shift its leasing strategy to include longer term leases and was actively exploring 10 to 20 year lease terms at renewal, in some instances. We believe the reduction in government tenant space utilization and the consolidation of government tenants into government owned real estate is substantially complete; however, these activities may impact us for some time into the future. It is also possible that as a result of the COVID-19 pandemic, government tenants may seek to increase space utilization rates in order to provide greater physical distancing for employees. However, the COVID-19 pandemic and its aftermath have had negative impacts on government budgets and resources and it is unclear what the effect of these impacts will be on government demand for leasing office space. Given the significant uncertainties as to the COVID-19 pandemic, its economic impact and its aftermath, we are unable to reasonably project what the financial impact of market conditions or changing government circumstances, including as a result of the COVID-19 pandemic, will be on our financial results for future periods.

As of June 30, 2020, we derive 24.2% of our annualized rental income from our properties located in the metropolitan Washington, D.C. market area, which includes Washington, D.C., Northern Virginia and suburban Maryland. A downturn in economic conditions in this area, including as a result of the COVID-19 pandemic, could result in reduced demand from tenants for our properties or reduce the rents that our tenants in this area are willing to pay when our leases expire or terminate and when renewal or new terms are negotiated. Additionally, in recent years there has been a decrease in demand for new leased office space by the U.S. Government in the metropolitan Washington, D.C. market area, and that could increase competition for government tenants and adversely affect our ability to retain government tenants when our leases expire.

Our manager, RMR LLC, employs a tenant review process for us. RMR LLC assesses tenants on an individual basis based on various applicable credit criteria. In general, depending on facts and circumstances, RMR LLC evaluates the creditworthiness of a tenant based on information concerning the tenant that is provided by the tenant and, in some cases, information that is publicly available or obtained from third party sources. RMR LLC also often uses a third party service to monitor the credit ratings, both actual and implied, of our existing tenants. We consider investment grade tenants to include: (a) investment grade rated tenants; (b) tenants with investment grade rated parent entities that guarantee the tenant's lease obligations; and/or (c) tenants with investment grade rated parent entities that do not guarantee the tenant's lease obligations. As of June 30, 2020, tenants contributing 53.1% of annualized rental income were investment grade rated (or their payment obligations were guaranteed by an investment grade rated parent) and tenants contributing an additional 9.7% of annualized rental income were subsidiaries of an investment grade rated parent (although these parent entities were not liable for the payment of rents).

As of June 30, 2020, tenants representing 1% or more of our total annualized rental income were as follows:

	Tenant	Credit Rating	Annualized Rental Income	% of Total Annualized Rental Income
1	U.S. Government	Investment Grade	\$ 146,308	25.2%
2	Shook, Hardy & Bacon L.L.P.	Not Rated	19,199	3.3%
3	State of California	Investment Grade	19,144	3.3%
4	Bank of America Corporation	Investment Grade	16,520	2.8%
5	WestRock Company	Investment Grade	12,864	2.2%
6	F5 Networks, Inc.	Not Rated	12,777	2.2%
7	CareFirst Inc.	Non Investment Grade	11,684	2.0%
8	Northrop Grumman Corporation	Investment Grade	11,320	2.0%
9	Tyson Foods, Inc.	Investment Grade	11,011	1.9%
10	Commonwealth of Massachusetts	Investment Grade	9,769	1.7%
11	Micro Focus International plc	Non Investment Grade	8,710	1.5%
12	CommScope Holding Company Inc	Non Investment Grade	8,097	1.4%
13	Technicolor SA	Non Investment Grade	7,856	1.4%
14	State of Georgia	Investment Grade	7,173	1.2%
15	PNC Bank	Investment Grade	6,902	1.2%
16	ServiceNow, Inc.	Not Rated	6,481	1.1%
17	Allstate Insurance Co.	Investment Grade	6,473	1.1%
18	Compass Group plc	Investment Grade	6,399	1.1%
19	Automatic Data Processing, Inc.	Investment Grade	6,047	1.0%
20	Church & Dwight Co., Inc.	Investment Grade	6,019	1.0%
21	Tailored Brands, Inc.	Non Investment Grade	5,898	1.0%
	Total		\$ 346,651	59.6%

Acquisition Activities

During the six months ended June 30, 2020, we acquired a property adjacent to a property we own in Boston, MA for \$11,500, excluding acquisition related costs.

In July 2020, we entered into an agreement to acquire an office property located in Denver, CO containing approximately 68,000 rentable square feet for a purchase price of \$38,100, excluding acquisition related costs. This acquisition is expected to occur before the end of the third quarter. However, this acquisition is subject to due diligence and other closing conditions; accordingly, we cannot be sure that we will complete this acquisition, that this acquisition will not be delayed or that the terms will not change.

For more information about our acquisition activities, see Note 4 to the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Disposition Activities

During the six months ended June 30, 2020, we sold six properties with a combined 734,784 rentable square feet for an aggregate sales price of \$85,363, excluding closing costs and including the repayment of one mortgage note with an outstanding principal balance of \$13,095, an annual interest rate of 5.9% and a maturity date in August 2021, as part of our capital recycling program. Through our capital recycling program, we seek to selectively sell certain properties from time to time to fund future acquisitions and to maintain leverage consistent with our current investment grade ratings with a goal of (1) improving the asset quality of our portfolio by reducing the average age of our properties, lengthening the weighted average lease term of our leases and increasing the likelihood of retaining our tenants and (2) increasing our cash available for distribution. Given the current economic conditions surrounding the COVID-19 pandemic, we are carefully considering our capital allocation strategy and believe we are well positioned to opportunistically recycle and deploy capital during 2020.

In July 2020, we entered into an agreement to sell a four property business park located in Fairfax, VA containing approximately 171,000 rentable square for a gross sales price of \$25,400, excluding closing costs. This sale is expected to occur

before the end of the third quarter. However, this sale is subject to conditions; accordingly, we cannot be sure that we will complete this sale or that this sale will not be delayed or the terms will not change.

For more information about our disposition activities, see Note 4 to the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Financing Activities

In January 2020, we redeemed, at par plus accrued interest, all \$400,000 of our 3.60% senior unsecured notes due 2020 using cash on hand, proceeds from property sales and borrowings under our revolving credit facility.

In March 2020, in connection with the sale of one property, we prepaid, at a premium plus accrued interest, a mortgage note secured by that property with an outstanding principal balance of \$13,095, an annual interest rate of 5.9% and a maturity date in August 2021, which was classified in liabilities of properties held for sale in our condensed consolidated balance sheet as of December 31, 2019.

In March 2020, we prepaid, at a premium plus accrued interest, a mortgage note secured by one property with an outstanding principal balance of \$66,780, an annual interest rate of 4.0% and a maturity date in September 2030 using cash on hand and borrowings under our revolving credit facility.

In April 2020, we prepaid, at par plus accrued interest, a mortgage note secured by one property with an outstanding principal balance of \$32,677, an annual interest rate of 5.7% and a maturity date in July 2020 using cash on hand and borrowings under our revolving credit facility.

In June 2020, we issued \$150,000 of our 6.375% senior unsecured notes due 2050 in an underwritten public offering, raising net proceeds of \$144,772, after deducting underwriters' discounts and estimated offering expenses. In connection with this offering, we granted the underwriters a 30 day option to purchase up to an additional \$22,500 aggregate principal amount of these notes. In July 2020, the underwriters partially exercised this option for an additional \$12,000 of these notes. We used the aggregate net proceeds from this offering to repay amounts outstanding under our revolving credit facility and for general business purposes. These notes require quarterly payments of interest only through maturity and may be repaid at par (plus accrued and unpaid interest) on or after June 23, 2025.

In August 2020, a mortgage note secured by one of our properties with an outstanding principal balance of \$39,635 and an annual interest rate of 2.2% is scheduled to mature. We will be obligated to pay at that time the outstanding principal at par plus accrued interest. We plan to use cash on hand and borrowings under our revolving credit facility to fund the repayment of this mortgage.

Segment Information

We operate in one business segment: ownership of real estate properties.

RESULTS OF OPERATIONS (amounts in thousands, except per share amounts)
Three Months Ended June 30, 2020, Compared to Three Months Ended June 30, 2019

	Comparable Properties Results ⁽¹⁾				Non-Comparable Properties Results		Consolidated Results			
	Three Months Ended June 30,				Three Months Ended June 30,		Three Months Ended June 30,			
	2020	2019	\$ Change	% Change	2020	2019	2020	2019	\$ Change	% Change
Rental income	\$ 145,935	\$ 147,567	\$ (1,632)	(1.1%)	\$ (332)	\$ 28,465	\$ 145,603	\$ 176,032	\$ (30,429)	(17.3%)
Operating expenses:										
Real estate taxes	15,938	15,860	78	0.5%	(157)	2,287	15,781	18,147	(2,366)	(13.0%)
Utility expenses	5,055	6,352	(1,297)	(20.4%)	146	1,118	5,201	7,470	(2,269)	(30.4%)
Other operating expenses	25,556	25,635	(79)	(0.3%)	231	4,057	25,787	29,692	(3,905)	(13.2%)
Total operating expenses	46,549	47,847	(1,298)	(2.7%)	220	7,462	46,769	55,309	(8,540)	(15.4%)
Property net operating income ⁽²⁾	\$ 99,386	\$ 99,720	\$ (334)	(0.3%)	\$ (552)	\$ 21,003	98,834	120,723	(21,889)	(18.1%)
Other expenses:										
Depreciation and amortization							64,170	73,913	(9,743)	(13.2%)
Loss on impairment of real estate							—	2,380	(2,380)	n/m
Acquisition and transaction related costs							—	98	(98)	n/m
General and administrative							7,204	8,744	(1,540)	(17.6%)
Total other expenses							71,374	85,135	(13,761)	(16.2%)
Gain (loss) on sale of real estate							66	(17)	83	n/m
Dividend income							—	980	(980)	n/m
Loss on equity securities							—	(66,135)	66,135	n/m
Interest and other income							30	241	(211)	(87.6%)
Interest expense							(25,205)	(35,348)	10,143	(28.7%)
Loss on early extinguishment of debt							(557)	(71)	(486)	n/m
Income (loss) before income tax (expense) benefit and equity in net losses of investees							1,794	(64,762)	66,556	102.8%
Income tax (expense) benefit							(235)	130	(365)	n/m
Equity in net losses of investees							(260)	(142)	(118)	83.1%
Net income (loss)							\$ 1,299	\$ (64,774)	\$ 66,073	102.0%
Weighted average common shares outstanding (basic and diluted)							48,106	48,049	57	0.1%
Per common share amounts (basic and diluted):										
Net income (loss)							\$ 0.03	\$ (1.35)	\$ 1.38	102.2%

n/m - not meaningful

- (1) Comparable properties consists of 182 properties we owned on June 30, 2020 and which we owned continuously since April 1, 2019 and excludes properties classified as held for sale and properties undergoing significant redevelopment, if any, and three properties owned by two unconsolidated joint ventures in which we own 51% and 50% interests.
- (2) Our definition of property net operating income, or Property NOI, and our reconciliation of net income (loss) to Property NOI are included below under the heading "Non-GAAP Financial Measures."

References to changes in the income and expense categories below relate to the comparison of consolidated results for the three month period ended June 30, 2020, compared to the three month period ended June 30, 2019.

Rental income. The decrease in rental income reflects decreases in rental income of \$26,778 as a result of property dispositions, \$2,037 related to a property undergoing significant redevelopment and \$1,632 related to comparable properties, offset by an increase in rental income of \$18 related to acquired properties. The decrease in rental income for comparable properties is primarily due to termination fee revenue recorded at one property in the 2019 period, increased revenue reserves of \$579 in the 2020 period primarily due to two of our tenants that represent approximately 0.24% of our annualized revenue as of June 30, 2020 being unable to pay us rent due to the impact of the COVID-19 pandemic and reductions in reimbursement income due to reductions in expenses that are reimbursable to us by our tenants as a result of the COVID-19 pandemic. Rental income includes non-cash straight line rent adjustments totaling \$3,468 in the 2020 period and \$5,667 in the 2019 period, and amortization of acquired leases and assumed lease obligations totaling \$(1,405) in the 2020 period and \$(1,446) in the 2019 period.

Real estate taxes. The decrease in real estate taxes primarily reflects a decrease in real estate taxes associated with property dispositions of \$2,467, offset by increases in real estate taxes of \$78 for comparable properties, \$13 for acquired properties and \$10 for a property undergoing significant redevelopment. Real estate taxes for comparable properties increased primarily due to the effect of higher real estate tax rates and valuation assessments for certain of our properties in the 2020 period.

Utility expenses. The decrease in utility expenses reflects a decrease in utility expenses for comparable properties of \$1,297 and a decrease associated with property dispositions of \$1,080, offset by an increase in utility expenses for a property undergoing significant redevelopment of \$108. Utility expenses for comparable properties declined primarily due to a decrease in electricity and water usage resulting from cost savings initiatives implemented by our manager, RMR LLC, in response to decreased space utilization at our properties as a result of the COVID-19 pandemic, as well as the implementation of real time energy management programs at certain of our properties in the 2020 period.

Other operating expenses. Other operating expenses consist of salaries and benefit costs of property level personnel, repairs and maintenance expense, cleaning expense, other direct costs of operating our properties and property management fees. The decrease in other operating expenses primarily reflects a decrease in other operating expenses related to property dispositions of \$3,748, a decrease of \$106 related to a property undergoing significant redevelopment and a decrease of \$79 for comparable properties, offset by an increase of \$28 related to acquired properties. Other operating expenses for comparable properties decreased primarily due to lower cleaning and repairs and maintenance costs as a result of cost savings initiatives implemented by our manager, RMR LLC, in response to decreased space utilization at our properties as a result of the COVID-19 pandemic, partially offset by higher insurance costs.

Depreciation and amortization. The decrease in depreciation and amortization primarily reflects a decrease related to property dispositions of \$7,783, a decrease for comparable properties of \$1,130 and a decrease related to a property undergoing significant redevelopment of \$888, offset by an increase in depreciation and amortization expense of \$58 related to acquired properties. Depreciation and amortization for comparable properties and the property undergoing significant redevelopment declined due to certain leasing related assets becoming fully depreciated in the 2020 period.

Loss on impairment of real estate. In the 2019 period, we recorded a \$2,380 loss on impairment of real estate to reduce the carrying value of one property to its estimated fair value less costs to sell.

Acquisition and transaction related costs. Acquisition and transaction related costs in the 2019 period consists of post-merger activity costs incurred in 2019 in connection with our acquisition of Select Income REIT, or SIR, on December 31, 2018 in a merger transaction and other related transactions.

General and administrative. General and administrative expenses consist of fees pursuant to our business management agreement, equity compensation expense, legal and accounting fees, Trustees' fees and expenses, securities listing and transfer agency fees and other costs relating to our status as a publicly traded company. The decrease in general and administrative expenses primarily reflects a decrease in business management fees mostly as a result of property sales during 2019 and 2020 and lower legal expenses.

Gain (loss) on sale of real estate. Gain (loss) on sale of real estate reflects activity related to property sales during the 2019 and 2020 periods.

Dividend income. Dividend income in the 2019 period consists of distributions received in connection with our former investment in RMR Inc. that we sold on July 1, 2019.

Loss on equity securities. Loss on equity securities represents an unrealized loss in the 2019 period to adjust our former investment in RMR Inc. to its fair value.

Interest and other income. The decrease in interest and other income is primarily due to the effect of lower cash balances invested in the 2020 period compared to the 2019 period and lower returns on cash invested.

Interest expense. The decrease in interest expense is primarily due to lower average outstanding debt balances in the 2020 period resulting from debt repayment activity in 2019 and 2020, including the repayment of our term loans during 2019, the redemption of all \$350,000 of our 3.75% senior unsecured notes in July 2019, the redemption of all \$400,000 of our 3.60% senior unsecured notes in January 2020 and the repayment of three mortgage notes with an aggregate principal balance of \$112,552 during 2020.

Loss on early extinguishment of debt. We recorded a net loss on early extinguishment of debt of \$557 in the 2020 period resulting from a loss on the settlement of a mortgage note receivable related to a property sold in 2016, partially offset by the write off of unamortized premiums associated with the prepayment of a mortgage note. We recorded a loss on early extinguishment of debt of \$71 in the 2019 period from the write off of debt issuance costs associated with the repayment of certain of our term loans.

Income tax (expense) benefit. The increase in income tax expense reflects higher operating income in certain jurisdictions in the 2020 period where we are subject to state income taxes. Income tax benefit, in the 2019 period, is the result of operating income we earned in certain jurisdictions where we are subject to state income taxes.

Equity in net losses of investees. Equity in net losses of investees represents our proportionate share of earnings and losses from our investments in two unconsolidated joint ventures and, in the 2019 period, our investment in AIC.

Net income (loss). Our net income (loss) and net income (loss) per basic and diluted common share increased in the 2020 period compared to the 2019 period primarily as a result of the changes noted above.

RESULTS OF OPERATIONS (amounts in thousands, except per share amounts)
Six Months Ended June 30, 2020, Compared to Six Months Ended June 30, 2019

	Comparable Properties Results ⁽¹⁾				Non-Comparable Properties Results		Consolidated Results			
	Six Months Ended June 30,				Six Months Ended		Six Months Ended June 30,			
			\$	%	June 30,				\$	%
	2020	2019	Change	Change	2020	2019	2020	2019	Change	Change
Rental income	\$ 293,446	\$ 296,162	\$ (2,716)	(0.9%)	\$ 2,042	\$ 54,647	\$ 295,488	\$ 350,809	\$ (55,321)	(15.8%)
Operating expenses:										
Real estate taxes	32,103	31,887	216	0.7%	485	4,652	32,588	36,539	(3,951)	(10.8%)
Utility expenses	11,929	14,066	(2,137)	(15.2%)	284	2,785	12,213	16,851	(4,638)	(27.5%)
Other operating expenses	50,662	51,021	(359)	(0.7%)	1,005	8,807	51,667	59,828	(8,161)	(13.6%)
Total operating expenses	94,694	96,974	(2,280)	(2.4%)	1,774	16,244	96,468	113,218	(16,750)	(14.8%)
Property NOI ⁽²⁾	\$ 198,752	\$ 199,188	\$ (436)	(0.2%)	\$ 268	\$ 38,403	199,020	237,591	(38,571)	(16.2%)
Other expenses:										
Depreciation and amortization							127,113	151,434	(24,321)	(16.1%)
Loss on impairment of real estate							—	5,584	(5,584)	n/m
Acquisition and transaction related costs							—	682	(682)	n/m
General and administrative							14,313	17,467	(3,154)	(18.1%)
Total other expenses							141,426	175,167	(33,741)	(19.3%)
Gain on sale of real estate							10,822	22,075	(11,253)	(51.0%)
Dividend income							—	1,960	(1,960)	n/m
Loss on equity securities							—	(44,007)	44,007	n/m
Interest and other income							736	489	247	50.5%
Interest expense							(52,364)	(72,481)	20,117	(27.8%)
Loss on early extinguishment of debt							(3,839)	(485)	(3,354)	n/m
Income (loss) before income tax expense and equity in net losses of investees							12,949	(30,025)	42,974	143.1%
Income tax expense							(274)	(353)	79	(22.4%)
Equity in net losses of investees							(536)	(377)	(159)	42.2%
Net income (loss)							\$ 12,139	\$ (30,755)	\$ 42,894	139.5%
Weighted average common shares outstanding (basic and diluted)							48,101	48,040	61	0.1%
Per common share amounts (basic and diluted):										
Net income (loss)							\$ 0.25	\$ (0.64)	\$ 0.89	139.1%

n/m - not meaningful

- (1) Comparable properties consists of 182 properties we owned on June 30, 2020 and which we owned continuously since January 1, 2019 and excludes properties classified as held for sale and properties undergoing significant redevelopment, if any, and three properties owned by two unconsolidated joint ventures in which we own 51% and 50% interests.
- (2) Our definition of Property NOI and our reconciliation of net income (loss) to Property NOI are included below under the heading "Non-GAAP Financial Measures."

References to changes in the income and expense categories below relate to the comparison of consolidated results for the six month period ended June 30, 2020, compared to the six month period ended June 30, 2019.

Rental income. The decrease in rental income reflects decreases in rental income of \$48,553 as a result of property dispositions, \$4,085 related to a property undergoing significant redevelopment and \$2,716 related to comparable properties, offset by an increase in rental income of \$33 related to acquired properties. The decrease in rental income for comparable properties is primarily due to termination fee revenue recorded at certain of our comparable properties in the 2019 period and reductions in occupied space at certain of our comparable properties in the 2020 period. Rental income includes non-cash

straight line rent adjustments totaling \$9,051 in the 2020 period and \$12,461 in the 2019 period, and amortization of acquired leases and assumed lease obligations totaling \$(2,837) in the 2020 period and \$(2,593) in the 2019 period.

Real estate taxes. The decrease in real estate taxes primarily reflects a decrease in real estate taxes associated with property dispositions of \$4,206, offset by increases in real estate taxes of \$216 for comparable properties, \$22 for acquired properties and \$17 for a property undergoing significant redevelopment. Real estate taxes for comparable properties increased primarily due to the effect of higher real estate tax rates and valuation assessments for certain of our properties in the 2020 period.

Utility expenses. The decrease in utility expenses reflects a decrease in utility expenses associated with property dispositions of \$2,609 and a decrease in utility expenses for comparable properties of \$2,137, offset by an increase in utility expenses for a property undergoing significant redevelopment of \$108. Utility expenses for comparable properties declined primarily due to a decrease in electricity and water usage resulting from cost savings initiatives implemented by our manager, RMR LLC, in response to decreased space utilization at our properties as a result of the COVID-19 pandemic, as well as the implementation of real time energy management programs at certain of our properties in the 2020 period.

Other operating expenses. The decrease in other operating expenses primarily reflects a decrease in other operating expenses related to property dispositions of \$7,565, a decrease of \$359 for comparable properties and a decrease of \$275 related to a property undergoing significant redevelopment, offset by an increase in other operating expenses related to acquired properties of \$38. Other operating expenses for comparable properties decreased primarily due to lower snow removal costs, as well as lower cleaning and repairs and maintenance costs resulting from cost savings initiatives implemented by our manager, RMR LLC, in response to decreased space utilization at our properties as a result of the COVID-19 pandemic, partially offset by higher insurance costs in the 2020 period.

Depreciation and amortization. The decrease in depreciation and amortization primarily reflects a decrease related to property dispositions of \$15,818, a decrease for comparable properties of \$6,811 and a decrease related to a property undergoing significant redevelopment of \$1,776, offset by an increase related to acquired properties of \$84. Depreciation and amortization for comparable properties and the property undergoing significant redevelopment declined due to certain leasing related assets becoming fully depreciated in the 2020 period.

Loss on impairment of real estate. In the 2019 period, we recorded a \$5,137 loss on impairment of real estate to reduce the carrying value of one property to its estimated fair value less costs to sell and a \$447 loss on impairment of real estate related to the sale of a portfolio of 34 properties.

Acquisition and transaction related costs. Acquisition and transaction related costs in the 2019 period consists of post-merger activity costs incurred in 2019 in connection with our acquisition of SIR on December 31, 2018 in a merger transaction and other related transactions.

General and administrative. The decrease in general and administrative expenses primarily reflects a decrease in business management fees mostly as a result of property sales during 2019 and 2020 and lower legal expenses.

Gain on sale of real estate. We recorded a \$10,822 net gain on sale of real estate resulting from the sale of six properties during the 2020 period. We recorded a \$22,075 gain on sale of real estate resulting from the sale of one property during the 2019 period.

Dividend income. Dividend income in the 2019 period consists of distributions received in connection with our former investment in RMR Inc. that we sold on July 1, 2019.

Loss on equity securities. Loss on equity securities represents an unrealized loss in the 2019 period to adjust our former investment in RMR Inc. to its fair value.

Interest and other income. The increase in interest and other income is primarily due to a settlement we received resulting from a dispute with a vendor, partially offset by the effect of lower cash balances invested in the 2020 period compared to the 2019 period and lower returns on cash invested.

Interest expense. The decrease in interest expense is primarily due to lower average outstanding debt balances in the 2020 period resulting from debt repayment activity in 2019 and 2020, including the repayment of our term loans during 2019, the redemption of all \$350,000 of our 3.75% senior unsecured notes in July 2019, the redemption of all \$400,000 of our 3.60% senior unsecured notes in January 2020 and the repayment of three mortgage notes with an aggregate principal balance of \$112,552 in the 2020 period.

Loss on early extinguishment of debt. We recorded a loss on early extinguishment of debt of \$3,839 in the 2020 period from prepayment fees incurred, the write off of unamortized discounts, premiums and debt issuance costs associated with the prepayment of three mortgage notes and a loss on the settlement of a mortgage note receivable related to a property sold in 2016. We recorded a loss on early extinguishment of debt of \$485 in the 2019 period from the write off of debt issuance costs associated with the repayment of certain of our term loans.

Income tax expense. The decrease in income tax expense reflects lower operating income in certain jurisdictions in the 2020 period where we are subject to state income taxes.

Equity in net losses of investees. Equity in net losses of investees represents our proportionate share of earnings and losses from our investments in two unconsolidated joint ventures and, in the 2019 period, our investment in AIC.

Net income (loss). Our net income (loss) and net income (loss) per basic and diluted common share increased in the 2020 period compared to the 2019 period primarily as a result of the changes noted above.

Non-GAAP Financial Measures

We present certain “non-GAAP financial measures” within the meaning of applicable rules of the Securities and Exchange Commission, or SEC, including Property NOI, funds from operations, or FFO, and normalized funds from operations, or Normalized FFO. These measures do not represent cash generated by operating activities in accordance with GAAP and should not be considered alternatives to net income (loss) as indicators of 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 expense, they may facilitate a comparison of our operating performance between periods and with other REITs and, in the case of Property 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.

Property Net Operating Income

The calculation of Property 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 calculate Property NOI as shown below. We define Property NOI as income from our rental of real estate less our property operating expenses. Property NOI excludes amortization of capitalized tenant improvement costs and leasing commissions that we record as depreciation and amortization expense. We use Property NOI to evaluate individual and company-wide property level performance. Other real estate companies and REITs may calculate Property NOI differently than we do.

The following table presents the reconciliation of net income (loss) to Property NOI for the three and six months ended June 30, 2020 and 2019.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income (loss)	\$ 1,299	\$ (64,774)	\$ 12,139	\$ (30,755)
Equity in net losses of investees	260	142	536	377
Income tax expense (benefit)	235	(130)	274	353
Income before income tax expense (benefit) and equity in net losses of investees	1,794	(64,762)	12,949	(30,025)
Loss on early extinguishment of debt	557	71	3,839	485
Interest expense	25,205	35,348	52,364	72,481
Interest and other income	(30)	(241)	(736)	(489)
Loss on equity securities	—	66,135	—	44,007
Dividend income	—	(980)	—	(1,960)
(Gain) loss on sale of real estate	(66)	17	(10,822)	(22,075)
General and administrative	7,204	8,744	14,313	17,467
Acquisition and transaction related costs	—	98	—	682
Loss on impairment of real estate	—	2,380	—	5,584
Depreciation and amortization	64,170	73,913	127,113	151,434
Property NOI	\$ 98,834	\$ 120,723	\$ 199,020	\$ 237,591

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, plus real estate depreciation and amortization of consolidated properties and our proportionate share of the real estate depreciation and amortization of unconsolidated joint venture properties, but excluding impairment charges on real estate assets, any gain or loss on sale of real estate and equity securities, as well as certain other adjustments currently not applicable to us. In calculating Normalized FFO, we adjust for the other items shown below and include business management incentive fees, if any, only in the fourth quarter versus the quarter when they are recognized as an expense in accordance with GAAP due to their quarterly volatility not necessarily being indicative of our core operating performance and the uncertainty as to whether any such business management incentive fees will be payable when all contingencies for determining such fees are known at the end of the calendar year. 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 our credit agreement and public debt covenants, 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.

The following table presents the reconciliation of net income (loss) to FFO and Normalized FFO for the three and six months ended June 30, 2020 and 2019.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income (loss)	\$ 1,299	\$ (64,774)	\$ 12,139	\$ (30,755)
Add (less): Depreciation and amortization:				
Consolidated properties	64,170	73,913	127,113	151,434
Unconsolidated joint venture properties	1,237	1,410	2,478	3,161
Loss on impairment of real estate	—	2,380	—	5,584
(Gain) loss on sale of real estate	(66)	17	(10,822)	(22,075)
Loss on equity securities	—	66,135	—	44,007
FFO	66,640	79,081	130,908	151,356
Add (less): Acquisition and transaction related costs	—	98	—	682
Loss on early extinguishment of debt	557	71	3,839	485
Normalized FFO	\$ 67,197	\$ 79,250	\$ 134,747	\$ 152,523
FFO per common share (basic and diluted)	\$ 1.39	\$ 1.65	\$ 2.72	\$ 3.15
Normalized FFO per common share (basic and diluted)	\$ 1.40	\$ 1.65	\$ 2.80	\$ 3.17

LIQUIDITY AND CAPITAL RESOURCES

Our Operating Liquidity and Resources (dollar amounts in thousands)

Our principal sources of funds to meet operating and capital expenses, pay debt service obligations and make distributions to our shareholders are the operating cash flows we generate from our properties, net proceeds from property sales and borrowings under our revolving credit facility. We believe that these sources of funds will be sufficient to meet our operating and capital expenses, pay debt service obligations and make distributions to our shareholders for the next 12 months and for the foreseeable future thereafter. Our future cash flows from operating activities will depend primarily upon:

- our ability to collect rent from our tenants;
- our ability to maintain or increase the occupancy of, and the rental rates at, our properties;
- our ability to control operating and capital expenses at our properties;
- our ability to successfully sell properties that we market for sale; and
- our ability to purchase additional properties which produce cash flows from operations in excess of our cost of acquisition capital and property operating expenses and capital expenses.

With \$570,000 available under our revolving credit facility as of July 29, 2020 and only approximately \$40,000 of debt maturities until 2022, we believe that we are well positioned to weather the present disruptions facing the real estate industry and the economy generally. As a result of the COVID-19 pandemic, we have received requests from some of our tenants for rent assistance. As of July 27, 2020, we have granted temporary rent assistance totaling \$2,475 to 23 tenants who represent approximately 3.7% of our annualized rental income as of June 30, 2020. This assistance generally entails a deferral of, in most cases, one month of rent until September 2020 when the deferred rent amounts will begin to be payable over a 12-month period. Our liquidity has been and will be temporarily impacted by these rent deferrals as follows: \$446, \$817, \$959, \$134, \$59 and \$59 of granted deferrals in April, May, June, July, August and September 2020, respectively, until these deferrals begin to become obligated to be repaid. In addition, we also anticipate that our general and administrative expenses will be reduced because of the lower fees we will pay to our manager as a result of the decline in our share price since the COVID-19 pandemic began. Although some of our tenants have sought temporary rent assistance, we also believe that overall tenant retention levels may increase. Also, we believe we will benefit from the approximately 62.8% of our annualized rental income as of June 30, 2020 paid by investment grade tenants, the majority of which is made up of government tenants, and the diversity of our tenant base, both geographically and by industry, which may help mitigate the economic impact of the COVID-19 pandemic.

On July 16, 2020, we announced a regular quarterly cash distribution of \$0.55 per common share (\$2.20 per common share per year), maintaining our previous distribution rate. At this time, we continue to expect that the quarterly distribution rate will remain unchanged for 2020. We determine our distribution payout ratio with consideration for our expected capital expenditures as well as cash flows from operations and debt obligations.

In early 2020, we completed our previously announced disposition program and transitioned to a capital recycling program through which we expect to accretively grow our property portfolio. Pursuant to our capital recycling program, we plan to sell certain properties from time to time to fund future acquisitions and to maintain leverage consistent with our current investment grade ratings with a goal of (1) improving the asset quality of our portfolio by reducing the average age of our properties, lengthening the weighted average term of our leases and increasing the likelihood of retaining our tenants and (2) increasing our cash available for distribution. During the six months ended June 30, 2020, we sold six properties for \$85,363, excluding closing costs. In July 2020, we entered into an agreement to sell a four property business park for \$25,400, excluding closing costs, and an agreement to purchase an office property for \$38,100, excluding acquisition related costs, as part of this program. These transactions are expected to occur before the end of the third quarter. However, these transactions are subject to conditions; accordingly, we cannot be sure that we will complete these transactions or that these transactions will not be delayed or the terms will not change. Given the current economic conditions, we are carefully considering our capital allocation strategy and believe we are well positioned to opportunistically recycle and deploy capital in 2020.

Our future purchases of properties cannot be accurately projected because such purchases depend upon purchase opportunities which come to our attention and our ability to successfully complete the acquisitions. We generally do not intend to purchase “turn around” properties, or properties which do not generate positive cash flows.

Our changes in cash flows for the six months ended June 30, 2020 compared to the same period in 2019 were as follows: (i) cash flows provided by operating activities increased from \$107,790 in the 2019 period to \$111,190 in the 2020 period; (ii) cash flows provided by investing activities decreased from \$268,880 in the 2019 period to \$40,934 in the 2020 period; and (iii) cash flows used in financing activities decreased from \$390,928 in the 2019 period to \$222,719 in the 2020 period.

The increase in cash provided by operating activities for the 2020 period as compared to the 2019 period was a result of favorable changes in working capital in the 2020 period compared to the 2019 period. The decrease in cash provided by investing activities in the 2020 period as compared to the 2019 period is primarily due to lower cash proceeds received from our sales of properties in the 2020 period compared to the 2019 period and higher real estate acquisition and improvement activities in the 2020 period. The decrease in cash used in financing activities in the 2020 period as compared to the 2019 period is primarily due to the issuance of \$150,000 of our 6.375% senior unsecured notes due 2050 in the 2020 period and a decrease in net debt repayment activity, due to repayments of our unsecured term loans and net repayment activity on our revolving credit facility using cash on hand and proceeds from sales of properties in the 2019 period compared to increased borrowings under our revolving credit facility in the 2020 period in order to facilitate the repayment of other debts, including the redemption of all \$400,000 of our 3.60% senior unsecured notes in January 2020.

Our Investment and Financing Liquidity and Resources (dollar amounts in thousands, except per share and per square foot amounts)

In order to fund acquisitions and to meet cash needs that may result from our desire or need to make distributions or pay operating or capital expenses, we maintain a \$750,000 revolving credit facility. The maturity date of our revolving credit facility is January 31, 2023 and, subject to our payment of an extension fee and meeting certain other conditions, we have the option to extend the stated maturity date of our revolving credit facility by two additional six month periods. We can borrow,

repay and reborrow funds available under our revolving credit facility until maturity, and no principal repayment is due until maturity. We are required to pay interest at a rate of LIBOR plus a premium, which was 110 basis points per annum at June 30, 2020, on the amount outstanding under our revolving credit facility. We also pay a facility fee on the total amount of lending commitments under our revolving credit facility, which was 25 basis points per annum at June 30, 2020. Both the interest rate premium and facility fee are subject to adjustment based upon changes to our credit ratings. As of June 30, 2020, the annual interest rate payable on borrowings under our revolving credit facility was 1.2%. As of June 30, 2020 and July 29, 2020, we had \$200,000 and \$180,000, respectively, outstanding under our revolving credit facility, and \$550,000 and \$570,000, respectively, available for borrowing under our revolving credit facility.

Our credit agreement includes a feature under which the maximum borrowing availability may be increased to up to \$1,950,000 in certain circumstances.

Our credit agreement provides that, with certain exceptions, a subsidiary of ours is required to guaranty our obligations under our \$750,000 revolving credit facility only if that subsidiary has separately incurred debt (other than nonrecourse debt), within the meaning specified in our credit agreement, or provided a guarantee of debt incurred by us or any of our other subsidiaries.

In January 2020, we redeemed, at par plus accrued interest, all \$400,000 of our 3.60% senior unsecured notes that had a maturity date in February 2020 using cash on hand, proceeds from property sales and borrowings under our revolving credit facility.

In March 2020, in connection with the sale of one property in Fairfax, VA, we prepaid, at a premium plus accrued interest, a mortgage note secured by that property with an outstanding principal balance of \$13,095, an annual interest rate of 5.9% and a maturity date in August 2021.

Also in March 2020, we prepaid, at a premium plus accrued interest, a mortgage note secured by one property with an outstanding principal balance of \$66,780, an annual interest rate of 4.0% and a maturity date in September 2030 using cash on hand and borrowings under our revolving credit facility.

In April 2020, we prepaid, at par plus accrued interest, a mortgage note secured by one property with an outstanding principal balance of \$32,677, an annual interest rate of 5.7% and a maturity date in July 2020 using cash on hand and borrowings under our revolving credit facility.

In June 2020, we issued \$150,000 of our 6.375% senior unsecured notes due 2050 in an underwritten public offering, raising net proceeds of \$144,772, after deducting underwriters' discounts and estimated offering expenses. In connection with this offering, we granted the underwriters a 30 day option to purchase up to an additional \$22,500 aggregate principal amount of these notes. In July 2020, the underwriters partially exercised this option for an additional \$12,000 of these notes. We used the aggregate net proceeds from this offering to repay amounts outstanding under our revolving credit facility and for general business purposes. These notes require quarterly payments of interest only through maturity and may be repaid at par (plus accrued and unpaid interest) on or after June 23, 2025.

In addition, in August 2020, we plan to repay at maturity, at par plus accrued interest, a mortgage note secured by one property with an outstanding principal balance of \$39,635 and an annual interest rate of 2.2% using cash on hand and borrowings under our revolving credit facility.

As of June 30, 2020, our debt maturities (other than our revolving credit facility), consisting of senior unsecured notes and mortgage notes, are as follows:

Year	Debt Maturities
2020	\$ 40,953
2021	1,541
2022	625,518
2023	143,784
2024	350,000
2025 and thereafter	860,000
Total	\$ 2,021,796

None of our unsecured debt obligations require sinking fund payments prior to their maturity dates. Our \$211,796 in mortgage debts, generally require monthly payments of principal and interest through maturity.

In addition to our debt obligations, as of June 30, 2020, we have estimated unspent leasing related obligations of \$61,720.

We currently expect to use cash balances, borrowings under our revolving credit facility, net proceeds from property sales, incurrences or assumptions of mortgage debt and net proceeds from offerings of debt or equity securities to fund our future operations, capital expenditures, distributions to our shareholders and property acquisitions. When significant amounts are outstanding under our revolving credit facility or the maturities of our indebtedness approach, we expect to explore refinancing alternatives. Such alternatives may include incurring term debt, issuing debt or equity securities, extending the maturity date of our revolving credit facility and entering into a new revolving credit facility. We may assume additional mortgage debt in connection with our acquisitions or elect to place new mortgages on properties we own as a source of financing. We may also seek to participate in additional joint venture or other arrangements that may provide us with additional sources of financing. Although we cannot be sure that we will be successful in consummating any particular type of financing, we believe that we will have access to financing, such as debt and equity offerings, to fund future acquisitions and capital expenditures and to pay our obligations. We currently have an effective shelf registration statement that allows us to issue public securities on an expedited basis, but it does not assure that there will be buyers for such securities.

Our ability to obtain, and the costs of, our future debt financings will depend primarily on credit market conditions and our creditworthiness. We have no control over market conditions. Potential investors and lenders likely will evaluate our ability to pay distributions to shareholders, fund required debt service and repay debts when they become due by reviewing our business practices and plans to balance our use of debt and equity capital so that our financial profile 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 in a manner that 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 this intention. For instance, it is uncertain what the duration and severity of the current economic impact resulting from the COVID-19 pandemic will be. A protracted and extensive economic recession may cause a decline in financing availability and increased costs for financings. Further, such conditions could also disrupt capital markets and limit our access to financing from public sources.

During the six months ended June 30, 2020, we paid quarterly distributions to our common shareholders totaling \$53,021 using cash on hand and borrowings under our revolving credit facility. On July 16, 2020, we declared a regular quarterly distribution payable to common shareholders of record on July 27, 2020 of \$0.55 per share, or approximately \$26,500. We expect to pay this distribution on or about August 20, 2020 using cash on hand and borrowings under our revolving credit facility. For more information regarding the distributions we paid during 2020, see Note 9 to the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Off Balance Sheet Arrangements (dollars in thousands)

We own 51% and 50% interests in two unconsolidated joint ventures which own three properties. The properties owned by these joint ventures are encumbered by an aggregate \$82,000 principal amount of mortgage indebtedness. We do not control the activities that are most significant to these joint ventures and, as a result, we account for our investments in these joint ventures under the equity method of accounting. For more information on the financial condition and results of operations of these joint ventures, see Note 4 to the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. Other than these joint ventures, as of June 30, 2020, we had no off balance sheet arrangements that have had or that we expect would be reasonably likely to have a material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Debt Covenants (dollars in thousands)

Our principal debt obligations at June 30, 2020 consisted of borrowings under our \$750,000 revolving credit facility, an aggregate outstanding principal balance of \$1,810,000 of public issuances of senior unsecured notes and mortgage notes with an aggregate outstanding principal balance of \$211,796, that were assumed in connection with certain of our acquisitions. Also, the three properties owned by two joint ventures in which we own 51% and 50% interests secure two additional mortgage notes. Our publicly issued senior unsecured notes are governed by indentures and their supplements. Our credit agreement and our senior unsecured notes indentures and their supplements provide for acceleration of payment of all amounts outstanding upon the occurrence and continuation of certain events of default, such as, in the case of our credit agreement, a change of control of us, which includes RMR LLC ceasing to act as our business and property manager. Our credit agreement and our senior unsecured notes indentures and their supplements also contain a number of covenants, including those that restrict our ability to incur debts, including debts secured by mortgages on our properties, in excess of calculated amounts, require us to

comply with certain financial covenants and, in the case of our credit agreement, restrict our ability to make distributions to our shareholders under certain circumstances. As of June 30, 2020, we believe we were in compliance with the terms and conditions of our respective covenants under our credit agreement and senior unsecured notes indentures and their supplements. Our mortgage notes are non-recourse, subject to certain limited exceptions, and do not contain any material financial covenants.

Neither our credit agreement nor our senior unsecured notes indentures and their supplements contain provisions for acceleration which could be triggered by our credit ratings. However, under our credit agreement our highest senior credit rating is used to determine the fees and interest rates we pay. Accordingly, if that credit rating is downgraded, our interest expense and related costs under our credit agreement would increase.

Our credit agreement has cross default provisions to other indebtedness that is recourse of \$25,000 or more and indebtedness that is non-recourse of \$50,000 or more. Similarly, our senior unsecured notes indentures and their supplements contain cross default provisions to any other debts of more than \$25,000 (or up to \$50,000 in certain circumstances).

Related Person Transactions

We have relationships and historical and continuing transactions with RMR LLC, RMR Inc. and others related to them. For example: we have no employees and the personnel and various services we require to operate our business are provided to us by RMR LLC pursuant to our business and property management agreements with RMR LLC; RMR Inc. is the managing member of RMR LLC; Adam Portnoy, the Chair of our Board of Trustees and one of our Managing Trustees, is the sole trustee, an officer and the controlling shareholder of ABP Trust, which is the controlling shareholder of RMR Inc., a managing director, the president and chief executive officer of RMR Inc. and an officer and employee of RMR LLC; David Blackman, our other Managing Trustee and our President and Chief Executive Officer, also serves as an officer and employee of RMR LLC; and each of our other officers is also an officer and employee of RMR LLC. We have relationships and historical and continuing transactions with other companies to which RMR LLC or its subsidiaries provide management services and some of which have trustees, directors or officers who are also trustees, directors or officers of us, RMR LLC or RMR Inc. and some of our Trustees and officers serve as trustees, directors or officers of these companies.

For more information about these and other such relationships and related person transactions, see Notes 10 and 11 to the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, our 2019 Annual Report, our definitive Proxy Statement for our 2020 Annual Meeting of Shareholders and our other filings with the SEC. In addition, see the section captioned “Risk Factors” of our 2019 Annual Report for a description of risks that may arise as a result of these and other related person transactions and relationships. Our filings with the SEC and copies of certain of our agreements with these related persons, including our business and property management agreements with RMR LLC, are available as exhibits to our public filings with the SEC and accessible at the SEC’s website, www.sec.gov. We may engage in additional transactions with related persons, including businesses to which RMR LLC or its subsidiaries provide management services.

Item 3. Quantitative and Qualitative Disclosures About Market Risk *(dollar amounts in thousands, except per share data)*

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. Our strategy to manage exposure to changes in interest rates has not materially changed since December 31, 2019. Other than as described below, we do not currently foresee any significant changes in our exposure to fluctuations in interest rates or in how we manage this exposure in the near future.

Fixed Rate Debt

At June 30, 2020, our outstanding fixed rate debt consisted of the following:

Debt	Principal Balance ⁽¹⁾	Annual Interest Rate ⁽¹⁾	Annual Interest Expense ⁽¹⁾	Maturity	Interest Payments Due
Senior unsecured notes	\$ 300,000	4.150%	\$ 12,450	2022	Semi-annually
Senior unsecured notes	300,000	4.000%	12,000	2022	Semi-annually
Senior unsecured notes	350,000	4.250%	14,875	2024	Semi-annually
Senior unsecured notes	400,000	4.500%	18,000	2025	Semi-annually
Senior unsecured notes	310,000	5.875%	18,213	2046	Quarterly
Senior unsecured notes ⁽²⁾	150,000	6.375%	9,563	2050	Quarterly
Mortgage note (one property in Philadelphia, PA)	39,698	2.173%	863	2020	Monthly
Mortgage note (one property in Lakewood, CO)	1,030	8.150%	84	2021	Monthly
Mortgage note (one property in Washington, D.C.)	26,167	4.220%	1,104	2022	Monthly
Mortgage note (three properties in Seattle, WA)	71,000	3.550%	2,521	2023	Monthly
Mortgage note (one property in Chicago, IL)	50,000	3.700%	1,850	2023	Monthly
Mortgage note (one property in Washington, D.C.)	23,901	4.800%	1,147	2023	Monthly
Total	\$ 2,021,796		\$ 92,670		

- (1) The principal balances and interest rates are the amounts stated in the applicable contracts. In accordance with GAAP, our carrying values and recorded interest expense may differ from these amounts because of market conditions at the time we issued or assumed these debts. For more information, see Notes 7 and 8 to the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.
- (2) In July 2020, we issued an additional \$12,000 of these senior unsecured notes in connection with the underwriters partial exercise of their option to purchase additional notes.

Our senior unsecured notes require semi-annual or quarterly interest payments through maturity. Our mortgages generally require principal and interest payments through maturity pursuant to amortization schedules. 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 \$20,218.

Changes in market interest rates also 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. Based on the balances outstanding at June 30, 2020, and discounted cash flow analyses through the respective maturity dates, and assuming no other changes in factors that may affect the fair value of our fixed rate debt obligations, a hypothetical immediate one percentage point increase in interest rates would change the fair value of those obligations by approximately \$96,698.

Some of our fixed rate secured debt arrangements 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 note holder. These prepayment rights may afford us opportunities to mitigate the risk of refinancing our debts at maturity at higher rates by refinancing prior to maturity.

At June 30, 2020, we owned 51% and 50% interests in two joint venture arrangements which own three properties that are secured by fixed rate debt consisting of the following mortgage notes:

Debt	Our JV Ownership Interest	Principal Balance ⁽¹⁾⁽²⁾	Annual Interest Rate ⁽¹⁾	Annual Interest Expense ⁽¹⁾	Maturity	Interest Payments Due
Mortgage note (two properties in Fairfax, VA)	51%	\$ 50,000	4.09%	\$ 2,045	2029	Monthly
Mortgage note (one property in Washington, D.C.)	50%	32,000	3.69%	1,181	2024	Monthly
Total		\$ 82,000		\$ 3,226		

- (1) The principal balances and interest rates are the amounts stated in the applicable contracts. In accordance with GAAP, the joint ventures' recorded interest expense may differ from these amounts because of market conditions at the time they incurred the debt.
- (2) Reflects the entire balance of the debt secured by the properties and is not adjusted to reflect the interests in the joint ventures we do not own.

Floating Rate Debt

At June 30, 2020, our floating rate debt consisted of \$200,000 of borrowings under our \$750,000 revolving credit facility. Our revolving credit facility matures on January 31, 2023 and, subject to the payment of an extension fee and meeting certain other conditions, we have the option to extend the stated maturity by two six month periods. No principal repayments are required under our revolving credit facility prior to maturity, and we can borrow, repay and reborrow funds available under our revolving credit facility, subject to conditions, at any time without penalty.

Borrowings under our \$750,000 revolving credit facility are in U.S. dollars and require interest to be paid at a rate of LIBOR plus premiums that are subject to adjustment based upon changes to our credit ratings. Accordingly, we are vulnerable to changes in U.S. dollar based short term rates, specifically LIBOR, and to changes in our credit ratings. In addition, upon renewal or refinancing of our revolving credit facility, we are vulnerable to increases in interest rate premiums due to market conditions or our perceived credit characteristics. Generally, a change in interest rates would not affect the value of our floating rate debt but would affect our operating results.

The following table presents the impact a one percentage point increase in interest rates would have on our annual floating rate interest expense as of June 30, 2020:

Impact of Changes in Interest Rates					
	Annual Interest Rate ⁽¹⁾	Outstanding Debt	Total Interest Expense Per Year	Annual Earnings Per Share Impact ⁽²⁾	
At June 30, 2020	1.2%	\$ 200,000	\$ 2,400	\$ 0.05	
One percentage point increase	2.2%	\$ 200,000	\$ 4,400	\$ 0.09	

(1) Weighted based on the interest rate and outstanding borrowings under our revolving credit facility as of June 30, 2020.

(2) Based on the weighted average shares outstanding (diluted) for the six months ended June 30, 2020.

The following table presents the impact a one percentage point increase in interest rates would have on our annual floating rate interest expense as of June 30, 2020 if we were fully drawn on our revolving credit facility:

Impact of an Increase in Interest Rates					
	Annual Interest Rate ⁽¹⁾	Outstanding Debt	Total Interest Expense Per Year	Annual Earnings Per Share Impact ⁽²⁾	
At June 30, 2020	1.2%	\$ 750,000	\$ 9,000	\$ 0.19	
One percentage point increase	2.2%	\$ 750,000	\$ 16,500	\$ 0.34	

(1) Weighted based on the interest rate and outstanding borrowings under our revolving credit facility as of June 30, 2020.

(2) Based on the weighted average shares outstanding (diluted) for the six months ended June 30, 2020.

The foregoing tables show the impact of an immediate increase in floating interest rates as of June 30, 2020. If interest rates were to increase gradually over time, the impact would be spread over time. Our exposure to fluctuations in floating interest rates will increase or decrease in the future with increases or decreases in the outstanding amount under our revolving credit facility or our other floating rate debt, if any. Although we have no present plans to do so, we may in the future enter into hedge arrangements from time to time to mitigate our exposure to changes in interest rates.

LIBOR Phase Out

LIBOR is currently expected to be phased out in 2021. We are required to pay interest on borrowings under our revolving credit facility at a floating rate based on LIBOR. Future debt that we may incur may also require that we pay interest based upon LIBOR. We currently expect that the determination of interest under our revolving credit facility would be revised as provided under our credit agreement or amended as necessary to provide for an interest rate that approximates the existing interest rate as calculated in accordance with LIBOR. Despite our current expectations, we cannot be sure that, if LIBOR is phased out or transitioned, the changes to the determination of interest under our agreements would approximate the current calculation in accordance with LIBOR. We do not know what standard, if any, will replace LIBOR if it is phased out or transitioned.

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 June 30, 2020 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 statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. Also, whenever we use words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “estimate”, “will”, “may” and negatives or derivatives of these or similar expressions, we are making forward-looking statements. These forward-looking statements are based upon our present intent, beliefs or expectations, but forward-looking statements are not guaranteed to occur and may not occur. Forward-looking statements in this Quarterly Report on Form 10-Q relate to various aspects of our business, including:

- The duration and severity of the economic impact resulting from the COVID-19 pandemic and its impact on us and our tenants,
- The likelihood and extent to which our tenants will be negatively impacted by the COVID-19 pandemic and its aftermath and be able and willing to pay us rent,
- Our expectations about the financial strength of our tenants,
- Our expectations that the diversity and other characteristics of our property portfolio and our financial resources will result in our ability to successfully withstand the current economic conditions,
- Our sales and acquisitions of properties,
- Our ability to compete for acquisitions and tenancies effectively,
- The likelihood that our tenants will pay rent or be negatively affected by cyclical economic conditions or government budget constraints,
- The likelihood that our tenants will renew or extend their leases and not exercise early termination options pursuant to their leases or that we will obtain replacement tenants on terms as favorable to us as our prior leases,
- The likelihood that our rents will increase when we renew or extend our leases or enter new leases,
- The expectation that, as a result of the COVID-19 pandemic, leasing activity may continue to slow, but overall tenant retention levels may increase,
- Our belief that we are in a position to opportunistically recycle and deploy capital during 2020,
- Our ability to pay distributions to our shareholders and to increase the amount of such distributions,
- Our expectations regarding our future financial performance including FFO, Normalized FFO, Property NOI, and cash basis NOI,
- Our policies and plans regarding investments, financings and dispositions,
- Our expectations regarding occupancy at our properties,
- The future availability of borrowings under our revolving credit facility,
- Our expectation that there will be opportunities for us to acquire, and that we will acquire, additional properties primarily leased to single tenants and tenants with high credit quality characteristics like government entities,
- Our expectations regarding demand for leased space,
- Our expectations regarding capital expenditures,
- Our ability to raise debt or equity capital,

- Our ability to pay interest on and principal of our debt,
- Our ability to appropriately balance our use of debt and equity capital,
- Our ability to successfully execute our capital recycling program,
- Our ability to maintain sufficient liquidity during the duration of the COVID-19 pandemic and resulting economic downturn,
- Our credit ratings,
- Our expectation that we benefit from our relationships with RMR LLC and RMR Inc.,
- The credit qualities of our tenants,
- Our qualification for taxation as a REIT,
- Changes in federal or state tax laws, and
- Other matters.

Our actual results may differ materially from those contained in or implied by our forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control. Risks, uncertainties and other factors that could have a material adverse effect on our forward-looking statements and upon our business, results of operations, financial condition, FFO, Normalized FFO, Property NOI, cash flows, liquidity and prospects include, but are not limited to:

- The impact of conditions in the economy, including the COVID-19 pandemic and its aftermath, and the capital markets on us and our tenants,
- Competition within the real estate industry, particularly in those markets in which our properties are located,
- The impact of changes in the real estate needs and financial conditions of our tenants,
- Compliance with, and changes to, federal, state and local laws and regulations, accounting rules, tax laws and similar matters,
- The impact of any U.S. government shutdown on our ability to collect rents or pay our operating expenses, debt obligations and distributions to shareholders on a timely basis,
- Actual and potential conflicts of interest with our related parties, including our Managing Trustees, RMR LLC, RMR Inc., and others affiliated with them,
- Limitations imposed on our business and our ability to satisfy complex rules in order for us to maintain our qualification for taxation as a REIT for U.S. federal income tax purposes, and
- Acts of terrorism, outbreaks of pandemics, including the COVID-19 pandemic, or other manmade or natural disasters beyond our control.

For example:

- Our ability to make future distributions to our shareholders and to make payments of principal and interest on our indebtedness depends upon a number of factors, including our receipt of rent from our tenants, our future earnings, the capital costs we incur to lease our properties and our working capital requirements. We may be unable to pay our debt obligations or to maintain our current rate of distributions on our common shares and future distributions may be reduced or eliminated,
- Our ability to grow our business and increase our distributions depends in large part upon our ability to buy properties and lease them for rents, less their property operating costs, that exceed our capital costs. We may be unable to identify properties that we want to acquire, and we may fail to reach agreement with the sellers and complete the purchases of any properties we want to acquire. In addition, any properties we may acquire may not provide us with rents less property operating costs that exceed our capital costs or achieve our expected returns,

- We may fail to maintain, or we may elect to change, our target payout ratio for distributions to shareholders of 75% of cash available for distribution. Further, our Board of Trustees considers many factors when setting distribution rates including our historical and projected income, Normalized FFO, cash available for distribution, the then current and expected needs and availability of cash to pay our obligations and fund our investments, distributions which may be required to be paid to maintain our qualification for taxation as a REIT and other factors deemed relevant by our Board of Trustees. Accordingly, future distribution rates may be increased or decreased and there is no assurance as to the rate at which future distributions will be paid,
- We plan to selectively sell certain properties from time to time to fund future acquisitions and to strategically update, rebalance and reposition our investment portfolio, which we refer to as our capital recycling program. We cannot be sure we will sell any of these properties or what the terms of any sales may be nor that we will acquire replacement properties that improve our asset quality or our ability to increase our distributions to shareholders,
- We may not succeed in maintaining our leverage consistent with our current investment grade ratings or levels that the market or credit rating agencies believe are appropriate,
- Some of our tenants may not renew expiring leases, and we may be unable to obtain new tenants to maintain or increase the historical occupancy rates of, or rents from, our properties,
- Some government tenants may exercise their rights to vacate their space before the stated expirations of their leases, and we may be unable to obtain new tenants to maintain the historical occupancy rates of, or rents from, our properties,
- Rents that we can charge at our properties may decline upon renewals or expirations because of changing market conditions or otherwise,
- Leasing for some of our properties depends on a single tenant and we may be adversely affected by the bankruptcy, insolvency, a downturn of business or a lease termination of a single tenant,
- Our belief that there is a likelihood that tenants may renew or extend our leases prior to their expirations whenever they have made significant investments in the leased properties, or because those properties may be of strategic importance to them, may not be realized,
- Our belief that our overall tenant retention levels may increase as a result of the COVID-19 pandemic may not be realized. In addition, if the COVID-19 pandemic and the current economic conditions continue for an extended period or worsen, our tenants may become unable to pay rent or they may elect to not renew their leases with us. Further, some of our government leases provide the tenant with certain rights to terminate their lease early. Budgetary and other fiscal pressures may result in some governmental tenants terminating their leases early or not renewing their leases. In addition, the COVID-19 pandemic has caused changes in workplace practices, including increased remote work arrangements. To the extent those practices become permanent or increased, leasing demand for office space may decline. As a result of these factors, our tenant retention levels may not increase and they could decline,
- Our belief that we are well positioned to opportunistically recycle and deploy capital during 2020 may not be realized. We may fail to identify and execute on opportunities to deploy capital and any deployment of capital we may make may not result in the returns that we expect,
- Our belief that the reduction in government tenant space utilization and the consolidation of government tenants into government owned real estate is substantially complete may prove misplaced if these prior trends continue or do not moderate to the extent we expect, including in response to the COVID-19 pandemic and its aftermath,
- Our perception that recent activity suggests that the government has begun to shift its leasing strategy to include longer term leases and that the government is actively exploring 10 to 20 year lease terms at renewal, in some instances, may mistakenly imply that these activities are indicative of a trend or broader change in government leasing strategy or practices. Further, even if they may be indicative of such a trend or change, that trend or change may not be sustained by the government, including in response to the COVID-19 pandemic and its aftermath,
- Contingencies in our acquisition and sale agreements may not be satisfied and any expected acquisitions and sales and any related lease arrangements we expect to enter may not occur, may be delayed or the terms of such transactions or arrangements may change,

- We expect to pursue accretively growing our property portfolio. However, we may not succeed in making acquisitions that are accretive and future acquisitions could be dilutive,
- The competitive advantages we believe we have may not in fact exist or provide us with the advantages we expect. We may fail to maintain any of these advantages or our competition may obtain or increase their competitive advantages relative to us,
- We intend to conduct our business activities in a manner that will afford us reasonable access to capital for investment and financing activities. However, we may not succeed in this regard and we may not have reasonable access to capital,
- Continued availability of borrowings under our revolving credit facility is subject to our satisfying certain financial covenants and other credit facility conditions that we may be unable to satisfy,
- Actual costs under our revolving credit facility will be higher than LIBOR plus a premium because of fees and expenses associated with such debt,
- The interest rates payable under our floating rate debt obligations depend upon our credit ratings. If our credit ratings are downgraded, our borrowing costs will increase,
- Our ability to access debt capital and the cost of our debt capital will depend in part on our credit ratings. If our credit ratings are downgraded, we may not be able to access debt capital or the debt capital we can access may be expensive,
- We may be unable to repay our debt obligations when they become due,
- The maximum borrowing availability under our revolving credit facility may be increased to up to \$1.95 billion in certain circumstances; however, increasing the maximum borrowing availability under our revolving credit facility is subject to our obtaining additional commitments from lenders, which may not occur,
- We have the option to extend the maturity date of our revolving credit facility upon payment of a fee and meeting other conditions; however, the applicable conditions may not be met,
- We may incur significant costs to prepare a property for a tenant, particularly for single tenant properties,
- We may spend more for capital expenditures than we currently expect,
- We may fail to obtain development rights or entitlements that we may seek for development and other projects we may wish to conduct at our properties,
- Our existing joint venture arrangements and any other joint venture arrangements that we may enter may not be successful,
- We believe that we are well positioned to weather the present disruptions of the COVID-19 pandemic facing the real estate industry and the economy generally. However, the full extent of the future impact of the COVID-19 pandemic is unknown and we may not realize similar or better operating results in the future,
- We believe that the near term impact of the COVID-19 pandemic to us will not be material due to the strength of our tenant base. However, if the COVID-19 pandemic and the current economic conditions continue for an extended period of time or worsen, our tenants may be significantly adversely impacted, which may result in those tenants seeking relief from their rent obligations, their inability to pay rent, the termination of their leases or our tenants not renewing their leases or renewing their leases for less space. Therefore, the impact we experience in the near term may be worse than we currently expect and our results of operations and financial position may be negatively affected,
- We have granted requests to some of our tenants to defer payments over, in most cases, a 12-month period commencing in September 2020. However, current market and economic conditions may deteriorate further and the rent assistance granted by us may not be sufficient to ensure that tenants will be able to meet their rent payment obligations under their leases with us, which may result in an increase in tenant defaults and terminations,
- The business and property management agreements between us and RMR LLC have continuing 20 year terms. However, those agreements permit early termination in certain circumstances. Accordingly, we cannot be sure that these agreements will remain in effect for continuing 20 year terms,

- We believe that our relationships with our related parties, including RMR LLC, RMR Inc., and others affiliated with them may benefit us and provide us with competitive advantages in operating and growing our business. However, the advantages we believe we may realize from these relationships may not materialize, and
- It is difficult to accurately estimate leasing related obligations and costs of development and tenant improvement costs. Our unspent leasing related obligations and development costs may cost more and may take longer to complete than we currently expect, and we may incur increased amounts for these and similar purposes in the future.

Currently unexpected results could occur due to many different circumstances, some of which are beyond our control, such as the COVID-19 pandemic and its aftermath, changes in our tenants' needs for leased space, the ability of the U.S. government to approve spending bills to fund the U.S. government's obligations, acts of terrorism, natural disasters or changes in capital markets or the economy generally.

The information contained elsewhere in this Quarterly Report on Form 10-Q and our 2019 Annual Report 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 Office Properties Income Trust, dated June 8, 2009, as amended, as filed with the State Department of Assessments and Taxation of Maryland, provides that no trustee, officer, shareholder, employee or agent of Office Properties Income Trust shall be held to any personal liability, jointly or severally, for any obligation of, or claim against, Office Properties Income Trust. All persons dealing with Office Properties Income Trust in any way shall look only to the assets of Office Properties Income Trust for the payment of any sum or the performance of any obligation.

Part II. Other Information

Item 1A. Risk Factors

Our business faces many risks, a number of which are described under the caption "Risk Factors" in our 2019 Annual Report. The COVID-19 pandemic may subject us to additional risks that are described below. The risks described in our 2019 Annual Report and below may not be the only risks we face. Other risks of which we are not yet aware, or that we currently believe are not material, may also materially and adversely impact our business operations or financial results. If any of the events or circumstances described in the risk factors contained in our 2019 Annual Report or described below occurs, our business, financial condition or results of operations could be adversely impacted and the value of an investment in our securities could decline. Investors and prospective investors should consider the risks described in our 2019 Annual Report and below, and the information contained under the caption "Warning Concerning Forward-Looking Statements" and elsewhere in this Quarterly Report on Form 10-Q before deciding whether to invest in our securities.

The COVID-19 pandemic has resulted in a global economic recession that may materially adversely impact our business, operations, financial results and liquidity.

The viral disease outbreak known as COVID-19 has been declared a pandemic by the World Health Organization and in response to the outbreak, the U.S. Health and Human Services Secretary has declared a public health emergency in the United States and many states and municipalities have declared public health emergencies. The COVID-19 pandemic has had a devastating impact on the global economy, including the U.S. economy, and has resulted in a global economic recession.

Economic downturns and recessions in the United States have historically negatively impacted the commercial office real estate market, including by causing increased tenant defaults, decreased occupancies and reduced rental rates. We expect that the current economic conditions may have similar negative impacts on our business and that the extent of those negative consequences will depend to a large extent on the duration and depth of the economic downturn in the United States and the strength and sustainability of any economic recovery that may follow.

While we have not yet experienced a material adverse impact on our occupancy resulting from the COVID-19 pandemic as of the date of this Quarterly Report on Form 10-Q, if the outbreak continues to weaken national, regional and local economies, it could negatively impact our occupancy levels and result in significant tenant defaults in the payment of rent owed to us. Although, as of June 30, 2020, 35.1% of our total annualized rental income was from leases with governmental agencies, including 25.2% of our total annualized rental income from leases with the U.S. federal government, the balance of our rents comes from nongovernmental tenants. Further, as of June 30, 2020, tenants occupying approximately 11.5% of our rentable square feet and responsible for approximately 8.6% of our annualized rental income as of June 30, 2020 currently have exercisable rights to terminate their leases before the stated terms of their leases expire. Also, during the second half of 2020 and in 2021 and 2022, early termination rights become exercisable by other tenants who currently occupy an additional approximately 2.3%, 1.6% and 2.3% of our rentable square feet, respectively, and contribute an additional approximately 2.8%, 1.8% and 2.4% of our annualized rental income, respectively, as of June 30, 2020. In addition, as of June 30, 2020, pursuant to leases with 14 of our tenants, these tenants have rights to terminate their leases if their respective legislature or other funding authority does not appropriate rent amounts in their respective annual budgets. These 14 tenants occupy approximately 5.4% of our rentable square feet and contribute approximately 5.8% of our annualized rental income as of June 30, 2020. Additionally, we typically conduct aspects of our leasing activity at our properties. Reductions in the ability and willingness of prospective tenants to visit our properties due to the COVID-19 outbreak, or the extent to which federal, state and municipal orders limit the extent to which our manager's employees can visit our properties, could have an impact on our leasing activity which could reduce rental income and tenant reimbursements and other income produced by our properties. We have experienced a slowdown in our leasing activity thus far in 2020 due to the COVID-19 pandemic and expect this slowdown may continue until market conditions improve for a sustained period. Concerns relating to such an outbreak could also cause on-site personnel not to report for work at our properties, which could adversely affect the management of our properties.

We cannot predict the extent and duration of the COVID-19 pandemic or the severity and duration of its economic impact. Potential consequences of the current unprecedented measures taken in response to the spread of the virus that causes COVID-19, and current market disruptions and volatility affecting us include, but are not limited to:

- continued sudden and/or severe declines in the market price of our common shares;
- possible significant declines in the value of our properties;
- our inability to accurately or reliably value our portfolio;
- our inability to comply with financial covenants contained in our debt agreements that could result in our defaulting under such agreements;
- our need to reduce or eliminate the distributions we pay to our shareholders and our need to maintain such reduction or elimination for an extended period of time;
- our failure to pay interest and principal when due under our outstanding debt, which may result in the acceleration of payment for our outstanding debt and our possible loss of our revolving credit facilities;
- our inability to access debt and equity capital on attractive terms, or at all;
- increased risk of default or bankruptcy of our tenants;
- increased risk of our tenants being unable to weather an extended cessation of normal economic activity and thereby impairing their ability to continue functioning as a going concern;
- downgrades of our credit ratings by nationally recognized credit rating agencies;
- our inability to sell properties we may identify for sale due to a general decline in business activity and demand for real estate transactions and, as a result, our inability to redeploy our capital into investments we believe are more beneficial to us;
- our inability to make improvements to our properties due to a construction moratorium or decrease in available construction workers or construction activity, including required inspectors and governmental personnel for permitting and other requirements, and due to our need to maintain our liquidity; and
- reduced economic demand resulting from mass employee layoffs or furloughs in response to governmental action taken to slow the spread of the virus that causes COVID-19, which could impact the continued viability of our tenants and the demand for office space at our properties.

Further, the extent and strength of any economic recovery after the COVID-19 pandemic abates, including following any “second wave” or other intensifying of the pandemic, are uncertain and subject to various factors and conditions. Our business, operations and financial position may continue to be negatively impacted after the COVID-19 pandemic abates and may remain at depressed levels compared to prior to the outbreak of the COVID-19 pandemic and those conditions may continue for an extended period.

Future distributions to our shareholders may be reduced or eliminated as a result of the uncertainty and materially adverse impact of the COVID-19 pandemic and related economic downturn and the form of payment could change.

We currently intend to continue to make regular quarterly distributions to our shareholders. However:

- our ability to make or sustain the rate of distributions may be adversely affected by the negative impact of the COVID-19 pandemic and its aftermath on our business, results of operations and liquidity;
- our making of distributions is subject to compliance with restrictions contained in our credit agreement and may be subject to restrictions in future debt obligations we may incur; during the continuance of any event of default under our credit agreement, we may be limited or in some cases prohibited from making distributions to our shareholders; and
- our distribution rates are set and reset from time to time by our Board of Trustees. Our Board of Trustees considers many factors when setting distribution rates including our historical and projected income, Normalized FFO, cash available for distribution, the then current and expected needs and availability of cash to pay our obligations and fund our investments, distributions which may be required to be paid to maintain our qualification for taxation as a REIT and other factors deemed relevant by our Board of Trustees. Accordingly, future distribution rates may be increased or decreased and there is no assurance as to the rate at which future distributions will be paid.

For these reasons, among others, our distribution rate may decline or we may cease making distributions to our shareholders.

In addition, in order to preserve liquidity, we may elect to pay distributions to our shareholders in part in a form other than cash, such as issuing additional common shares of ours to our shareholders, as permitted by the applicable tax rules.

Some of our tenants have requested assistance from their obligations to pay us rent in response to the current economic conditions resulting from the COVID-19 pandemic and we expect to receive additional similar requests in the future; we have provided certain limited assistance in response to these requests and may determine to grant additional assistance in the future if we determine it prudent or appropriate to do so.

The current economic conditions resulting from the COVID-19 pandemic significantly negatively impacted certain of our tenants’ businesses, operations and liquidity. As a result of the COVID-19 pandemic, we have received requests from some of our tenants for rent assistance. As of July 27, 2020, we have granted temporary rent assistance totaling \$2,475 to 23 tenants who represent approximately 3.7% of our annualized rental income as of June 30, 2020. This assistance generally entails a deferral of, in most cases, one month of rent until September 2020 when the deferred rent amounts will begin to be payable over a 12-month period. We expect to receive additional similar requests in the future, and we may determine to grant additional assistance in the future, which may vary from the type of assistance we have granted to date, and could include more substantial assistance, if we determine it prudent or appropriate to do so. If conditions do not sufficiently and sustainably improve for these tenants, they may be unable to pay deferred or other rent owed to us when due or otherwise. In addition, if any of our tenants are unable to continue as going concerns as a result of the current economic conditions or otherwise, we will experience a reduction in rents received and we may be unable to find suitable replacement tenants for an extended period or at all and the terms of our leases with those replacement tenants may not be as favorable to us as the terms of our agreements with our existing tenants.

The COVID-19 pandemic may have significant impacts on workplace practices and those changes could be detrimental to our business.

Temporary closures of businesses and stay in place orders and the resulting remote working arrangements for nonessential personnel in response to the COVID-19 pandemic may result in long-term changed work practices that could negatively impact us and our business. For example, the increased adoption of and familiarity with remote work practices could result in decreased demand for office space. If so, our business, operating results, financial condition and prospects may be materially adversely impacted.

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 quarter ended June 30, 2020:

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
May 2020	525	\$ 26.61	—	\$ —
June 2020	604	25.97	—	—
Total	1,129	\$ 26.27	—	\$ —

- (1) These common share withholdings and purchases were made to satisfy tax withholding and payment obligations of one of our Trustees and a former officer and employee of RMR LLC in connection with awards of our common shares and the vesting of those and prior awards of common shares to them. We withheld and purchased these shares at their fair market values based upon the trading prices of our common shares at the close of trading on Nasdaq on the purchase dates.

Item 6. Exhibits

Exhibit Number	Description
3.1	Composite Copy of Amended and Restated Declaration of Trust, dated June 8, 2009, as amended to date. (Filed herewith.)
3.2	Composite Copy of Amended and Restated Declaration of Trust, dated June 8, 2009, as amended to date (marked copy). (Filed herewith.)
3.3	Amended and Restated Bylaws of the Company, adopted March 27, 2019. (Incorporated by reference to the Company's Current Report on Form 8-K filed on March 28, 2019.)
4.1	Form of Common Share Certificate. (Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2018.)
4.2	Indenture, dated as of August 18, 2014, between the Company and U.S. Bank National Association. (Incorporated by reference to the Company's Current Report on Form 8-K filed on August 18, 2014.)
4.3	Supplemental Indenture No. 2, dated as of May 26, 2016, between the Company and U.S. Bank National Association, relating to the Company's 5.875% Senior Notes due 2046, including form thereof. (Incorporated by reference to the Company's Current Report on Form 8-K filed on May 26, 2016.)
4.4	Authentication Order, dated as of June 22, 2016, from the Company to U.S. Bank National Association, relating to the Company's 5.875% Senior Notes due 2046. (Incorporated by reference to the Company's Registration Statement on Form 8-A filed on June 30, 2016.)
4.5	Indenture, dated as of July 20, 2017, between the Company and U.S. Bank National Association. (Incorporated by reference to the Company's Current Report on Form 8-K filed on July 21, 2017.)
4.6	First Supplemental Indenture, dated as of July 20, 2017, between the Company and U.S. Bank National Association, relating to the Company's 4.000% Senior Notes due 2022, including form thereof. (Incorporated by reference to the Company's Current Report on Form 8-K filed on July 21, 2017.)
4.7	Second Supplemental Indenture, dated as of June 23, 2020, between the Company and U.S. Bank National Association, relating to the Company's 6.375% Senior Notes due 2050, including form thereof. (Incorporated by reference to the Company's Registration Statement on Form 8-A filed on June 23, 2020.)
4.8	Indenture, dated as of February 3, 2015, between the Company (as successor to Select Income REIT) and U.S. Bank National Association. (Incorporated by reference to Select Income REIT's Current Report on Form 8-K filed on February 3, 2015.)

4.9	First Supplemental Indenture, dated as of February 3, 2015, between the Company (as successor to Select Income REIT) and U.S. Bank National Association, including the forms of 4.15% Senior Notes due 2022 and 4.50% Senior Notes due 2025. (Incorporated by reference to Select Income REIT's Current Report on Form 8-K filed on February 3, 2015.)
4.10	Second Supplemental Indenture, dated as of May 15, 2017, between the Company (as successor to Select Income REIT) and U.S. Bank National Association, including the form of 4.250% Senior Notes due 2024. (Incorporated by reference to Select Income REIT's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed by Select Income REIT on July 25, 2017.)
4.11	Third Supplemental Indenture, dated as of December 31, 2018, among Select Income REIT, the Company and U.S. Bank National Association. (Incorporated by reference to the Company's Current Report on Form 8-K filed on December 31, 2018.)
4.12	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	Amended and Restated Office Properties Income Trust 2009 Incentive Share Award Plan. (Incorporated by reference to the Company's Current Report on Form 8-K filed on May 28, 2020.)
10.2	Summary of Trustee Compensation. (Incorporated by reference to the Company's Current Report on Form 8-K filed on May 28, 2020.)
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.

OFFICE PROPERTIES INCOME TRUST

By: /s/ David M. Blackman

David M. Blackman

President and Chief Executive Officer

Dated: July 30, 2020

By: /s/ Matthew C. Brown

Matthew C. Brown

Chief Financial Officer and Treasurer

(principal financial officer and principal accounting officer)

Dated: July 30, 2020

OFFICE PROPERTIES INCOME TRUST
(formerly known as Government Properties Income Trust)

COMPOSITE DECLARATION OF TRUST

INCORPORATING:

Declaration of Trust filed February 17, 2009
Articles of Amendment filed February 20, 2009
Articles of Amendment and Restatement filed April 15, 2009
Articles of Amendment and Restatement filed June 5, 2009
Articles of Amendment filed December 30, 2009
Articles of Amendment filed July 20, 2011
Articles of Amendment filed July 24, 2014
Articles of Amendment filed June 28, 2017
Articles of Amendment filed December 20, 2018
Articles of Amendment filed December 31, 2018 (effective at 5:00 p.m.)
Articles of Amendment filed December 31, 2018 (effective at 5:01 p.m.)
Articles of Amendment filed May 27, 2020

OFFICE PROPERTIES INCOME TRUST
(formerly known as Government Properties Income Trust)

ARTICLES OF AMENDMENT AND RESTATEMENT

FIRST: Office Properties Income Trust, a Maryland real estate investment trust (the “Trust”) formed under Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland (“Title 8”), desires to amend and restate its Declaration of Trust as currently in effect and as hereinafter amended.

SECOND: The following provisions are all the provisions of the Declaration of Trust currently in effect and as hereinafter amended:

ARTICLE I

FORMATION

Section 1.1. Formation. The Trust is a real estate investment trust within the meaning of Title 8. The Trust shall not be deemed to be a general partnership, limited partnership, joint venture, joint stock company or a corporation, but nothing herein shall preclude the Trust from being treated for tax purposes as an association under the Code (as defined in ARTICLE VII below); nor shall the Trustees or shareholders or any of them for any purpose be, nor be deemed to be, nor be treated in any way whatsoever as, liable or responsible hereunder as partners or joint venturers.

ARTICLE II

NAME

Section 2.1. Name.¹ This provision has been revised to reflect the change effectuated by the Articles of Amendment filed December 31, 2018 (effective at 5:00 p.m.). The name of the Trust is: Office Properties Income Trust. Under circumstances in which the Board of Trustees of the Trust (the “Board of Trustees” or “Board”) determines that the use of the name of the Trust is not practicable or desirable, the Trust may use any other designation or name for the Trust.

ARTICLE III

PURPOSES AND POWERS

Section 3.1. Purposes. The purposes for which the Trust is formed are to invest in and to acquire, hold, manage, administer, control and dispose of property and interests in property, including, without limitation or obligation, engaging in business as a real estate investment trust under the Code.

Section 3.2. Powers. The Trust shall have all of the powers granted to real estate investment trusts by Title 8 and all other powers set forth in this Declaration of Trust which are not inconsistent with law and are appropriate to promote and attain the purposes set forth in this Declaration of Trust.

¹ This provision has been revised to reflect the change effectuated by the Articles of Amendment filed December 31, 2018 (effective at 5:00 p.m.).

ARTICLE IV

RESIDENT AGENT

Section 4.1. Resident Agent.² This provision has been revised to reflect the Resident Agent's Notice of Change of Address filed December 4, 2014. The name of the resident agent of the Trust in the State of Maryland is CSC-Lawyers Incorporating Service Company, whose post office address is 7 St. Paul Street, Suite 820, Baltimore, Maryland 21202. The resident agent is a Maryland corporation. The Trust may change such resident agent from time to time as the Board of Trustees shall determine. The Trust may have such offices or places of business within or outside the State of Maryland as the Board of Trustees may from time to time determine.

ARTICLE V

BOARD OF TRUSTEES

Section 5.1. Powers. Subject to any express limitations contained in this Declaration of Trust or in the Bylaws, (a) the business and affairs of the Trust shall be managed under the direction of the Board of Trustees and (b) the Board shall have full, exclusive and absolute power, control and authority over any and all property of the Trust. The Board may take any action as in its sole judgment and discretion is necessary or appropriate to conduct the business and affairs of the Trust. This Declaration of Trust shall be construed with the presumption in favor of the grant of power and authority to the Board. Any construction of this Declaration of Trust or determination made in good faith by the Board concerning its powers and authority hereunder shall be conclusive. The enumeration and definition of particular powers of the Trustees included in this Declaration of Trust or in the Bylaws shall in no way be construed or deemed by inference or otherwise in any manner to exclude or limit the powers conferred upon the Board or the Trustees under the general laws of the State of Maryland or any other applicable laws.

The Board, without any action by the shareholders of the Trust, shall have and may exercise, on behalf of the Trust, without limitation, the power to terminate the status of the Trust as a real estate investment trust under the Code; to determine that compliance with any restriction or limitations on ownership and transfers of shares of the Trust's beneficial interest set forth in ARTICLE VII is no longer required in order for the Trust to qualify as a real estate investment trust; to adopt, amend and repeal Bylaws; to elect officers in the manner prescribed in the Bylaws; to solicit proxies from holders of shares of beneficial interest of the Trust; and to do any other acts and deliver any other documents necessary or appropriate to the foregoing powers.

Section 5.2. Number; Initial Trustees; Classification; Qualifications.

Section 5.2.1. The trustees of the Trust (hereinafter, the "Trustees"), and such other persons as the Trustee or Trustees then in office shall elect, shall serve until the first meeting of shareholders at which Trustees of his or her Class (as defined below) are elected and until his or her successor is duly elected and qualified, or until he or she sooner dies, resigns, retires, or is disqualified or removed from office. Any person serving as Trustee shall meet the criteria and qualifications for office set forth from time to time in the Bylaws. The Board of Trustees shall be comprised of Independent Trustees and Managing Trustees (as each term is defined in the Bylaws) in such number as set forth from time to time in the Bylaws. The number of Trustees shall initially be five and, subject to the voting powers of one or more classes or series of Shares (as defined in Section 6.1 below) as set forth in the

² This provision has been revised to reflect the Resident Agent's Notice of Change of Address filed December 4, 2014.

Bylaws, the number of Trustees shall be such number as shall be fixed from time to time by the Trustees; provided, however, that the number of Trustees shall in no event be less than three. The names of the individuals who shall serve as initial Trustees are as follows:

Managing Trustees:

Adam D. Portnoy
Barry M. Portnoy

Independent Trustees:

John L. Harrington
Jeffrey P. Somers
Barbara D. Gilmore

Section 5.2.2.³ This provision has been revised to reflect changes effectuated by the Articles of Amendment filed May 27, 2020. The Trustees are and shall remain divided into three classes until the Trust's annual meeting of shareholders of the Trust held in calendar year 2023 (the "2023 Annual Meeting"). The terms of the Trustees shall be determined as follows: (i) at the annual meeting of shareholders of the Trust that is held in calendar year 2020 (the "2020 Annual Meeting"), the Trustees whose terms expire at the 2020 Annual Meeting (or such Trustees' successor) shall be elected to hold office for a three-year term expiring at the 2023 Annual Meeting; (ii) at the annual meeting of shareholders of the Trust that is held in calendar year 2021 (the "2021 Annual Meeting"), the Trustees whose terms expire at the 2021 Annual Meeting (or such Trustees' successors) shall be elected to hold office for one-year terms expiring at the annual meeting of shareholders of the Trust that is held in calendar year 2022 (the "2022 Annual Meeting"); (iii) at the 2022 Annual Meeting, the Trustees whose terms expire at the 2022 Annual Meeting (or such Trustees' successors) shall be elected to hold office for one-year terms expiring at the 2023 Annual Meeting; and (iv) at the 2023 Annual Meeting, and at each annual meeting of shareholders of the Trust thereafter, all Trustees shall be elected to hold office for one-year terms expiring at the next annual meeting of shareholders following his or her election. For the avoidance of doubt, each Trustee elected or appointed to the Board of Trustees to serve a term that commenced before the 2021 Annual Meeting (an "Existing Trustee"), and each Trustee elected or appointed to the Board of Trustees to fill a vacancy resulting from the death, resignation or removal of an Existing Trustee, shall serve for the full term to which the Existing Trustee was elected or appointed.

Section 5.2.3. Vacancies on the Board of Trustees, whether resulting from an increase in the number of Trustees or otherwise, shall be filled in the manner provided in the Bylaws. It shall not be necessary to list in this Declaration of Trust the names and addresses of any Trustees hereinafter elected. No reduction in the number of Trustees shall have the effect of removing any Trustee from office prior to the expiration of his or her term unless the Trustee is specifically removed pursuant to Section 5.3 at the time of the decrease. Subject to the provisions of Section 5.3, each Trustee shall hold office until the election and qualification of his or her successor. There shall be no cumulative voting in the election of Trustees.

Section 5.3. Resignation or Removal. Any Trustee may resign or retire as a Trustee by an instrument in writing signed by him and delivered to the secretary of the Trust, and such resignation or retirement shall be effective upon such delivery, or at a later date according to the terms of the instrument. A Trustee judged incompetent or for whom a guardian or conservator has been appointed shall be deemed to have resigned as of the date of such adjudication or appointment. A Trustee may be removed at any time (a) solely with cause, at a meeting of the shareholders properly called for that purpose, by the affirmative vote of the holders of not less than 75% of the Shares then outstanding and entitled to vote in the election of such Trustee or (b) with or without cause by the affirmative vote of not less than 75% of the remaining Trustees.

³ This provision has been revised to reflect changes effectuated by the Articles of Amendment filed May 27, 2020.

Section 5.4. Determinations by Board. The determination as to any of the following matters, made by or pursuant to the direction of the Board of Trustees consistent with this Declaration of Trust, shall be final and conclusive and shall be binding upon the Trust and every holder of Shares: the amount of the net income of the Trust for any period and the amount of assets at any time legally available for the payment of dividends, redemption of Shares or the payment of other distributions on Shares; the amount of paid-in surplus, net assets, other surplus, annual or other cash flow, funds from operations, net profit, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); any interpretation of the terms, preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of any class or series of Shares; the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Trust or of any Shares; the number of Shares of any class of the Trust; any matter relating to the acquisition, holding and disposition of any assets by the Trust; or any other matter relating to the business and affairs of the Trust or required or permitted by applicable law, this Declaration of Trust or the Bylaws or otherwise to be determined by the Board of Trustees.

ARTICLE VI

SHARES OF BENEFICIAL INTEREST

Section 6.1. Authorized Shares.⁴ This provision has been revised to reflect changes effectuated by the following Articles of Amendment, each of which supersede the immediately preceding Articles of Amendment: (i) Articles of Amendment filed December 30, 2009; (ii) Articles of Amendment filed July 20, 2011; (iii) Articles of Amendment filed July 24, 2014, as corrected by the Articles of Correction filed August 1, 2014; (iv) Articles of Amendment filed June 28, 2017; and (v) Articles of Amendment filed December 20, 2018. The beneficial interest of the Trust shall be divided into shares of beneficial interest (the "Shares"). The Trust has authority to issue 200,000,000 Shares, consisting of 200,000,000 common shares of beneficial interest, \$.01 par value per share ("Common Shares"). If shares of one class are classified or reclassified into shares of another class of shares pursuant to this ARTICLE VI, the number of authorized shares of the former class shall be automatically decreased and the number of shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of beneficial interest of all classes that the Trust has authority to issue shall not be more than the total number of shares of beneficial interest set forth in the second sentence of this paragraph. The Board of Trustees, without any action by the shareholders of the Trust, may amend this Declaration of Trust from time to time to increase or decrease the aggregate number of Shares or the number of Shares of any class or series that the Trust has authority to issue.

Section 6.2. Common Shares. Subject to the provisions of ARTICLE VII, each Common Share shall entitle the holder thereof to one vote on each matter upon which holders of Common Shares are entitled to vote. The Board of Trustees may reclassify any unissued Common Shares from time to time into one or more classes or series of Shares.

Section 6.3. Classified or Reclassified Shares. Prior to issuance of classified or reclassified Shares of any class or series, the Board of Trustees by resolution shall (a) designate that class or series; (b) specify the number of Shares to be included in the class or series; (c) set, subject to the provisions of ARTICLE VII, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series; and (d) cause the Trust to file articles supplementary with the State Department of Assessments and Taxation of Maryland (the "SDAT"). Any of the terms of any class or series of Shares set pursuant to clause (c) of this Section 6.3 may be made dependent upon facts ascertainable outside this Declaration of Trust (including the occurrence of any event, determination or action by the Trust or any other person or body) and may vary among holders thereof, provided that the manner in which such facts or variations shall operate upon the terms of such class or series of Shares is clearly and expressly set forth in the articles supplementary filed with the SDAT.

Section 6.4. Authorization by Board of Share Issuance. The Board of Trustees may authorize the issuance from time to time of Shares of any class or series, whether now or hereafter authorized, or securities or rights convertible into Shares of any class or series, whether now or hereafter authorized, for such consideration (whether in cash, property, past or future services, obligation for future payment or otherwise) as the Board of Trustees may deem advisable (or without consideration), subject to such restrictions or limitations, if any, as may be set forth in this Declaration of Trust or the Bylaws of the Trust.

⁴ This provision has been revised to reflect changes effectuated by the following Articles of Amendment, each of which supersede the immediately preceding Articles of Amendment: (i) Articles of Amendment filed December 30, 2009; (ii) Articles of Amendment filed July 20, 2011; (iii) Articles of Amendment filed July 24, 2014, as corrected by the Articles of Correction filed August 1, 2014; (iv) Articles of Amendment filed June 28, 2017; and (v) Articles of Amendment filed December 20, 2018.

Section 6.5. Dividends and Distributions. The Board of Trustees may from time to time authorize and declare to shareholders such dividends or distributions, in cash or other assets of the Trust or in securities of the Trust or from any other source as the Board of Trustees in its discretion shall determine. Shareholders shall have no right to any dividend or distribution unless and until authorized and declared by the Board. The exercise of the powers and rights of the Board of Trustees pursuant to this Section 6.5 shall be subject to the provisions of any class or series of Shares at the time outstanding.

Section 6.6. General Nature of Shares. All Shares shall be personal property entitling the shareholders only to those rights provided in this Declaration of Trust. The shareholders shall have no interest in the property of the Trust and shall have no right to compel any partition, division, dividend or distribution of the Trust or of the property of the Trust. The death of a shareholder shall not terminate the Trust or affect its continuity nor give his or her legal representative any rights whatsoever, whether against or in respect of other shareholders, the Trustees or the trust estate or otherwise, except the sole right to demand and, subject to the provisions of this Declaration of Trust, the Bylaws and any requirements of law, to receive a new certificate for Shares registered in the name of such legal representative, in exchange for the certificate held by such shareholder. The Trust is entitled to treat as shareholders only those persons in whose names Shares are registered as holders of Shares on the beneficial interest ledger of the Trust.

Section 6.7. Fractional Shares. The Trust may, without the consent or approval of any shareholder, issue fractional Shares, eliminate a fraction of a Share by rounding up or down to a full Share, arrange for the disposition of a fraction of a Share by the person entitled to it or pay cash for the fair value of a fraction of a Share.

Section 6.8. Declaration and Bylaws. All shareholders are subject to the provisions of this Declaration of Trust and the Bylaws of the Trust.

Section 6.9. Divisions and Combinations of Shares. Subject to an express provision to the contrary in the terms of any class or series of beneficial interest hereafter authorized, the Board of Trustees shall have the power to divide, split or combine (by issuing or redeeming, as applicable, Shares pro rata or by any other lawful means) the outstanding shares of any class or series of beneficial interest, without a vote of shareholders.

Section 6.10. Arbitration.

Section 6.10.1. Any disputes, claims or controversies brought by or on behalf of any shareholder of the Trust (which, for purposes of this Section 6.10, shall mean any shareholder of record or any beneficial owner of Shares, or any former shareholder of record or beneficial owner of Shares), either on his, her or its own behalf, on behalf of the Trust or on behalf of any series or class of Shares or shareholders of the Trust against the Trust or any Trustee, officer, manager (including Reit Management & Research LLC or its successor), agent or employee of the Trust, including disputes, claims or controversies relating to the meaning, interpretation, effect, validity, performance or enforcement of this Declaration of Trust or the Bylaws (all of which are referred to as "Disputes") or relating in any way to such a Dispute or Disputes, shall on the demand of any party to such Dispute be resolved through binding and final arbitration in accordance with the procedures and rules for arbitration prescribed by the Bylaws. For the avoidance of doubt, and not as a limitation, Disputes are intended to include derivative actions against Trustees, officers or managers of the Trust and class actions by shareholders against those individuals or entities and the Trust. For the avoidance of doubt, a Dispute shall include a Dispute made derivatively on behalf of one party against another party.

Section 6.10.2. The award or decision of the arbitrator(s) shall be final and binding upon the parties thereto and shall be the sole and exclusive remedy between such parties relating to the Dispute, including any claims, counterclaims, issues or accounting presented to the arbitrators. Judgment upon the Award may be entered in any court having jurisdiction. To the fullest extent permitted by law, no application or appeal to any court of competent jurisdiction may be made in connection with any question of law arising in the course of arbitration or with respect to any award made, except for actions relating to enforcement of this agreement to arbitrate or any arbitral award issued hereunder and except for actions seeking interim or other provisional relief in aid of arbitration proceedings in any court of competent jurisdiction.

Section 6.10.3. Except as otherwise set forth in Section 8.6 or ARTICLE IX, the Bylaws or agreed between the parties, each party involved in a Dispute shall bear its own costs and expenses (including attorneys' fees), and the arbitrators shall not render an award that would include shifting of any such costs or expenses (including attorneys' fees) or, in a derivative case or class action, award any portion of the Trust's award to the claimant or the claimant's attorneys.

Section 6.10.4. This Section 6.10 is intended to benefit and be enforceable by the Trustees, officers, managers (including Reit Management & Research LLC or its successor), agents or employees of the Trust and shall be binding on the

shareholders of the Trust and the Trust, as applicable, and shall be in addition to, and not in substitution for, any other rights to indemnification or contribution that such individuals or entities may have by contract or otherwise.

ARTICLE VII

RESTRICTIONS ON TRANSFER AND OWNERSHIP OF SHARES

Section 7.1. **Definitions.** For the purpose of this ARTICLE VII, the following terms shall have the following meanings:

“Affiliate” shall mean, with respect to any Person, another Person controlled by, controlling or under common control with such Person.

“Beneficial Ownership” shall mean ownership of Shares by a Person, whether the interest in Shares is held directly or indirectly (including by a nominee), and shall include, but not be limited to, interests that would be treated as owned through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code. The terms “Beneficial Owner”, “Beneficially Owns” and “Beneficially Owned” shall have the correlative meanings.

“Charitable Beneficiary” shall mean one or more beneficiaries of the Charitable Trust as determined pursuant to Section 7.3(g), provided that each such organization shall be described in Sections 501(c)(3), 170(b)(1)(A) (other than clause (vii) or (viii) thereof) and 170(c)(2) of the Code and contributions to each such organization shall be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

“Charitable Trust” shall mean any trust provided for in Section 7.2(a)(ii) and Section 7.3(a).

“Charitable Trustee” shall mean each Person, unaffiliated with the Trust and a Prohibited Owner, that is appointed by the Trust from time to time to serve as a trustee of a Charitable Trust as provided by Section 7.3(a).

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Common Shares” shall mean the common shares of beneficial interest designated as such in this Declaration of Trust.

“Constructive Ownership” shall mean ownership of Shares by a Person, whether the interest in Shares is held directly or indirectly (including by a nominee), and shall include any interests that would be treated as owned through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code, or treated as beneficially owned under Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The terms “Constructive Owner”, “Constructively Owns” and “Constructively Owned” shall have the correlative meanings.

“Excepted Holder” shall mean (a) a shareholder of the Trust for whom an Excepted Holder Limit (if any) is created by the Board of Trustees pursuant to Section 7.2(e)(i), (b) HRPT Properties Trust, (c) the Trust’s manager (the “Manager”), (d) Affiliates of HRPT Properties Trust or the Manager and (e) on account of Constructive Ownership, Persons to whom HRPT Properties Trust’s or the Manager’s share ownership is attributable or whose share ownership is attributable to HRPT Properties Trust or the Manager.

“Excepted Holder Limit” shall mean, provided that and only so long as the affected Excepted Holder complies with all of the requirements (if any) established by the Board of Trustees pursuant to Section 7.2(e), the percentage limit (if any) established by the Board of Trustees with respect to such Excepted Holder.

“Market Price” with respect to Shares on any date shall mean the last sale price for such Shares, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such Shares, in either case as reported on the principal consolidated transaction reporting system with respect to such Shares, or if such Shares are not listed or admitted to trading on any National Securities Exchange, the last sale price in the over the counter market, or if no trading price is available for such Shares, the fair market value of such Shares as determined in good faith by the Board of Trustees.

“National Securities Exchange” means an exchange registered with the Securities and Exchange Commission under Section 6(a) of the Exchange Act, as amended, supplemented or restated from time to time, and any successor to such statute.

“Ownership Limit” shall mean (a) with respect to Common Shares, 9.8% (in value or number of shares, whichever is more restrictive) of the Common Shares outstanding at the time of determination and (b) with respect to any other class or series of

Shares, 9.8% (in value or number of shares, whichever is more restrictive) of the Shares of such class or series outstanding at the time of determination.

“Person” shall mean and include individuals, corporations, limited partnerships, general partnerships, joint stock companies or associations, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts and other entities and governments and agencies and political subdivisions thereof.

“Prohibited Owner” shall mean any Person who, but for the provisions of Section 7.2(a), would Beneficially Own or Constructively Own Shares in excess of the Ownership Limit, and if appropriate in the context, shall also mean any Person who would have been the holder of record in the books of the Trust or the Trust’s transfer agent of Shares that the Prohibited Owner would have so owned.

“REIT” shall mean a “real estate investment trust” within the meaning of Section 856 of the Code.

“Shares” shall mean the shares of beneficial interest of the Trust.

“Transfer” shall mean any issuance, sale, transfer, gift, assignment, devise or other disposition, as well as any other event (or any agreement to take any such actions or cause any such events) that causes any Person to acquire Beneficial Ownership or Constructive Ownership of Shares or the right to vote or receive distributions on Shares, including, without limitation, (a) any change in the capital structure of the Trust which has the effect of increasing the total equity interest of any Person in the Trust, (b) a change in the relationship between two or more Persons which causes a change in ownership of Shares by application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code, (c) the grant or exercise of any option or warrant (or any disposition of any option or warrant, or any event that causes any option or warrant not theretofore exercisable to become exercisable), pledge, security interest or similar right to acquire Shares, (d) any disposition of any securities or rights convertible into or exchangeable for Shares or any interest in Shares or any exercise of any such conversion or exchange right, and (e) transfers of interests in other entities that result in changes in Beneficial Ownership or Constructive Ownership of Shares, in each case, whether voluntary or involuntary, whether owned of record or Beneficially Owned or Constructively Owned, and whether by operation of law or otherwise. The terms “Transferring” and “Transferred” shall have the correlative meanings.

Section 7.2. Restrictions on Ownership.

(a) Ownership Limitations.

(i) Basic Restrictions. (A) No Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own Shares in excess of the Ownership Limit. (B) No Excepted Holder shall Beneficially Own or Constructively Own Shares in excess of the Excepted Holder Limit (if any) for such Excepted Holder. (C) No Person shall Beneficially Own or Constructively Own Shares to the extent that such Beneficial Ownership or Constructive Ownership of Shares would result in the Trust being “closely held” within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year), or otherwise failing to qualify as a REIT (including, without limitation, Beneficial Ownership or Constructive Ownership that would result in the Trust owning (actually or Constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Trust from such tenant would cause the Trust to fail to satisfy any of the gross income requirements of Section 856 (c) of the Code). (D) Subject to Section 7.6, notwithstanding any other provisions contained herein, any Transfer of Shares (whether or not such Transfer is the result of a transaction entered into through the facilities of a National Securities Exchange or automated inter-dealer quotation system) that, if effective, would result in Shares being beneficially owned by less than 100 Persons (determined under the principles of Section 856(a)(5) of the Code) shall be void ab initio, and the intended transferee shall acquire no rights in such Shares.

(ii) Transfer in Trust or Voided Transfer. If any Transfer of Shares occurs (whether or not such Transfer is the result of a transaction entered into through the facilities of a National Securities Exchange or automated inter-dealer quotation system) which, if effective, would result in any Person Beneficially Owning or Constructively Owning Shares in violation of Section 7.2(a) (i)(A), Section 7.2(a)(i)(B) or Section 7.2(a)(i)(C), as applicable, then the Board of Trustees shall be authorized and empowered to deem (and if so deemed, such action and result shall be deemed to occur and the officers of the Trust shall be authorized to take such actions in the name and on behalf of the Trust authorized by the Board of Trustees to effectuate the same): (A) that number of Shares the Beneficial Ownership or Constructive

Ownership of which otherwise would cause such Person to violate Section 7.2(a)(i)(A), Section 7.2(a)(i)(B) or Section 7.2(a)(i)(C) (rounded upward to the nearest whole share, and such excess shares, including as so rounded, the “Excess Shares”) to be automatically transferred to a Charitable Trust or Charitable Trusts for the benefit of a Charitable Beneficiary, as described in Section 7.3, effective as of the close of business on the business day prior to the date of such determination of such Transfer or at such other time determined by the Board of Trustees, and such Person shall acquire no rights in the Excess Shares; or (B) to the fullest extent permitted by law, the Transfer of Excess Shares to be void ab initio, in which case, the intended transferee shall acquire no rights in the Excess Shares.

(iii) Cooperation. The shareholder that would otherwise qualify as a Prohibited Owner absent the application of the provisions of Section 7.2(a)(ii) shall use best efforts and take all actions necessary or requested by the Trust to cooperate with effecting the actions taken by the Board of Trustees pursuant to Section 7.2(a)(ii), including, without limitation, informing the Trust where any Excess Shares may be held and instructing its agents to cooperate in the prompt implementation and effectuation of the actions so taken by the Board of Trustees.

(b) Remedies for Breach. If the Board of Trustees or any duly authorized committee thereof shall at any time determine that a Transfer or other event has taken place that results in a violation of Section 7.2(a)(i) or that a Person intends to acquire or has attempted to acquire Beneficial Ownership or Constructive Ownership of any Shares in violation of Section 7.2(a)(i) (whether or not such violation is intended), the Board of Trustees or a committee thereof may take such action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, without limitation, causing the Trust to redeem Shares, refusing to give effect to such Transfer on the books of the Trust or the Trust’s transfer agent or instituting proceedings to enjoin such Transfer or other event and such Person shall be liable, without limitation, for all costs incurred in connection therewith and pursuant to Section 8.6, including the costs and expenses of the Charitable Trustee. This Section 7.2(b) shall not in any way limit the provisions of Section 7.2(a)(ii).

(c) Notice of Restricted Transfer. Any Person who acquires or attempts or intends to acquire Beneficial Ownership or Constructive Ownership of Shares that will or may violate Section 7.2(a)(i), or any Person who would have owned Excess Shares, shall immediately give written notice to the Trust of such event, or in the case of such a proposed or attempted transaction, give at least 15 days prior written notice, and shall provide to the Trust such other information as the Trust may request.

(d) Owners Required to Provide Information. Every shareholder of five percent or more (or such lower percentage as required by the Code or the regulations promulgated thereunder) of the Shares of any series or class outstanding at the time of determination, within 30 days after the end of each taxable year and also within three business days after a request from the Trust, shall give written notice to the Trust stating the name and address of such owner, the number of Shares Beneficially Owned, and a description of the manner in which such Shares are held; provided that a shareholder who holds Shares as nominee for another Person, which other Person is required to include in gross income the distributions received on such Shares (an “Actual Owner”), shall give written notice to the Trust stating the name and address of such Actual Owner and the number of Shares of such Actual Owner with respect to which the shareholder is nominee.

Each Person who is a Beneficial Owner or Constructive Owner of Shares and each Person (including the shareholder) who is holding Shares for a Beneficial Owner or Constructive Owner shall provide to the Trust such information as the Trust may request, in good faith, in order to determine the Trust’s status as a REIT, to determine the Trust’s compliance with other applicable laws or requirements of any governmental authority and to comply with requirements of any taxing authority or other governmental authority or to determine such compliance.

(e) Exceptions.

(i) The Board of Trustees, in its sole discretion, may grant to any Person who makes a request therefor (a “Requesting Person”) an exception to the Ownership Limit (or one or more elements thereof) with respect to the ownership of any series or class of Shares, subject to the following conditions and limitations: (A) the Board of Trustees shall have determined, in its discretion, that: (1) the Beneficial Ownership or Constructive Ownership of Shares by such shareholder in excess of the Ownership Limit would not violate Section 7.2(a)(i)(C), (2) the Requesting Person does not and will not own, actually or Constructively, an interest in a tenant of the Trust (or a tenant of any entity owned or controlled by the Trust) that would cause the Trust to own, actually or Constructively, more than a 9.8% interest (as set forth in Section 856(d)(2)(B) of

the Code) in such tenant, (3) the Requesting Person's ownership of Shares in excess of the Ownership Limit pursuant to the exception requested hereunder (together with the ownership of Shares by all other Persons as permitted under this ARTICLE VII, taking into account any previously granted exceptions pursuant hereto) would not cause a default under the terms of any contract to which the Trust or any of its subsidiaries is a party or reasonably expects to become a party and (4) the Requesting Person's ownership of Shares in excess of the Ownership Limit pursuant to the exception requested hereunder (together with the ownership of Shares by all other Persons as permitted under this ARTICLE VII, taking into account any previously granted exceptions pursuant hereto) is in the best interests of the Trust; and (B)(1) prior to granting any exception pursuant to this Section 7.2(e)(i), the Board of Trustees may require a ruling from the Internal Revenue Service, or an opinion of counsel, in either case in form and substance satisfactory to the Board of Trustees in their sole discretion, as they may deem necessary or advisable in order to determine or ensure the Trust's status as a REIT and (2) such Requesting Person provides to the Board of Trustees, for the benefit of the Trust, such representations and undertakings, if any, as the Board of Trustees may, in its discretion, determine to be necessary in order for it to make the determination that the conditions set forth in Section 7.2(e)(i)(A) have been and/or will continue to be satisfied (including, without limitation, an agreement as to a reduced Ownership Limit or Excepted Holder Limit (if any) for such Requesting Person with respect to the Constructive Ownership of one or more other classes or series of Shares not subject to the exception), and such Requesting Person agrees that any violation of such representations and undertakings or any attempted violation thereof will give rise to the application of the remedies set forth in Section 7.2(a)(ii) and Section 7.2(b) with respect to Shares held in excess of the Ownership Limit or the Excepted Holder Limit (as may be applicable) with respect to such Requesting Person (determined without regard to the exception granted such Requesting Person under this Section 7.2(e)(i)). If a member of the Board of Trustees requests that the Board of Trustees grant an exception pursuant to this Section 7.2(e) with respect to such member, or with respect to any other Person if such member of the Board of Trustees would be considered to be the Beneficial Owner or Constructive Owner of Shares owned by such other Person, such member of the Board of Trustees shall not participate in the decision of the Board of Trustees as to whether to grant any such exception.

(ii) In determining whether to grant any exemption pursuant to Section 7.2(e)(i), the Board of Trustees may, but need not, consider, among other factors, (A) the general reputation and moral character of the Requesting Person, (B) whether ownership of Shares would be direct or through ownership attribution, (C) whether the Requesting Person's ownership of Shares would interfere with the conduct of the Trust's business, including, without limitation, the Trust's ability to acquire additional properties, (D) whether granting an exemption for the Requesting Person would adversely affect any of the Trust's existing contractual arrangements or business policies, (E) whether the Requesting Person to whom the exception would apply has been approved as an owner of the Trust by all regulatory or other governmental authorities who have jurisdiction over the Trust and (F) whether the Requesting Person to whom the exemption would apply is attempting to change control of the Trust or affect its policies in a way which the Board of Trustees, in its discretion, considers adverse to the best interests of the Trust or the shareholders. Nothing in this Section 7.2(e)(ii) shall be interpreted to mean that the Board of Trustees may not act in its discretion in making any determination under Section 7.2(e)(i).

(iii) An underwriter or initial purchaser that participates in a public offering or a private placement of Shares (or securities convertible into or exchangeable for Shares) may Beneficially Own or Constructively Own Shares (or securities convertible into or exchangeable for Shares) in excess of the Ownership Limit, but only to the extent necessary to facilitate such public offering or private placement as determined by the Board of Trustees.

Section 7.3. Transfer of Shares.

(a) Ownership in Trust. Upon any purported Transfer or other event described in Section 7.2(a)(ii) that results in a transfer of Shares to a Charitable Trust, such Shares shall be deemed to have been transferred to the Charitable Trustee as trustee or trustees, as applicable, of a Charitable Trust for the exclusive benefit of one or more Charitable Beneficiaries (except to the extent otherwise provided in Section 7.3(e)). Such transfer to the Charitable Trustee shall be deemed to be effective as of the time provided in Section 7.2(a)(ii). Any Charitable Trustee shall be appointed by the Trust and shall be a Person unaffiliated with the Trust and any Prohibited Owner. Each Charitable Beneficiary shall be designated by the Trust as provided in Section 7.3(g).

(b) Status of Shares Held by a Charitable Trustee. Shares held by a Charitable Trustee shall be issued and outstanding Shares of the Trust. The Prohibited Owner shall:

- (i) have no rights in the Shares held by the Charitable Trustee;
- (ii) not benefit economically from ownership of any Shares held in trust by the Charitable Trustee (except to the extent otherwise provided in Section 7.3(e));
- (iii) have no rights to dividends or other distributions;
- (iv) not possess any rights to vote or other rights attributable to the Shares held in the Charitable Trust; and
- (v) have no claim, cause of action or other recourse whatsoever against the purported transferor of such Shares.

(c) Dividend and Voting Rights. The Charitable Trustee shall have all voting rights and rights to dividends or other distributions with respect to Shares held in the Charitable Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary (except to the extent otherwise provided in Section 7.3(e)). Any dividend or other distribution paid with respect to any Shares which constituted Excess Shares at such time and prior to Shares having been transferred to the Charitable Trustee shall be paid to the Charitable Trustee by the Prohibited Owner upon demand and any dividend or other distribution authorized but unpaid with respect to such Shares shall be paid when due to the Charitable Trustee. Any dividends or distributions so paid to the Charitable Trustee shall be held in trust for the Charitable Beneficiary. The Prohibited Owner shall have no voting rights with respect to Shares held in the Charitable Trust and, effective as of the date that Shares have been transferred to the Charitable Trustee, the Charitable Trustee shall have the authority (at the Charitable Trustee's discretion) (i) to rescind as void any vote cast by a Prohibited Owner with respect to such Shares at any time such Shares constituted Excess Shares with respect to such Prohibited Owner and (ii) to recast such vote in accordance with the desires of the Charitable Trustee acting for the benefit of the Charitable Beneficiary; provided, however, that if the Trust has already taken irreversible action, then the Charitable Trustee shall not have the power to rescind and recast such vote. Notwithstanding the provisions of this ARTICLE VII, until the Shares have been transferred into a Charitable Trust, the Trust shall be entitled to rely on its share transfer and other shareholder records for purposes of preparing lists of shareholders entitled to vote at meetings, determining the validity and authority of proxies, and otherwise conducting votes of shareholders.

(d) Rights upon Liquidation. Upon any voluntary or involuntary liquidation, dissolution or winding up of or any distribution of the assets of the Trust, the Charitable Trustee shall be entitled to receive, ratably with each other holder of Shares of the class or series of Shares that is held in the Charitable Trust, that portion of the assets of the Trust available for distribution to the holders of such class or series (determined based upon the ratio that the number of Shares of such class or series of Shares held by the Charitable Trustee bears to the total number of Shares of such class or series of Shares then outstanding). The Charitable Trustee shall distribute any such assets received in respect of the Shares held in the Charitable Trust in any liquidation, dissolution or winding up or distribution of the assets of the Trust, in accordance with Section 7.3(e).

(e) Sale of Shares by Charitable Trustee. Unless otherwise directed by the Board of Trustees, within 20 days of receiving notice from the Trust that Shares have been transferred to the Charitable Trust, or as soon thereafter as practicable, the Charitable Trustee shall sell the Shares held in the Charitable Trust (together with the right to receive dividends or other distributions with respect to such Shares as to any Shares transferred to the Charitable Trustee as a result of the operation of Section 7.2(a)(ii)) to a Person, designated by the Charitable Trustee, whose ownership of the Shares will not violate the ownership limitations set forth in Section 7.2(a)(i). Upon such sale, the interest of the Charitable Beneficiary in the Shares sold shall terminate and the Charitable Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and to the Charitable Beneficiary as provided in this Section 7.3(e).

A Prohibited Owner shall receive the lesser of (A) the net price paid by the Prohibited Owner for the Shares or, if the Prohibited Owner did not give value for the Shares in connection with the event causing the Shares to be held in the Charitable Trust (for example, in the case of a gift, devise or other such transaction), the Market Price of the Shares on the day of the event causing the Shares to be held in the Charitable Trust, less the costs, expenses and compensation of the Charitable Trustee and the Trust as provided in Section 7.4 and (B) the net sales proceeds received by the Charitable Trustee from the sale or other disposition of the Shares held in the Charitable Trust. Any net sales proceeds in excess of the amount payable to the Prohibited Owner shall be paid to the Charitable Beneficiary, less the costs, expenses and compensation of the Charitable Trustee and the

Trust as provided in Section 7.4. If such Shares are sold by a Prohibited Owner, then (A) such Shares shall be deemed to have been sold on behalf of the Charitable Trust and (B) to the extent that the Prohibited Owner received an amount for such Shares that exceeds the amount that such Prohibited Owner was entitled to receive pursuant to this Section 7.3(e), such excess shall be paid promptly to the Charitable Trustee upon demand.

(f) Trust's Purchase Right in Excess Shares. Notwithstanding any transfer of Excess Shares to a Charitable Trust pursuant to this ARTICLE VII, Excess Shares shall be deemed to have been offered for sale to the Trust, or its designee, at a price per Share equal to the lesser of (i) the price per Share in the transaction that resulted in such Shares becoming Excess Shares (or, if the Prohibited Owner did not give value for such Shares, such as in the case of a devise, gift or other such transaction, the Market Price per such Share on the day of the event causing the Shares to become Excess Shares) and (ii) the Market Price per such Share on the date the Trust, or its designee, accepts such offer, in each case of clauses (i) and (ii) of this sentence, less the costs, expenses and compensation of the Charitable Trustee, if any, and the Trust as provided in Section 7.4. The Trust shall have the right to accept such offer until the Charitable Trustee, if any, has sold the Shares held in the Charitable Trust, if any, pursuant to Section 7.3(e). Upon such a sale to the Trust, if a Charitable Trust has been established pursuant to this ARTICLE VII, the interest of the Charitable Beneficiary in the Shares sold shall terminate and the Charitable Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and the Charitable Beneficiary as provided in Section 7.3(e).

(g) Designation of Charitable Beneficiaries. By written notice to the Charitable Trustee, the Trust shall designate from time to time one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Charitable Trust such that (i) Shares held in the Charitable Trust would not violate the restrictions set forth in Section 7.2(a)(i) in the hands of such Charitable Beneficiary and (ii) contributions to each such organization shall be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code. The Charitable Beneficiary shall not obtain any enforceable right to the Charitable Trust or any of its trust corpus until so designated and thereafter any such rights remain subject to the provisions of this ARTICLE VII, including, without limitation, Section 7.3(h).

(h) Retroactive Changes. Notwithstanding any other provisions of this ARTICLE VII, the Board of Trustees is authorized and empowered to retroactively amend, alter or repeal any rights which the Charitable Trust, the Charitable Trustee or the Charitable Beneficiary may have under this ARTICLE VII, including, without limitation, granting retroactive Excepted Holder status to any otherwise Prohibited Owner, with the effect of any transfer of Excess Shares to a Charitable Trust being fully and retroactively revoked; provided, however, that the Board of Trustees shall not have the authority or power to retroactively amend, alter or repeal any obligations to pay amounts incurred prior to such time and owed or payable to the Charitable Trustee pursuant to Section 7.4.

Section 7.4. Costs, Expenses and Compensation of Charitable Trustee and the Trust.

(a) The Charitable Trustee shall be indemnified by the Trust or from the proceeds from the sale of Shares held in the Charitable Trust, as further provided in this ARTICLE VII, for its costs and expenses reasonably incurred in connection with conducting its duties and satisfying its obligations pursuant to this ARTICLE VII.

(b) The Charitable Trustee shall be entitled to receive reasonable compensation for services provided by the Charitable Trustee in connection with serving as a Charitable Trustee, the amount and form of which shall be determined by agreement of the Board of Trustees and the Charitable Trustee.

(c) Costs, expenses and compensation payable to the Charitable Trustee pursuant to Section 7.4(a) and Section 7.4(b) may be funded from the Charitable Trust or by the Trust. The Trust shall be entitled to reimbursement on a first priority basis (after payment in full of amounts payable to the Charitable Trustee pursuant to Section 7.4(a) and Section 7.4(b)) from the Charitable Trust for any such amounts funded by the Trust.

(d) Costs and expenses incurred by the Trust in the process of enforcing the ownership limitation set forth in Section 7.2(a)(i), in addition to reimbursement of costs, expenses and compensation of the Charitable Trustee which have been funded by the Trust, may be collected from the Charitable Trust; provided, however, that the ability of the Trust to fund its costs from the Charitable Trust shall not relieve the Prohibited Owner from his or her obligation to reimburse the Trust for costs under Section 8.6 of this Declaration of Trust, except to the extent the Trust has in fact been previously paid from the Charitable Trust; nor will the possibility of the Trust receiving payment from the Charitable Trust create a marshalling obligation which would require the Trust to reimburse itself from the Charitable Trust before enforcing the Trust's claims under Section 8.6 or otherwise.

Section 7.5. Legend. Each certificate for Shares, if any, shall bear a legend describing the restrictions on transferability of Shares contained herein or, instead of a legend, the certificate may state that the Trust will furnish a full statement about certain restrictions on transferability to a shareholder on request and without charge.

Section 7.6. Transactions on a National Securities Exchange. Nothing in this ARTICLE VII shall preclude the settlement of any transaction entered into through the facilities of a National Securities Exchange or any automated inter-dealer quotation system. The fact that the settlement of any transaction takes place shall not negate the effect of any other provision of this ARTICLE VII and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this ARTICLE VII.

Section 7.7. Enforcement. The Trust is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this ARTICLE VII.

Section 7.8. Non-Waiver. No delay or failure on the part of the Trust or the Board of Trustees in exercising any right hereunder shall operate as a waiver of any right of the Trust or the Board of Trustees, as the case may be, except to the extent specifically waived in writing.

Section 7.9. Enforceability. If any of the restrictions on transfer of Shares contained in this ARTICLE VII are determined to be void, invalid or unenforceable by any court of competent jurisdiction, then, to the fullest extent permitted by law, the Prohibited Owner may be deemed, at the option of the Trust, to have acted as an agent of the Trust in acquiring such Shares and to hold such Shares on behalf of the Trust.

ARTICLE VIII

SHAREHOLDERS

Section 8.1. Meetings. There shall be an annual meeting of the shareholders, to be held on proper notice at such time (after the delivery of the annual report) and convenient location as shall be determined by or in the manner prescribed in the Bylaws, for the election of the Trustees, if required, and for the transaction of any other business within the powers of the Trust. Except as otherwise provided in this Declaration of Trust, special meetings of shareholders may be called in the manner provided in the Bylaws. Shareholders meetings, including the annual meeting and any special meetings, may be called only by the Board of Trustees. If there are no Trustees, the officers of the Trust shall promptly call a special meeting of the shareholders entitled to vote for the election of successor Trustees. Any meeting may be adjourned and reconvened as the Trustees determine or as provided in the Bylaws.

Section 8.2. Voting Rights. Subject to the provisions of any class or series of Shares then outstanding, the shareholders shall be entitled to vote only on the following matters: (a) election of Trustees as provided in Section 5.2 and the removal of Trustees as provided in Section 5.3; (b) amendment of this Declaration of Trust as provided in ARTICLE X; (c) termination of the Trust as provided in Section 12.2; (d) merger or consolidation of the Trust to the extent required by Title 8, or the sale or disposition of substantially all of the Trust Property, as provided in ARTICLE XI; and (e) such other matters with respect to which the Board of Trustees has adopted a resolution declaring that a proposed action is advisable and directing that the matter be submitted to the shareholders for approval or ratification. Except with respect to the foregoing matters, no action taken by the shareholders at any meeting shall in any way bind the Board of Trustees.

Section 8.3. Preemptive and Appraisal Rights. Except as may be provided by the Board of Trustees in setting the terms of classified or reclassified Shares pursuant to Section 6.3, or as may otherwise be provided by contract approved by the Board of Trustees, no holder of Shares shall, as such holder, (a) have any preemptive right to purchase or subscribe for any additional Shares of the Trust or any other security of the Trust which it may issue or sell or (b) have any right to require the Trust to pay him the fair value of his Shares in an appraisal or similar proceeding, including, without limitation, any right to exercise the rights of an objecting shareholder provided for under Title 8 and Title 3, Subtitle 2 of the Maryland General Corporation Law or any successor statute, unless the Board of Trustees, upon the affirmative vote of a majority of the Board of Trustees, shall determine that such rights apply, with respect to all or any classes or series of Shares, to one or more transactions occurring after the date of such determination in connection with which holders of such Shares would otherwise be entitled to exercise such rights.

Section 8.4. Voting Standards. Except as specifically provided in Section 5.3 (relating to removal of Trustees) or the Bylaws and subject to Section 8.5 and Section 10.3, notwithstanding any provision of law permitting or requiring any action to be taken or authorized by the affirmative vote of the holders of a greater number of votes, any such action shall be effective and valid if taken or approved by (a) the affirmative vote of holders of Shares entitled to cast a majority of all the votes entitled to

be cast on the matter, or (b) if Maryland law hereafter permits the effectiveness of a vote described in this clause (b), the affirmative vote of a majority of the votes cast on the matter.

Section 8.5. Board Approval. The submission of any action to the shareholders for their consideration shall first be approved or advised by the Board of Trustees, and the shareholders shall not otherwise be entitled to act thereon except as otherwise expressly required by law.

Section 8.6. Indemnification of the Trust. Each shareholder will be liable to the Trust for, and indemnify and hold harmless the Trust (and any affiliates thereof) from and against, all costs, expenses, penalties, fines or other amounts, including without limitation, reasonable attorneys' and other professional fees, whether third party or internal, arising from such shareholder's breach of or failure to fully comply with any covenant, condition or provision of this Declaration of Trust or the Bylaws (including Section 2.14 of the Bylaws) or any action by or against the Trust in which such shareholder is not the prevailing party, and shall pay such amounts on demand, together with interest on such amounts, which interest will accrue at the lesser of 18% per annum and the maximum amount permitted by law, from the date such costs or the like are incurred until the receipt of payment.

Section 8.7. Compliance with Law. Shareholders shall comply with this Declaration of Trust, the Bylaws, all applicable requirements of federal and state laws, including all rules and regulations promulgated thereunder, and the contractual obligations of the Trust, in connection with such shareholder's ownership interest in the Trust and all other laws which apply to the Trust or any subsidiary of the Trust or their respective businesses, assets or operations and which require action or inaction on the part of the shareholder.

ARTICLE IX

LIABILITY LIMITATION, INDEMNIFICATION AND TRANSACTIONS WITH THE TRUST

Section 9.1. Limitation of Shareholder Liability. No shareholder shall be personally liable for any debt, claim, demand, judgment or obligation of any kind of the Trust by reason of his being a shareholder.

Section 9.2. Limitation of Trustee and Officer Liability. To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of trustees and officers of a real estate investment trust, no current or former Trustee or officer of the Trust shall be liable to the Trust or to any shareholder for money damages. Neither the amendment nor repeal of this Section 9.2, nor the adoption or amendment of any other provision of this Declaration of Trust inconsistent with this Section 9.2, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption. In the absence of any Maryland statute limiting the liability of trustees and officers of a Maryland real estate investment trust for money damages in a suit by or on behalf of the Trust or by any shareholder, or arising by reason of his or her action on behalf of the Trust, no Trustee or officer of the Trust shall be liable to the Trust or to any shareholder for money damages except to the extent that (a) the Trustee or officer actually received an improper benefit or profit in money, property or services, for the amount of the benefit or profit in money, property or services actually received, or (b) a judgment or other final adjudication adverse to the Trustee or officer is entered in a proceeding based on a finding in the proceeding that the Trustee's or officer's action or failure to act was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding.

Section 9.3. Express Exculpatory Clauses and Instruments. Any written instrument creating an obligation of the Trust shall, to the extent practicable, include a reference to this Declaration and provide that neither the shareholders nor the Trustees nor any officers, employees or agents (including the Manager) of the Trust shall be liable thereunder and that all persons shall look solely to the trust estate for the payment of any claim thereunder or for the performance thereof; however, the omission of such provision from any such instrument shall not render the shareholders, any Trustee, or any officer, employee or agent (including the Manager) of the Trust liable, nor shall the shareholders, any Trustee or any officer, employee or agent (including the Manager) of the Trust be liable to anyone for such omission.

Section 9.4. Indemnification. The Trust shall have the power, to the maximum extent permitted by Maryland law in effect from time to time, to obligate itself to indemnify, and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, (a) any individual who is a present or former Trustee or officer of the Trust or (b) any individual who, while a Trustee or officer of the Trust and at the request of the Trust, serves or has served as a trustee, director, officer, partner, employee or agent of another real estate investment trust, corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise from and against any claim or liability to which such person may become subject or which such person may incur by reason of his status as a present or former Trustee or officer of the Trust or by reason of his status as a present or

former trustee, director, officer, partner, employee or agent of such other real estate investment trust, corporation, partnership, joint venture, trust, employee benefit plan or enterprise. The Trust shall have the power, with the approval of its Board of Trustees, to provide such indemnification and advancement of expenses to a person who served a predecessor of the Trust in any of the capacities described in (a) or (b) above.

Section 9.5. Transactions Between the Trust and its Trustees, Officers, Employees and Agents.

(a) Subject to any express restrictions adopted by the Trustees in the Bylaws or by resolution, the Trust may enter into any contract or transaction of any kind, whether or not any of its Trustees, officers, employees or agents has a financial interest in such transaction, with any person, including any Trustee, officer, employee or agent of the Trust or any person affiliated with a Trustee, officer, employee or agent of the Trust or in which a Trustee, officer, employee or agent of the Trust has a material financial interest.

(b) To the extent permitted by Maryland law, a contract or other transaction between the Trust and any Trustee or between the Trust and the Manager or any other corporation, trust, firm, or other entity in which any Trustee is a director or trustee or has a material financial interest shall not be void or voidable if:

(i) The fact of the common directorship, trusteeship or interest is disclosed or known to:

(A) The Board of Trustees or a proper committee thereof, and the Board of Trustees or such Committee authorizes, approves or ratifies the contract or transaction by the affirmative vote of a majority of disinterested Trustees, even

if the disinterested Trustees constitute less than a quorum, or if there are no disinterested Trustees, then the approval shall be by a majority vote of the entire Board of Trustees and by a majority vote of the Independent Trustees; or

(B) The shareholders entitled to vote, and the contract or transaction is authorized, approved, or ratified by a majority of the votes cast by the shareholders entitled to vote other than the votes of shares owned of record or beneficially by the interested trustee, corporation, trust, firm or other entity; or

(C) The contract or transaction is fair and reasonable to the Trust.

(ii) Common or interested trustees or the shares owned by them or by an interested corporation, trust, firm or other entity may be counted in determining the presence of a quorum at a meeting of the Board of Trustees or a committee thereof or at a meeting of the shareholders, as the case may be, at which the contract or transaction is authorized, approved or ratified.

(c) The failure of a contract or other transaction between the Trust and any Trustee or between the Trust and the Manager or any other corporation, trust, firm, or other entity in which any Trustee is a director or trustee or has a material financial interest to satisfy the criteria set forth in Section 9.5(b) shall not create any presumption that such contract or other transaction is void, voidable or otherwise invalid, and any such contract or other transaction shall be valid to the fullest extent permitted by Maryland law. To the fullest extent permitted by Maryland law, (i) the fixing by the Board of Trustees of compensation for a Trustee (whether as a Trustee or in any other capacity) and (ii) Section 9.4 of this Declaration of Trust or any provision of the Bylaws or any contract or transaction requiring or permitting indemnification (including advancing of expenses) in accordance with terms and procedures not materially less favorable to the Trust than those described in Section 2-418 (or any successor section thereto) of the Maryland General Corporation Law (as in effect at the time such provision was adopted or such contract or transaction was entered into or as it may thereafter be in effect) shall be deemed to have satisfied the criteria set forth in Section 9.5(b).

Section 9.6. Right of Trustees, Officers, Employees and Agents to Own Shares or Other Property and to Engage in Other Business. Subject to any restrictions which may be adopted by the Trustees in the Bylaws or otherwise: any Trustee or officer, employee or agent of the Trust may acquire, own, hold and dispose of Shares in the Trust, for his or her individual account, and may exercise all rights of a shareholder to the same extent and in the same manner as if he or she were not a Trustee or officer, employee or agent of the Trust. Any Trustee or officer, employee or agent of the Trust may, in his or her personal capacity or in the capacity of trustee, officer, director, stockholder, partner, member, advisor or employee of any Person or otherwise, have business interests and engage in business activities similar to or in addition to those relating to the Trust, which interests and activities may be similar to and competitive with those of the Trust and may include the acquisition, syndication, holding,

management, development, operation or disposition, for his or her own account, or for the account of such Person or others, of interests in mortgages, interests in real property, or interests in Persons engaged in the real estate business. Each Trustee, officer, employee and agent of the Trust shall be free of any obligation to present to the Trust any investment opportunity which comes to him or her in any capacity other than solely as a Trustee, officer, employee or agent of the Trust even if such opportunity is of a character which, if presented to the Trust, could be taken by the Trust. Any Trustee or officer, employee or agent of the Trust may be interested as a trustee, officer, director, stockholder, partner, member, advisor or employee of, or otherwise have a direct or indirect interest in, any Person who may be engaged to render advice or services to the Trust, and may receive compensation from such Person as well as compensation as a Trustee, officer, employee or agent or otherwise hereunder. None of these activities shall be deemed to conflict with his or her duties and powers as a Trustee or officer, employee or agent of the Trust.

Section 9.7. Persons Dealing with Trustees, Officers, Employees or Agents. Any act of the Trustees or of the officers, employees or agents of the Trust purporting to be done in their capacity as such, shall, as to any Persons dealing with such Trustees, officers, employees or agents, be conclusively deemed to be within the purposes of this Trust and within the powers of such Trustees or officers, employees or agents. No Person dealing with the Board or any of the Trustees or with the officers, employees or agents of the Trust shall be bound to see to the application of any funds or property passing into their hands or control. The receipt of the Board or any of the Trustees, or of authorized officers, employees or agents of the Trust, for moneys or other consideration, shall be binding upon the Trust.

Section 9.8. Reliance. Each Trustee, officer, employee and agent of the Trust shall, in the performance of his or her duties with respect to the Trust, be entitled to rely on any information, opinion, report or statement, including any financial statement or other financial data, prepared or presented by an officer or employee of the Trust or by the Manager, accountants, appraisers or other experts or consultants selected by the Board of Trustees or officers of the Trust, regardless of whether such counsel or expert may also be a Trustee.

ARTICLE X

AMENDMENTS

Section 10.1. General. The Trust reserves the right from time to time to make any amendment to this Declaration of Trust, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in this Declaration of Trust, of any Shares, except that the provisions governing the personal liability of the shareholders, Trustees and of the officers, employees and agents of the Trust and the prohibition of assessments upon shareholders may not be amended in any respect that could increase the personal liability of such shareholders, Trustees or officers, employees and agents of the Trust. All rights and powers conferred by this Declaration of Trust on shareholders, Trustees and officers are granted subject to this reservation. An amendment to this Declaration of Trust (a) shall be signed and acknowledged by at least a majority of the Trustees, or an officer duly authorized by at least a majority of the Trustees, (b) shall be filed for record as provided in Section 13.6 and (c) shall become effective as of the later of the time the SDAT accepts the amendment for record or the time established in the amendment, not to exceed 30 days after the amendment is accepted for record. All references to this Declaration of Trust shall include all amendments and supplements thereto.

Section 10.2. By Trustees. The Trustees may amend this Declaration of Trust from time to time, in the manner provided by Title 8, without any action by the shareholders, to qualify as a real estate investment trust under the Code or under Title 8 and as otherwise provided in Section 8-501(e) of Title 8 and this Declaration of Trust, including, to the extent permitted by law, supplying any omission, curing any ambiguity, correcting any defective or inconsistent provision or error or clarifying the meaning and intent of this Declaration of Trust. If permitted by Maryland law as in effect from time to time, the Trustees may amend this Declaration of Trust from time to time in any other respect, in accordance with such law, without any action by the shareholders.

Section 10.3. By Shareholders. Except as otherwise provided in Section 10.2 and subject to the following sentence, any amendment to this Declaration of Trust must first be approved by 60% of the Trustees then in office, including 60% of the Independent Trustees then in office, and then shall be valid only if approved by (a) the affirmative vote of a majority of all the votes entitled to be cast on the matter or (b) if Maryland law hereafter permits the effectiveness of a vote described in this clause (b), the affirmative vote of a majority of the votes cast on the matter. Any amendment to Section 5.2.2 or Section 5.3 or to this sentence of this Declaration of Trust shall be valid only if approved by the Board of Trustees and then by the affirmative vote of two-thirds of all votes entitled to be cast on the matter.

ARTICLE XI

MERGER, CONSOLIDATION OR SALE OF TRUST PROPERTY

Section 11.1. Merger, Consolidation or Sale. Subject to the provisions of any class or series of Shares at the time outstanding, the Trust may (a) merge with or into another entity, (b) consolidate with one or more other entities into a new entity or (c) sell, lease, exchange or otherwise transfer all or substantially all of the trust property. Any such action must first be approved by 60% of the Trustees then in office, including 60% of the Independent Trustees then in office, and, after notice to all shareholders entitled to vote on the matter, by (i) the affirmative vote of a majority of all the votes entitled to be cast on the matter or (ii) if Maryland law hereafter permits the effectiveness of a vote described in this clause (ii), the affirmative vote of a majority of the votes cast on the matter.

ARTICLE XII

DURATION AND TERMINATION OF TRUST

Section 12.1. Duration. The Trust shall continue perpetually unless terminated pursuant to Section 12.2.

Section 12.2. Termination.

(a) Subject to the provisions of any class or series of Shares at the time outstanding, after approval by 60% of the Trustees then in office, including 60% of the Independent Trustees then in office, the Trust may be terminated at any meeting of shareholders by (i) the affirmative vote of a majority of all the votes entitled to be cast on the matter or (ii) or if hereafter expressly authorized by Title 8, the affirmative vote of a majority of the votes cast on the matter. Upon the termination of the Trust:

(i) The Trust shall carry on no business except for the purpose of winding up its affairs.

(ii) The Trustees shall proceed to wind up the affairs of the Trust and all of the powers of the Trustees under this Declaration of Trust shall continue, including the powers to fulfill or discharge the Trust's contracts, collect its assets, sell, convey, assign, exchange, transfer or otherwise dispose of all or any part of the remaining property of the Trust to one or more persons at public or private sale for consideration which may consist in whole or in part of cash, securities or other property of any kind, discharge or pay its liabilities and do all other acts appropriate to liquidate its business.

(iii) After paying or adequately providing for the payment of all liabilities, and upon receipt of such releases, indemnities and agreements as they deem necessary for their protection, the Trust may distribute the remaining property of the Trust among the shareholders so that after payment in full or the setting apart for payment of such preferential amounts, if any, to which the holders of any Shares at the time outstanding shall be entitled, the remaining property of the Trust shall, subject to any participating or similar rights of Shares at the time outstanding, be distributed ratably among the holders of Common Shares at the time outstanding.

(b) After termination of the Trust, the liquidation of its business and the distribution to the shareholders as herein provided, a majority of the Trustees shall execute and file with the Trust's records a document certifying that the Trust has been duly terminated and the Trustees shall be discharged from all liabilities and duties hereunder, and the rights and interests of all shareholders shall cease.

ARTICLE XIII

MISCELLANEOUS

Section 13.1. Governing Law. This Declaration of Trust is executed and delivered with reference to the laws of the State of Maryland, and the rights of all parties and the validity, construction and effect of every provision hereof shall be subject to and construed according to the laws of the State of Maryland.

Section 13.2. Ambiguity. In the case of an ambiguity in the application of any provision of this Declaration of Trust or any definition contained in this Declaration of Trust, the Board of Trustees shall have the sole power to determine the

application of such provisions with respect to any situation based on the facts known to it and such determination shall be final and binding unless determined by a court of competent jurisdiction to have been made in bad faith.

Section 13.3. Reliance by Third Parties. Any certificate shall be final and conclusive as to any person dealing with the Trust if executed by the Secretary or an Assistant Secretary of the Trust or a Trustee, and if certifying to: (a) the number or identity of Trustees, officers of the Trust or shareholders; (b) the due authorization of the execution of any document; (c) the action or vote taken, and the existence of a quorum, at a meeting of the Board of Trustees or shareholders; (d) a copy of this Declaration of Trust or of the Bylaws as a true and complete copy as then in force; (e) an amendment or supplement to this Declaration of Trust; (f) the termination of the Trust; or (g) the existence of any fact relating to the affairs of the Trust. No purchaser, lender, transfer agent or other person shall be bound to make any inquiry concerning the validity of any transaction purporting to be made by the Trust on its behalf or by any officer, employee or agent of the Trust.

Section 13.4. Severability.

(a) The provisions of this Declaration of Trust are severable, and if the Board of Trustees shall determine, with the advice of counsel, that any one or more of such provisions (the "Conflicting Provisions") are in conflict with the Code, Title 8 or other applicable federal or state laws, the Conflicting Provisions, to the extent of the conflict, shall be deemed never to have constituted a part of this Declaration of Trust, even without any amendment of this Declaration of Trust pursuant to ARTICLE X and without affecting or impairing any of the remaining provisions of this Declaration of Trust or rendering invalid or improper any action taken or omitted (including but not limited to the election of Trustees) prior to such determination. No Trustee shall be liable for making or failing to make such a determination. In the event of any such determination by the Board of Trustees, the Board shall amend this Declaration of Trust in the manner provided in Section 10.2.

(b) If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such holding shall apply only to the extent of any such invalidity or unenforceability and shall not in any manner affect, impair or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

Section 13.5. Construction. In this Declaration of Trust, unless the context otherwise requires, words used in the singular or in the plural include both the plural and singular and words denoting any gender include all genders. The title and headings of different parts are inserted for convenience and shall not affect the meaning, construction or effect of this Declaration of Trust. In defining or interpreting the powers and duties of the Trust and its Trustees and officers, reference may be made by the Trustees or officers, to the extent appropriate and not inconsistent with the Code, Title 8 or to Titles 1 through 3 of the Corporations and Associations Article of the Annotated Code of Maryland. In furtherance and not in limitation of the foregoing, in accordance with the provisions of Title 3, Subtitles 6 and 7, of the Corporations and Associations Article of the Annotated Code of Maryland, the Trust shall be included within the definition of "corporation" for purposes of such provisions.

Section 13.6. Recordation. This Declaration of Trust and any amendment hereto shall be filed for record with the SDAT and may also be filed or recorded in such other places as the Trustees deem appropriate, but failure to file for record this Declaration of Trust or any amendment hereto in any office other than in the State of Maryland shall not affect or impair the validity or effectiveness of this Declaration of Trust or any amendment or supplement hereto. A restated Declaration of Trust shall, upon filing, be conclusive evidence of all amendments and supplements contained therein and may thereafter be referred to in lieu of the original Declaration of Trust and the various amendments and supplements thereto.

THIRD: The amendment to and restatement of the Declaration of Trust of the Trust as hereinabove set forth have been duly advised by the Board of Trustees and approved by the sole shareholder of the Trust as required by law.

FOURTH: The foregoing amendment and restatement of the Declaration of Trust does not increase the authorized number of shares of beneficial interest of the Trust.

FIFTH: These Articles of Amendment and Restatement shall become effective at 9:00 a.m. on June 8, 2009.

OFFICE PROPERTIES INCOME TRUST
(formerly known as Government Properties Income Trust)

COMPOSITE DECLARATION OF TRUST

INCORPORATING:

Declaration of Trust filed February 17, 2009
Articles of Amendment filed February 20, 2009
Articles of Amendment and Restatement filed April 15, 2009
Articles of Amendment and Restatement filed June 5, 2009
Articles of Amendment filed December 30, 2009
Articles of Amendment filed July 20, 2011
Articles of Amendment filed July 24, 2014
Articles of Amendment filed June 28, 2017
Articles of Amendment filed December 20, 2018
Articles of Amendment filed December 31, 2018 (effective at 5:00 p.m.)
Articles of Amendment filed December 31, 2018 (effective at 5:01 p.m.)
[Articles of Amendment filed May 27, 2020](#)

OFFICE PROPERTIES INCOME TRUST
(formerly known as Government Properties Income Trust)

ARTICLES OF AMENDMENT AND RESTATEMENT

FIRST: Office Properties Income Trust, a Maryland real estate investment trust (the “Trust”) formed under Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland (“Title 8”), desires to amend and restate its Declaration of Trust as currently in effect and as hereinafter amended.

SECOND: The following provisions are all the provisions of the Declaration of Trust currently in effect and as hereinafter amended:

ARTICLE I

FORMATION

Section 1.1. Formation. The Trust is a real estate investment trust within the meaning of Title 8. The Trust shall not be deemed to be a general partnership, limited partnership, joint venture, joint stock company or a corporation, but nothing herein shall preclude the Trust from being treated for tax purposes as an association under the Code (as defined in ARTICLE VII below); nor shall the Trustees or shareholders or any of them for any purpose be, nor be deemed to be, nor be treated in any way whatsoever as, liable or responsible hereunder as partners or joint venturers.

ARTICLE II

NAME

Section 2.1. Name.¹ The name of the Trust is: Office Properties Income Trust. Under circumstances in which the Board of Trustees of the Trust (the “Board of Trustees” or “Board”) determines that the use of the name of the Trust is not practicable or desirable, the Trust may use any other designation or name for the Trust.

ARTICLE III

PURPOSES AND POWERS

Section 3.1. Purposes. The purposes for which the Trust is formed are to invest in and to acquire, hold, manage, administer, control and dispose of property and interests in property, including, without limitation or obligation, engaging in business as a real estate investment trust under the Code.

Section 3.2. Powers. The Trust shall have all of the powers granted to real estate investment trusts by Title 8 and all other powers set forth in this Declaration of Trust which are not inconsistent with law and are appropriate to promote and attain the purposes set forth in this Declaration of Trust.

¹ This provision has been revised to reflect the change effectuated by the Articles of Amendment filed December 31, 2018 (effective at 5:00 p.m.).

ARTICLE IV

RESIDENT AGENT

Section 4.1. Resident Agent.² The name of the resident agent of the Trust in the State of Maryland is CSC-Lawyers Incorporating Service Company, whose post office address is 7 St. Paul Street, Suite 820, Baltimore, Maryland 21202. The resident agent is a Maryland corporation. The Trust may change such resident agent from time to time as the Board of Trustees shall determine. The Trust may have such offices or places of business within or outside the State of Maryland as the Board of Trustees may from time to time determine.

ARTICLE V

BOARD OF TRUSTEES

Section 5.1. Powers. Subject to any express limitations contained in this Declaration of Trust or in the Bylaws, (a) the business and affairs of the Trust shall be managed under the direction of the Board of Trustees and (b) the Board shall have full, exclusive and absolute power, control and authority over any and all property of the Trust. The Board may take any action as in its sole judgment and discretion is necessary or appropriate to conduct the business and affairs of the Trust. This Declaration of Trust shall be construed with the presumption in favor of the grant of power and authority to the Board. Any construction of this Declaration of Trust or determination made in good faith by the Board concerning its powers and authority hereunder shall be conclusive. The enumeration and definition of particular powers of the Trustees included in this Declaration of Trust or in the Bylaws shall in no way be construed or deemed by inference or otherwise in any manner to exclude or limit the powers conferred upon the Board or the Trustees under the general laws of the State of Maryland or any other applicable laws.

The Board, without any action by the shareholders of the Trust, shall have and may exercise, on behalf of the Trust, without limitation, the power to terminate the status of the Trust as a real estate investment trust under the Code; to determine that compliance with any restriction or limitations on ownership and transfers of shares of the Trust's beneficial interest set forth in ARTICLE VII is no longer required in order for the Trust to qualify as a real estate investment trust; to adopt, amend and repeal Bylaws; to elect officers in the manner prescribed in the Bylaws; to solicit proxies from holders of shares of beneficial interest of the Trust; and to do any other acts and deliver any other documents necessary or appropriate to the foregoing powers.

Section 5.2. Number; Initial Trustees; Classification; Qualifications.

Section 5.2.1. The trustees of the Trust (hereinafter, the "Trustees"), and such other persons as the Trustee or Trustees then in office shall elect, shall serve until the first meeting of shareholders at which Trustees of his or her Class (as defined below) are elected and until his or her successor is duly elected and qualified, or until he or she sooner dies, resigns, retires, or is disqualified or removed from office. Any person serving as Trustee shall meet the criteria and qualifications for office set forth from time to time in the Bylaws. The Board of Trustees shall be comprised of Independent Trustees and Managing Trustees (as each term is defined in the Bylaws) in such number as set forth from time to time in the Bylaws. The number of Trustees shall initially be five and, subject to the voting powers of one or more classes or series of Shares (as defined in Section 6.1 below) as set forth in the

² This provision has been revised to reflect the Resident Agent's Notice of Change of Address filed December 4, 2014.

Bylaws, the number of Trustees shall be such number as shall be fixed from time to time by the Trustees; provided, however, that the number of Trustees shall in no event be less than three. The names of the individuals who shall serve as initial Trustees are as follows:

Managing Trustees:

Adam D. Portnoy
Barry M. Portnoy

Independent Trustees:

John L. Harrington
Jeffrey P. Somers
Barbara D. Gilmore

Section 5.2.2.³ The Trustees are and shall remain divided into three classes until the Trust's annual meeting of shareholders of the Trust held in calendar year 2023 (the "2023 Annual Meeting"). The terms of the Trustees shall be determined as follows: (i) at the annual meeting of shareholders of the Trust that is held in calendar year 2020 (the "2020 Annual Meeting"), the Trustees whose terms expire at the 2020 Annual Meeting (or such Trustees' successor) shall be elected to hold office for a three-year term expiring at the 2023 Annual Meeting; (ii) at the annual meeting of shareholders of the Trust that is held in calendar year 2021 (the "2021 Annual Meeting"), the Trustees whose terms expire at the 2021 Annual Meeting (or such Trustees' successors) shall be elected to hold office for one-year terms expiring at the annual meeting of shareholders of the Trust that is held in calendar year 2022 (the "2022 Annual Meeting"); (iii) at the 2022 Annual Meeting, the Trustees whose terms expire at the 2022 Annual Meeting (or such Trustees' successors) shall be elected to hold office for one-year terms expiring at the 2023 Annual Meeting; and (iv) at the 2023 Annual Meeting, and at each annual meeting of shareholders of the Trust thereafter, all Trustees shall be elected to hold office for one-year terms expiring at the next annual meeting of shareholders following his or her election. For the avoidance of doubt, each Trustee elected or appointed to the Board of Trustees to serve a term that commenced before the 2021 Annual Meeting (an "Existing Trustee"), and each Trustee elected or appointed to the Board of Trustees to fill a vacancy resulting from the death, resignation or removal of an Existing Trustee, shall serve for the full term to which the Existing Trustee was elected or appointed. Annual meetings of Shareholders shall be held as specified in the Bylaws. The Trustees shall be classified, with respect to the time for which they severally hold office, into the following three classes (each a "Class"): Class I, whose term expires at the initial annual meeting; Class II, whose term expires at the next succeeding annual meeting after the initial annual meeting (the "second annual meeting"); and Class III, whose term expires at the next succeeding annual meeting after the second annual meeting. Each Class shall consist of at least one Trustee. At each annual meeting beginning with the initial annual meeting, the successors of the Class of Trustees whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting held in the third year following the year of their election, with each Trustee holding office until the expiration of the term of the relevant Class and the election and qualification of his or her successor, or until he or she sooner dies, resigns, retires, or is disqualified or removed from office. The Trustees shall assign by resolution Trustees to each of the three Classes. The Trustees also may determine by resolution those Trustees in each Class that shall be elected by shareholders of a particular class or series of Shares. If the number of Trustees is changed, any increase or decrease shall be apportioned among the Classes by resolution of the Trustees.

Section 5.2.3. Vacancies on the Board of Trustees, whether resulting from an increase in the number of Trustees or otherwise, shall be filled in the manner provided in the Bylaws. It shall not be necessary to list in this Declaration of Trust the names and addresses of any Trustees hereinafter elected. No reduction in the number of Trustees shall have the effect of removing any Trustee from office prior to the expiration of his or her term unless the Trustee is specifically removed pursuant to Section 5.3 at the time of the decrease. Subject to the provisions of Section 5.3, each Trustee shall hold office until the election and qualification of his or her successor. There shall be no cumulative voting in the election of Trustees.

³ This provision has been revised to reflect changes effectuated by the Articles of Amendment filed May 27, 2020.

Section 5.3. Resignation or Removal. Any Trustee may resign or retire as a Trustee by an instrument in writing signed by him and delivered to the secretary of the Trust, and such resignation or retirement shall be effective upon such delivery, or at a later date according to the terms of the instrument. A Trustee judged incompetent or for whom a guardian or conservator has been appointed shall be deemed to have resigned as of the date of such adjudication or appointment. A Trustee may be removed at any time (a) solely with cause, at a meeting of the shareholders properly called for that purpose, by the affirmative vote of the holders of not less than 75% of the Shares then outstanding and entitled to vote in the election of such Trustee or (b) with or without cause by the affirmative vote of not less than 75% of the remaining Trustees.

Section 5.4. Determinations by Board. The determination as to any of the following matters, made by or pursuant to the direction of the Board of Trustees consistent with this Declaration of Trust, shall be final and conclusive and shall be binding upon the Trust and every holder of Shares: the amount of the net income of the Trust for any period and the amount of assets at any time legally available for the payment of dividends, redemption of Shares or the payment of other distributions on Shares; the amount of paid-in surplus, net assets, other surplus, annual or other cash flow, funds from operations, net profit, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); any interpretation of the terms, preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of any class or series of Shares; the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Trust or of any Shares; the number of Shares of any class of the Trust; any matter relating to the acquisition, holding and disposition of any assets by the Trust; or any other matter relating to the business and affairs of the Trust or required or permitted by applicable law, this Declaration of Trust or the Bylaws or otherwise to be determined by the Board of Trustees.

ARTICLE VI

SHARES OF BENEFICIAL INTEREST

Section 6.1. Authorized Shares.³⁴ The beneficial interest of the Trust shall be divided into shares of beneficial interest (the “Shares”). The Trust has authority to issue 200,000,000 Shares, consisting of 200,000,000 common shares of beneficial interest, \$.01 par value per share (“Common Shares”). If shares of one class are classified or reclassified into shares of another class of shares pursuant to this ARTICLE VI, the number of authorized shares of the former class shall be automatically decreased and the number of shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of beneficial interest of all classes that the Trust has authority to issue shall not be more than the total number of shares of beneficial interest set forth in the second sentence of this paragraph. The Board of Trustees, without any action by the shareholders of the Trust, may amend this Declaration of Trust from time to time to increase or decrease the aggregate number of Shares or the number of Shares of any class or series that the Trust has authority to issue.

Section 6.2. Common Shares. Subject to the provisions of ARTICLE VII, each Common Share shall entitle the holder thereof to one vote on each matter upon which holders of Common Shares are entitled to vote. The Board of Trustees may reclassify any unissued Common Shares from time to time into one or more classes or series of Shares.

Section 6.3. Classified or Reclassified Shares. Prior to issuance of classified or reclassified Shares of any class or series, the Board of Trustees by resolution shall (a) designate that class or series; (b) specify the number of Shares to be included in the class or series; (c) set, subject to the provisions of ARTICLE VII, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or

³⁴ This provision has been revised to reflect changes effectuated by the following Articles of Amendment, each of which supersede the immediately preceding Articles of Amendment: (i) Articles of Amendment filed December 30, 2009; (ii) Articles of Amendment filed July 20, 2011; (iii) Articles of Amendment filed July 24, 2014, as corrected by the Articles of Correction filed August 1, 2014; (iv) Articles of Amendment filed June 28, 2017; and (v) Articles of Amendment filed December 20, 2018.

series; and (d) cause the Trust to file articles supplementary with the State Department of Assessments and Taxation of Maryland (the “SDAT”). Any of the terms of any class or series of Shares set pursuant to clause (c) of this Section 6.3 may be made dependent upon facts ascertainable outside this Declaration of Trust (including the occurrence of any event, determination or action by the Trust or any other person or body) and may vary among holders thereof, provided that the manner in which such facts or variations shall operate upon the terms of such class or series of Shares is clearly and expressly set forth in the articles supplementary filed with the SDAT.

Section 6.4. Authorization by Board of Share Issuance. The Board of Trustees may authorize the issuance from time to time of Shares of any class or series, whether now or hereafter authorized, or securities or rights convertible into Shares of any class or series, whether now or hereafter authorized, for such consideration (whether in cash, property, past or future services, obligation for future payment or otherwise) as the Board of Trustees may deem advisable (or without consideration), subject to such restrictions or limitations, if any, as may be set forth in this Declaration of Trust or the Bylaws of the Trust.

Section 6.5. Dividends and Distributions. The Board of Trustees may from time to time authorize and declare to shareholders such dividends or distributions, in cash or other assets of the Trust or in securities of the Trust or from any other source as the Board of Trustees in its discretion shall determine. Shareholders shall have no right to any dividend or distribution unless and until authorized and declared by the Board. The exercise of the powers and rights of the Board of Trustees pursuant to this Section 6.5 shall be subject to the provisions of any class or series of Shares at the time outstanding.

Section 6.6. General Nature of Shares. All Shares shall be personal property entitling the shareholders only to those rights provided in this Declaration of Trust. The shareholders shall have no interest in the property of the Trust and shall have no right to compel any partition, division, dividend or distribution of the Trust or of the property of the Trust. The death of a shareholder shall not terminate the Trust or affect its continuity nor give his or her legal representative any rights whatsoever, whether against or in respect of other shareholders, the Trustees or the trust estate or otherwise, except the sole right to demand and, subject to the provisions of this Declaration of Trust, the Bylaws and any requirements of law, to receive a new certificate for Shares registered in the name of such legal representative, in exchange for the certificate held by such shareholder. The Trust is entitled to treat as shareholders only those persons in whose names Shares are registered as holders of Shares on the beneficial interest ledger of the Trust.

Section 6.7. Fractional Shares. The Trust may, without the consent or approval of any shareholder, issue fractional Shares, eliminate a fraction of a Share by rounding up or down to a full Share, arrange for the disposition of a fraction of a Share by the person entitled to it or pay cash for the fair value of a fraction of a Share.

Section 6.8. Declaration and Bylaws. All shareholders are subject to the provisions of this Declaration of Trust and the Bylaws of the Trust.

Section 6.9. Divisions and Combinations of Shares. Subject to an express provision to the contrary in the terms of any class or series of beneficial interest hereafter authorized, the Board of Trustees shall have the power to divide, split or combine (by issuing or redeeming, as applicable, Shares pro rata or by any other lawful means) the outstanding shares of any class or series of beneficial interest, without a vote of shareholders.

Section 6.10. Arbitration.

Section 6.10.1. Any disputes, claims or controversies brought by or on behalf of any shareholder of the Trust (which, for purposes of this Section 6.10, shall mean any shareholder of record or any beneficial owner of Shares, or any former shareholder of record or beneficial owner of Shares), either on his, her or its own behalf, on behalf of the Trust or on behalf of any series or class of Shares or shareholders of the Trust against the Trust or any Trustee, officer, manager (including Reit Management & Research LLC or its successor), agent or employee of the Trust, including disputes, claims or controversies relating to the meaning, interpretation, effect, validity, performance or enforcement of this Declaration of Trust or the Bylaws (all of which are referred to as “Disputes”) or relating in any way to such a Dispute or Disputes, shall on the demand of any party to such Dispute be resolved through binding and final arbitration in accordance with the procedures and rules for arbitration prescribed by the Bylaws. For the avoidance of doubt, and not as a limitation, Disputes are intended to include derivative actions against Trustees, officers or managers of the Trust and class actions by shareholders against those individuals or entities and the Trust. For the avoidance of doubt, a Dispute shall include a Dispute made derivatively on behalf of one party against another party.

Section 6.10.2. The award or decision of the arbitrator(s) shall be final and binding upon the parties thereto and shall be the sole and exclusive remedy between such parties relating to the Dispute, including any claims, counterclaims, issues or accounting presented to the arbitrators. Judgment upon the Award may be entered in any court having jurisdiction. To the fullest extent permitted by law, no application or appeal to any court of competent jurisdiction may be made in connection with any question of law arising in the course of arbitration or with respect to any award made, except for actions relating to enforcement of this agreement to arbitrate or any arbitral award issued hereunder and except for actions seeking interim or other provisional relief in aid of arbitration proceedings in any court of competent jurisdiction.

Section 6.10.3. Except as otherwise set forth in Section 8.6 or ARTICLE IX, the Bylaws or agreed between the parties, each party involved in a Dispute shall bear its own costs and expenses (including attorneys’ fees), and the arbitrators shall not render an award that would include shifting of any such costs or expenses (including attorneys’ fees) or, in a derivative case or class action, award any portion of the Trust’s award to the claimant or the claimant’s attorneys.

Section 6.10.4. This Section 6.10 is intended to benefit and be enforceable by the Trustees, officers, managers (including Reit Management & Research LLC or its successor), agents or employees of the Trust and shall be binding on the shareholders of the Trust and the Trust, as applicable, and shall be in addition to, and not in substitution for, any other rights to indemnification or contribution that such individuals or entities may have by contract or otherwise.

ARTICLE VII

RESTRICTIONS ON TRANSFER AND OWNERSHIP OF SHARES

Section 7.1. Definitions. For the purpose of this ARTICLE VII, the following terms shall have the following meanings:

“Affiliate” shall mean, with respect to any Person, another Person controlled by, controlling or under common control with such Person.

“Beneficial Ownership” shall mean ownership of Shares by a Person, whether the interest in Shares is held directly or indirectly (including by a nominee), and shall include, but not be limited to,

interests that would be treated as owned through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code. The terms “Beneficial Owner”, “Beneficially Owns” and “Beneficially Owned” shall have the correlative meanings.

“Charitable Beneficiary” shall mean one or more beneficiaries of the Charitable Trust as determined pursuant to Section 7.3(g), provided that each such organization shall be described in Sections 501(c)(3), 170(b)(1)(A) (other than clause (vii) or (viii) thereof) and 170(c)(2) of the Code and contributions to each such organization shall be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

“Charitable Trust” shall mean any trust provided for in Section 7.2(a)(ii) and Section 7.3(a).

“Charitable Trustee” shall mean each Person, unaffiliated with the Trust and a Prohibited Owner, that is appointed by the Trust from time to time to serve as a trustee of a Charitable Trust as provided by Section 7.3(a).

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Common Shares” shall mean the common shares of beneficial interest designated as such in this Declaration of Trust.

“Constructive Ownership” shall mean ownership of Shares by a Person, whether the interest in Shares is held directly or indirectly (including by a nominee), and shall include any interests that would be treated as owned through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code, or treated as beneficially owned under Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The terms “Constructive Owner”, “Constructively Owns” and “Constructively Owned” shall have the correlative meanings.

“Excepted Holder” shall mean (a) a shareholder of the Trust for whom an Excepted Holder Limit (if any) is created by the Board of Trustees pursuant to Section 7.2(e)(i), (b) HRPT Properties Trust, (c) the Trust’s manager (the “Manager”), (d) Affiliates of HRPT Properties Trust or the Manager and (e) on account of Constructive Ownership, Persons to whom HRPT Properties Trust’s or the Manager’s share ownership is attributable or whose share ownership is attributable to HRPT Properties Trust or the Manager.

“Excepted Holder Limit” shall mean, provided that and only so long as the affected Excepted Holder complies with all of the requirements (if any) established by the Board of Trustees pursuant to Section 7.2(e), the percentage limit (if any) established by the Board of Trustees with respect to such Excepted Holder.

“Market Price” with respect to Shares on any date shall mean the last sale price for such Shares, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such Shares, in either case as reported on the principal consolidated transaction reporting system with respect to such Shares, or if such Shares are not listed or admitted to trading on any National Securities Exchange, the last sale price in the over the counter market, or if no trading price is available for such Shares, the fair market value of such Shares as determined in good faith by the Board of Trustees.

“National Securities Exchange” means an exchange registered with the Securities and Exchange Commission under Section 6(a) of the Exchange Act, as amended, supplemented or restated from time to time, and any successor to such statute.

“Ownership Limit” shall mean (a) with respect to Common Shares, 9.8% (in value or number of shares, whichever is more restrictive) of the Common Shares outstanding at the time of determination and (b) with respect to any other class or series of Shares, 9.8% (in value or number of shares, whichever is more restrictive) of the Shares of such class or series outstanding at the time of determination.

“Person” shall mean and include individuals, corporations, limited partnerships, general partnerships, joint stock companies or associations, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts and other entities and governments and agencies and political subdivisions thereof.

“Prohibited Owner” shall mean any Person who, but for the provisions of Section 7.2(a), would Beneficially Own or Constructively Own Shares in excess of the Ownership Limit, and if appropriate in the context, shall also mean any Person who would have been the holder of record in the books of the Trust or the Trust’s transfer agent of Shares that the Prohibited Owner would have so owned.

“REIT” shall mean a “real estate investment trust” within the meaning of Section 856 of the Code.

“Shares” shall mean the shares of beneficial interest of the Trust.

“Transfer” shall mean any issuance, sale, transfer, gift, assignment, devise or other disposition, as well as any other event (or any agreement to take any such actions or cause any such events) that causes any Person to acquire Beneficial Ownership or Constructive Ownership of Shares or the right to vote or receive distributions on Shares, including, without limitation, (a) any change in the capital structure of the Trust which has the effect of increasing the total equity interest of any Person in the Trust, (b) a change in the relationship between two or more Persons which causes a change in ownership of Shares by application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code, (c) the grant or exercise of any option or warrant (or any disposition of any option or warrant, or any event that causes any option or warrant not theretofore exercisable to become exercisable), pledge, security interest or similar right to acquire Shares, (d) any disposition of any securities or rights convertible into or exchangeable for Shares or any interest in Shares or any exercise of any such conversion or exchange right, and (e) transfers of interests in other entities that result in changes in Beneficial Ownership or Constructive Ownership of Shares, in each case, whether voluntary or involuntary, whether owned of record or Beneficially Owned or Constructively Owned, and whether by operation of law or otherwise. The terms “Transferring” and “Transferred” shall have the correlative meanings.

Section 7.2. Restrictions on Ownership.

(a) Ownership Limitations.

(i) Basic Restrictions. (A) No Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own Shares in excess of the Ownership Limit. (B) No Excepted Holder shall Beneficially Own or Constructively Own Shares in excess of the Excepted Holder Limit (if any) for such Excepted Holder. (C) No Person shall Beneficially Own or Constructively Own Shares to the extent that such Beneficial Ownership or Constructive Ownership of Shares would result in the Trust being “closely held” within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year), or otherwise failing to qualify as a REIT (including, without limitation, Beneficial Ownership or Constructive Ownership that would result in the Trust owning (actually or Constructively) an interest

in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Trust from such tenant would cause the Trust to fail to satisfy any of the gross income requirements of Section 856 (c) of the Code). (D) Subject to Section 7.6, notwithstanding any other provisions contained herein, any Transfer of Shares (whether or not such Transfer is the result of a transaction entered into through the facilities of a National Securities Exchange or automated inter-dealer quotation system) that, if effective, would result in Shares being beneficially owned by less than 100 Persons (determined under the principles of Section 856(a)(5) of the Code) shall be void ab initio, and the intended transferee shall acquire no rights in such Shares.

(ii) Transfer in Trust or Voided Transfer. If any Transfer of Shares occurs (whether or not such Transfer is the result of a transaction entered into through the facilities of a National Securities Exchange or automated inter-dealer quotation system) which, if effective, would result in any Person Beneficially Owning or Constructively Owning Shares in violation of Section 7.2(a) (i)(A), Section 7.2(a)(i)(B) or Section 7.2(a)(i)(C), as applicable, then the Board of Trustees shall be authorized and empowered to deem (and if so deemed, such action and result shall be deemed to occur and the officers of the Trust shall be authorized to take such actions in the name and on behalf of the Trust authorized by the Board of Trustees to effectuate the same): (A) that number of Shares the Beneficial Ownership or Constructive Ownership of which otherwise would cause such Person to violate Section 7.2(a)(i)(A), Section 7.2(a)(i)(B) or Section 7.2(a)(i)(C) (rounded upward to the nearest whole share, and such excess shares, including as so rounded, the “Excess Shares”) to be automatically transferred to a Charitable Trust or Charitable Trusts for the benefit of a Charitable Beneficiary, as described in Section 7.3, effective as of the close of business on the business day prior to the date of such determination of such Transfer or at such other time determined by the Board of Trustees, and such Person shall acquire no rights in the Excess Shares; or (B) to the fullest extent permitted by law, the Transfer of Excess Shares to be void ab initio, in which case, the intended transferee shall acquire no rights in the Excess Shares.

(iii) Cooperation. The shareholder that would otherwise qualify as a Prohibited Owner absent the application of the provisions of Section 7.2(a)(ii) shall use best efforts and take all actions necessary or requested by the Trust to cooperate with effecting the actions taken by the Board of Trustees pursuant to Section 7.2(a)(ii), including, without limitation, informing the Trust where any Excess Shares may be held and instructing its agents to cooperate in the prompt implementation and effectuation of the actions so taken by the Board of Trustees.

(b) Remedies for Breach. If the Board of Trustees or any duly authorized committee thereof shall at any time determine that a Transfer or other event has taken place that results in a violation of Section 7.2(a)(i) or that a Person intends to acquire or has attempted to acquire Beneficial Ownership or Constructive Ownership of any Shares in violation of Section 7.2(a)(i) (whether or not such violation is intended), the Board of Trustees or a committee thereof may take such action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, without limitation, causing the Trust to redeem Shares, refusing to give effect to such Transfer on the books of the Trust or the Trust’s transfer agent or instituting proceedings to enjoin such Transfer or other event and such Person shall be liable, without limitation, for all costs incurred in connection therewith and pursuant to Section 8.6, including the costs and expenses of the Charitable Trustee. This Section 7.2(b) shall not in any way limit the provisions of Section 7.2(a)(ii).

(c) Notice of Restricted Transfer. Any Person who acquires or attempts or intends to acquire Beneficial Ownership or Constructive Ownership of Shares that will or may violate Section 7.2(a)(i), or any Person who would have owned Excess Shares, shall immediately give written notice to the Trust of such event, or in the case of such a proposed or attempted transaction, give at least 15 days prior written notice, and shall provide to the Trust such other information as the Trust may request.

(d) Owners Required to Provide Information. Every shareholder of five percent or more (or such lower percentage as required by the Code or the regulations promulgated thereunder) of the Shares of any series or class outstanding at the time of determination, within 30 days after the end of each taxable year and also within three business days after a request from the Trust, shall give written notice to the Trust stating the name and address of such owner, the number of Shares Beneficially Owned, and a description of the manner in which such Shares are held; provided that a shareholder who holds Shares as nominee for another Person, which other Person is required to include in gross income the distributions received on such Shares (an "Actual Owner"), shall give written notice to the Trust stating the name and address of such Actual Owner and the number of Shares of such Actual Owner with respect to which the shareholder is nominee.

Each Person who is a Beneficial Owner or Constructive Owner of Shares and each Person (including the shareholder) who is holding Shares for a Beneficial Owner or Constructive Owner shall provide to the Trust such information as the Trust may request, in good faith, in order to determine the Trust's status as a REIT, to determine the Trust's compliance with other applicable laws or requirements of any governmental authority and to comply with requirements of any taxing authority or other governmental authority or to determine such compliance.

(e) Exceptions.

(i) The Board of Trustees, in its sole discretion, may grant to any Person who makes a request therefor (a "Requesting Person") an exception to the Ownership Limit (or one or more elements thereof) with respect to the ownership of any series or class of Shares, subject to the following conditions and limitations: (A) the Board of Trustees shall have determined, in its discretion, that: (1) the Beneficial Ownership or Constructive Ownership of Shares by such shareholder in excess of the Ownership Limit would not violate Section 7.2(a)(i)(C), (2) the Requesting Person does not and will not own, actually or Constructively, an interest in a tenant of the Trust (or a tenant of any entity owned or controlled by the Trust) that would cause the Trust to own, actually or Constructively, more than a 9.8% interest (as set forth in Section 856(d)(2)(B) of the Code) in such tenant, (3) the Requesting Person's ownership of Shares in excess of the Ownership Limit pursuant to the exception requested hereunder (together with the ownership of Shares by all other Persons as permitted under this ARTICLE VII, taking into account any previously granted exceptions pursuant hereto) would not cause a default under the terms of any contract to which the Trust or any of its subsidiaries is a party or reasonably expects to become a party and (4) the Requesting Person's ownership of Shares in excess of the Ownership Limit pursuant to the exception requested hereunder (together with the ownership of Shares by all other Persons as permitted under this ARTICLE VII, taking into account any previously granted exceptions pursuant hereto) is in the best interests of the Trust; and (B)(1) prior to granting any exception pursuant to this Section 7.2(e)(i), the Board of Trustees may require a ruling from the Internal Revenue Service, or an opinion of counsel, in either case in form and substance satisfactory to the Board of Trustees in their sole discretion, as they may deem necessary

or advisable in order to determine or ensure the Trust's status as a REIT and (2) such Requesting Person provides to the Board of Trustees, for the benefit of the Trust, such representations and undertakings, if any, as the Board of Trustees may, in its discretion, determine to be necessary in order for it to make the determination that the conditions set forth in Section 7.2(e)(i)(A) have been and/or will continue to be satisfied (including, without limitation, an agreement as to a reduced Ownership Limit or Excepted Holder Limit (if any) for such Requesting Person with respect to the Constructive Ownership of one or more other classes or series of Shares not subject to the exception), and such Requesting Person agrees that any violation of such representations and undertakings or any attempted violation thereof will give rise to the application of the remedies set forth in Section 7.2 (a)(ii) and Section 7.2(b) with respect to Shares held in excess of the Ownership Limit or the Excepted Holder Limit (as may be applicable) with respect to such Requesting Person (determined without regard to the exception granted such Requesting Person under this Section 7.2(e)(i)). If a member of the Board of Trustees requests that the Board of Trustees grant an exception pursuant to this Section 7.2(e) with respect to such member, or with respect to any other Person if such member of the Board of Trustees would be considered to be the Beneficial Owner or Constructive Owner of Shares owned by such other Person, such member of the Board of Trustees shall not participate in the decision of the Board of Trustees as to whether to grant any such exception.

(ii) In determining whether to grant any exemption pursuant to Section 7.2(e)(i), the Board of Trustees may, but need not, consider, among other factors, (A) the general reputation and moral character of the Requesting Person, (B) whether ownership of Shares would be direct or through ownership attribution, (C) whether the Requesting Person's ownership of Shares would interfere with the conduct of the Trust's business, including, without limitation, the Trust's ability to acquire additional properties, (D) whether granting an exemption for the Requesting Person would adversely affect any of the Trust's existing contractual arrangements or business policies, (E) whether the Requesting Person to whom the exception would apply has been approved as an owner of the Trust by all regulatory or other governmental authorities who have jurisdiction over the Trust and (F) whether the Requesting Person to whom the exemption would apply is attempting to change control of the Trust or affect its policies in a way which the Board of Trustees, in its discretion, considers adverse to the best interests of the Trust or the shareholders. Nothing in this Section 7.2(e)(ii) shall be interpreted to mean that the Board of Trustees may not act in its discretion in making any determination under Section 7.2(e)(i).

(iii) An underwriter or initial purchaser that participates in a public offering or a private placement of Shares (or securities convertible into or exchangeable for Shares) may Beneficially Own or Constructively Own Shares (or securities convertible into or exchangeable for Shares) in excess of the Ownership Limit, but only to the extent necessary to facilitate such public offering or private placement as determined by the Board of Trustees.

Section 7.3. Transfer of Shares.

(a) Ownership in Trust. Upon any purported Transfer or other event described in Section 7.2(a)(ii) that results in a transfer of Shares to a Charitable Trust, such Shares shall be deemed to have been transferred to the Charitable Trustee as trustee or trustees, as applicable, of a Charitable Trust for the exclusive benefit of one or more Charitable Beneficiaries (except to the

extent otherwise provided in Section 7.3(e)). Such transfer to the Charitable Trustee shall be deemed to be effective as of the time provided in Section 7.2(a)(ii). Any Charitable Trustee shall be appointed by the Trust and shall be a Person unaffiliated with the Trust and any Prohibited Owner. Each Charitable Beneficiary shall be designated by the Trust as provided in Section 7.3(g).

(b) Status of Shares Held by a Charitable Trustee. Shares held by a Charitable Trustee shall be issued and outstanding Shares of the Trust. The Prohibited Owner shall:

- (i) have no rights in the Shares held by the Charitable Trustee;
- (ii) not benefit economically from ownership of any Shares held in trust by the Charitable Trustee (except to the extent otherwise provided in Section 7.3(e));
- (iii) have no rights to dividends or other distributions;
- (iv) not possess any rights to vote or other rights attributable to the Shares held in the Charitable Trust; and
- (v) have no claim, cause of action or other recourse whatsoever against the purported transferor of such Shares.

(c) Dividend and Voting Rights. The Charitable Trustee shall have all voting rights and rights to dividends or other distributions with respect to Shares held in the Charitable Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary (except to the extent otherwise provided in Section 7.3(e)). Any dividend or other distribution paid with respect to any Shares which constituted Excess Shares at such time and prior to Shares having been transferred to the Charitable Trustee shall be paid to the Charitable Trustee by the Prohibited Owner upon demand and any dividend or other distribution authorized but unpaid with respect to such Shares shall be paid when due to the Charitable Trustee. Any dividends or distributions so paid to the Charitable Trustee shall be held in trust for the Charitable Beneficiary. The Prohibited Owner shall have no voting rights with respect to Shares held in the Charitable Trust and, effective as of the date that Shares have been transferred to the Charitable Trustee, the Charitable Trustee shall have the authority (at the Charitable Trustee's discretion) (i) to rescind as void any vote cast by a Prohibited Owner with respect to such Shares at any time such Shares constituted Excess Shares with respect to such Prohibited Owner and (ii) to recast such vote in accordance with the desires of the Charitable Trustee acting for the benefit of the Charitable Beneficiary; provided, however, that if the Trust has already taken irreversible action, then the Charitable Trustee shall not have the power to rescind and recast such vote. Notwithstanding the provisions of this ARTICLE VII, until the Shares have been transferred into a Charitable Trust, the Trust shall be entitled to rely on its share transfer and other shareholder records for purposes of preparing lists of shareholders entitled to vote at meetings, determining the validity and authority of proxies, and otherwise conducting votes of shareholders.

(d) Rights upon Liquidation. Upon any voluntary or involuntary liquidation, dissolution or winding up of or any distribution of the assets of the Trust, the Charitable Trustee shall be entitled to receive, ratably with each other holder of Shares of the class or series of Shares that is held in the Charitable Trust, that portion of the assets of the Trust available for distribution to the holders of such class or series (determined based upon the ratio that the number of Shares of such class or series of Shares held by the Charitable Trustee bears to the total number of Shares of such class or series of Shares then outstanding). The Charitable Trustee shall

distribute any such assets received in respect of the Shares held in the Charitable Trust in any liquidation, dissolution or winding up or distribution of the assets of the Trust, in accordance with Section 7.3(e).

(e) Sale of Shares by Charitable Trustee. Unless otherwise directed by the Board of Trustees, within 20 days of receiving notice from the Trust that Shares have been transferred to the Charitable Trust, or as soon thereafter as practicable, the Charitable Trustee shall sell the Shares held in the Charitable Trust (together with the right to receive dividends or other distributions with respect to such Shares as to any Shares transferred to the Charitable Trustee as a result of the operation of Section 7.2(a)(ii)) to a Person, designated by the Charitable Trustee, whose ownership of the Shares will not violate the ownership limitations set forth in Section 7.2(a)(i). Upon such sale, the interest of the Charitable Beneficiary in the Shares sold shall terminate and the Charitable Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and to the Charitable Beneficiary as provided in this Section 7.3(e).

A Prohibited Owner shall receive the lesser of (A) the net price paid by the Prohibited Owner for the Shares or, if the Prohibited Owner did not give value for the Shares in connection with the event causing the Shares to be held in the Charitable Trust (for example, in the case of a gift, devise or other such transaction), the Market Price of the Shares on the day of the event causing the Shares to be held in the Charitable Trust, less the costs, expenses and compensation of the Charitable Trustee and the Trust as provided in Section 7.4 and (B) the net sales proceeds received by the Charitable Trustee from the sale or other disposition of the Shares held in the Charitable Trust. Any net sales proceeds in excess of the amount payable to the Prohibited Owner shall be paid to the Charitable Beneficiary, less the costs, expenses and compensation of the Charitable Trustee and the Trust as provided in Section 7.4. If such Shares are sold by a Prohibited Owner, then (A) such Shares shall be deemed to have been sold on behalf of the Charitable Trust and (B) to the extent that the Prohibited Owner received an amount for such Shares that exceeds the amount that such Prohibited Owner was entitled to receive pursuant to this Section 7.3(e), such excess shall be paid promptly to the Charitable Trustee upon demand.

(f) Trust's Purchase Right in Excess Shares. Notwithstanding any transfer of Excess Shares to a Charitable Trust pursuant to this ARTICLE VII, Excess Shares shall be deemed to have been offered for sale to the Trust, or its designee, at a price per Share equal to the lesser of (i) the price per Share in the transaction that resulted in such Shares becoming Excess Shares (or, if the Prohibited Owner did not give value for such Shares, such as in the case of a devise, gift or other such transaction, the Market Price per such Share on the day of the event causing the Shares to become Excess Shares) and (ii) the Market Price per such Share on the date the Trust, or its designee, accepts such offer, in each case of clauses (i) and (ii) of this sentence, less the costs, expenses and compensation of the Charitable Trustee, if any, and the Trust as provided in Section 7.4. The Trust shall have the right to accept such offer until the Charitable Trustee, if any, has sold the Shares held in the Charitable Trust, if any, pursuant to Section 7.3(e). Upon such a sale to the Trust, if a Charitable Trust has been established pursuant to this ARTICLE VII, the interest of the Charitable Beneficiary in the Shares sold shall terminate and the Charitable Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and the Charitable Beneficiary as provided in Section 7.3(e).

(g) Designation of Charitable Beneficiaries. By written notice to the Charitable Trustee, the Trust shall designate from time to time one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Charitable Trust such that (i) Shares held in the Charitable Trust would not violate the restrictions set forth in Section 7.2(a)(i) in the hands of such Charitable Beneficiary and (ii) contributions to each such organization shall be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code. The Charitable

Beneficiary shall not obtain any enforceable right to the Charitable Trust or any of its trust corpus until so designated and thereafter any such rights remain subject to the provisions of this ARTICLE VII, including, without limitation, Section 7.3(h).

(h) Retroactive Changes. Notwithstanding any other provisions of this ARTICLE VII, the Board of Trustees is authorized and empowered to retroactively amend, alter or repeal any rights which the Charitable Trust, the Charitable Trustee or the Charitable Beneficiary may have under this ARTICLE VII, including, without limitation, granting retroactive Excepted Holder status to any otherwise Prohibited Owner, with the effect of any transfer of Excess Shares to a Charitable Trust being fully and retroactively revoked; provided, however, that the Board of Trustees shall not have the authority or power to retroactively amend, alter or repeal any obligations to pay amounts incurred prior to such time and owed or payable to the Charitable Trustee pursuant to Section 7.4.

Section 7.4. Costs, Expenses and Compensation of Charitable Trustee and the Trust.

(a) The Charitable Trustee shall be indemnified by the Trust or from the proceeds from the sale of Shares held in the Charitable Trust, as further provided in this ARTICLE VII, for its costs and expenses reasonably incurred in connection with conducting its duties and satisfying its obligations pursuant to this ARTICLE VII.

(b) The Charitable Trustee shall be entitled to receive reasonable compensation for services provided by the Charitable Trustee in connection with serving as a Charitable Trustee, the amount and form of which shall be determined by agreement of the Board of Trustees and the Charitable Trustee.

(c) Costs, expenses and compensation payable to the Charitable Trustee pursuant to Section 7.4(a) and Section 7.4(b) may be funded from the Charitable Trust or by the Trust. The Trust shall be entitled to reimbursement on a first priority basis (after payment in full of amounts payable to the Charitable Trustee pursuant to Section 7.4(a) and Section 7.4(b)) from the Charitable Trust for any such amounts funded by the Trust.

(d) Costs and expenses incurred by the Trust in the process of enforcing the ownership limitation set forth in Section 7.2(a)(i), in addition to reimbursement of costs, expenses and compensation of the Charitable Trustee which have been funded by the Trust, may be collected from the Charitable Trust; provided, however, that the ability of the Trust to fund its costs from the Charitable Trust shall not relieve the Prohibited Owner from his or her obligation to reimburse the Trust for costs under Section 8.6 of this Declaration of Trust, except to the extent the Trust has in fact been previously paid from the Charitable Trust; nor will the possibility of the Trust receiving payment from the Charitable Trust create a marshalling obligation which would require the Trust to reimburse itself from the Charitable Trust before enforcing the Trust's claims under Section 8.6 or otherwise.

Section 7.5. Legend. Each certificate for Shares, if any, shall bear a legend describing the restrictions on transferability of Shares contained herein or, instead of a legend, the certificate may state that the Trust will furnish a full statement about certain restrictions on transferability to a shareholder on request and without charge.

Section 7.6. Transactions on a National Securities Exchange. Nothing in this ARTICLE VII shall preclude the settlement of any transaction entered into through the facilities of a National Securities Exchange or any automated inter-dealer quotation system. The fact that the settlement of any transaction

takes place shall not negate the effect of any other provision of this ARTICLE VII and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this ARTICLE VII.

Section 7.7. Enforcement. The Trust is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this ARTICLE VII.

Section 7.8. Non-Waiver. No delay or failure on the part of the Trust or the Board of Trustees in exercising any right hereunder shall operate as a waiver of any right of the Trust or the Board of Trustees, as the case may be, except to the extent specifically waived in writing.

Section 7.9. Enforceability. If any of the restrictions on transfer of Shares contained in this ARTICLE VII are determined to be void, invalid or unenforceable by any court of competent jurisdiction, then, to the fullest extent permitted by law, the Prohibited Owner may be deemed, at the option of the Trust, to have acted as an agent of the Trust in acquiring such Shares and to hold such Shares on behalf of the Trust.

ARTICLE VIII

SHAREHOLDERS

Section 8.1. Meetings. There shall be an annual meeting of the shareholders, to be held on proper notice at such time (after the delivery of the annual report) and convenient location as shall be determined by or in the manner prescribed in the Bylaws, for the election of the Trustees, if required, and for the transaction of any other business within the powers of the Trust. Except as otherwise provided in this Declaration of Trust, special meetings of shareholders may be called in the manner provided in the Bylaws. Shareholders meetings, including the annual meeting and any special meetings, may be called only by the Board of Trustees. If there are no Trustees, the officers of the Trust shall promptly call a special meeting of the shareholders entitled to vote for the election of successor Trustees. Any meeting may be adjourned and reconvened as the Trustees determine or as provided in the Bylaws.

Section 8.2. Voting Rights. Subject to the provisions of any class or series of Shares then outstanding, the shareholders shall be entitled to vote only on the following matters: (a) election of Trustees as provided in Section 5.2 and the removal of Trustees as provided in Section 5.3; (b) amendment of this Declaration of Trust as provided in ARTICLE X; (c) termination of the Trust as provided in Section 12.2; (d) merger or consolidation of the Trust to the extent required by Title 8, or the sale or disposition of substantially all of the Trust Property, as provided in ARTICLE XI; and (e) such other matters with respect to which the Board of Trustees has adopted a resolution declaring that a proposed action is advisable and directing that the matter be submitted to the shareholders for approval or ratification. Except with respect to the foregoing matters, no action taken by the shareholders at any meeting shall in any way bind the Board of Trustees.

Section 8.3. Preemptive and Appraisal Rights. Except as may be provided by the Board of Trustees in setting the terms of classified or reclassified Shares pursuant to Section 6.3, or as may otherwise be provided by contract approved by the Board of Trustees, no holder of Shares shall, as such holder, (a) have any preemptive right to purchase or subscribe for any additional Shares of the Trust or any other security of the Trust which it may issue or sell or (b) have any right to require the Trust to pay him the fair value of his Shares in an appraisal or similar proceeding, including, without limitation, any right to exercise the rights of an objecting shareholder provided for under Title 8 and Title 3, Subtitle 2 of the Maryland General Corporation Law or any successor statute, unless the Board of Trustees, upon the affirmative vote of a majority of the Board of Trustees, shall determine that such rights apply, with respect to all or any classes or series of Shares, to one or more transactions occurring after the date of

such determination in connection with which holders of such Shares would otherwise be entitled to exercise such rights.

Section 8.4. Voting Standards. Except as specifically provided in Section 5.3 (relating to removal of Trustees) or the Bylaws and subject to Section 8.5 and Section 10.3, notwithstanding any provision of law permitting or requiring any action to be taken or authorized by the affirmative vote of the holders of a greater number of votes, any such action shall be effective and valid if taken or approved by (a) the affirmative vote of holders of Shares entitled to cast a majority of all the votes entitled to be cast on the matter, or (b) if Maryland law hereafter permits the effectiveness of a vote described in this clause (b), the affirmative vote of a majority of the votes cast on the matter.

Section 8.5. Board Approval. The submission of any action to the shareholders for their consideration shall first be approved or advised by the Board of Trustees, and the shareholders shall not otherwise be entitled to act thereon except as otherwise expressly required by law.

Section 8.6. Indemnification of the Trust. Each shareholder will be liable to the Trust for, and indemnify and hold harmless the Trust (and any affiliates thereof) from and against, all costs, expenses, penalties, fines or other amounts, including without limitation, reasonable attorneys' and other professional fees, whether third party or internal, arising from such shareholder's breach of or failure to fully comply with any covenant, condition or provision of this Declaration of Trust or the Bylaws (including Section 2.14 of the Bylaws) or any action by or against the Trust in which such shareholder is not the prevailing party, and shall pay such amounts on demand, together with interest on such amounts, which interest will accrue at the lesser of 18% per annum and the maximum amount permitted by law, from the date such costs or the like are incurred until the receipt of payment.

Section 8.7. Compliance with Law. Shareholders shall comply with this Declaration of Trust, the Bylaws, all applicable requirements of federal and state laws, including all rules and regulations promulgated thereunder, and the contractual obligations of the Trust, in connection with such shareholder's ownership interest in the Trust and all other laws which apply to the Trust or any subsidiary of the Trust or their respective businesses, assets or operations and which require action or inaction on the part of the shareholder.

ARTICLE IX

LIABILITY LIMITATION, INDEMNIFICATION AND TRANSACTIONS WITH THE TRUST

Section 9.1. Limitation of Shareholder Liability. No shareholder shall be personally liable for any debt, claim, demand, judgment or obligation of any kind of the Trust by reason of his being a shareholder.

Section 9.2. Limitation of Trustee and Officer Liability. To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of trustees and officers of a real estate investment trust, no current or former Trustee or officer of the Trust shall be liable to the Trust or to any shareholder for money damages. Neither the amendment nor repeal of this Section 9.2, nor the adoption or amendment of any other provision of this Declaration of Trust inconsistent with this Section 9.2, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption. In the absence of any Maryland statute limiting the liability of trustees and officers of a Maryland real estate investment trust for money damages in a suit by or on behalf of the Trust or by any shareholder, or arising by reason of his or her action on behalf of the Trust, no Trustee or officer of the Trust shall be liable to the Trust or to any

shareholder for money damages except to the extent that (a) the Trustee or officer actually received an improper benefit or profit in money, property or services, for the amount of the benefit or profit in money, property or services actually received, or (b) a judgment or other final adjudication adverse to the Trustee or officer is entered in a proceeding based on a finding in the proceeding that the Trustee's or officer's action or failure to act was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding.

Section 9.3. Express Exculpatory Clauses and Instruments. Any written instrument creating an obligation of the Trust shall, to the extent practicable, include a reference to this Declaration and provide that neither the shareholders nor the Trustees nor any officers, employees or agents (including the Manager) of the Trust shall be liable thereunder and that all persons shall look solely to the trust estate for the payment of any claim thereunder or for the performance thereof; however, the omission of such provision from any such instrument shall not render the shareholders, any Trustee, or any officer, employee or agent (including the Manager) of the Trust liable, nor shall the shareholders, any Trustee or any officer, employee or agent (including the Manager) of the Trust be liable to anyone for such omission.

Section 9.4. Indemnification. The Trust shall have the power, to the maximum extent permitted by Maryland law in effect from time to time, to obligate itself to indemnify, and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, (a) any individual who is a present or former Trustee or officer of the Trust or (b) any individual who, while a Trustee or officer of the Trust and at the request of the Trust, serves or has served as a trustee, director, officer, partner, employee or agent of another real estate investment trust, corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise from and against any claim or liability to which such person may become subject or which such person may incur by reason of his status as a present or former Trustee or officer of the Trust or by reason of his status as a present or former trustee, director, officer, partner, employee or agent of such other real estate investment trust, corporation, partnership, joint venture, trust, employee benefit plan or enterprise. The Trust shall have the power, with the approval of its Board of Trustees, to provide such indemnification and advancement of expenses to a person who served a predecessor of the Trust in any of the capacities described in (a) or (b) above.

Section 9.5. Transactions Between the Trust and its Trustees, Officers, Employees and Agents.

(a) Subject to any express restrictions adopted by the Trustees in the Bylaws or by resolution, the Trust may enter into any contract or transaction of any kind, whether or not any of its Trustees, officers, employees or agents has a financial interest in such transaction, with any person, including any Trustee, officer, employee or agent of the Trust or any person affiliated with a Trustee, officer, employee or agent of the Trust or in which a Trustee, officer, employee or agent of the Trust has a material financial interest.

(b) To the extent permitted by Maryland law, a contract or other transaction between the Trust and any Trustee or between the Trust and the Manager or any other corporation, trust, firm, or other entity in which any Trustee is a director or trustee or has a material financial interest shall not be void or voidable if:

(i) The fact of the common directorship, trusteeship or interest is disclosed or known to:

(A) The Board of Trustees or a proper committee thereof, and the Board of Trustees or such Committee authorizes, approves or ratifies the contract or transaction by the affirmative vote of a majority of disinterested Trustees, even

if the disinterested Trustees constitute less than a quorum, or if there are no disinterested Trustees, then the approval shall be by a majority vote of the entire Board of Trustees and by a majority vote of the Independent Trustees; or

(B) The shareholders entitled to vote, and the contract or transaction is authorized, approved, or ratified by a majority of the votes cast by the shareholders entitled to vote other than the votes of shares owned of record or beneficially by the interested trustee, corporation, trust, firm or other entity; or

(C) The contract or transaction is fair and reasonable to the Trust.

(ii) Common or interested trustees or the shares owned by them or by an interested corporation, trust, firm or other entity may be counted in determining the presence of a quorum at a meeting of the Board of Trustees or a committee thereof or at a meeting of the shareholders, as the case may be, at which the contract or transaction is authorized, approved or ratified.

(c) The failure of a contract or other transaction between the Trust and any Trustee or between the Trust and the Manager or any other corporation, trust, firm, or other entity in which any Trustee is a director or trustee or has a material financial interest to satisfy the criteria set forth in Section 9.5(b) shall not create any presumption that such contract or other transaction is void, voidable or otherwise invalid, and any such contract or other transaction shall be valid to the fullest extent permitted by Maryland law. To the fullest extent permitted by Maryland law, (i) the fixing by the Board of Trustees of compensation for a Trustee (whether as a Trustee or in any other capacity) and (ii) Section 9.4 of this Declaration of Trust or any provision of the Bylaws or any contract or transaction requiring or permitting indemnification (including advancing of expenses) in accordance with terms and procedures not materially less favorable to the Trust than those described in Section 2-418 (or any successor section thereto) of the Maryland General Corporation Law (as in effect at the time such provision was adopted or such contract or transaction was entered into or as it may thereafter be in effect) shall be deemed to have satisfied the criteria set forth in Section 9.5(b).

Section 9.6. Right of Trustees, Officers, Employees and Agents to Own Shares or Other Property and to Engage in Other Business. Subject to any restrictions which may be adopted by the Trustees in the Bylaws or otherwise: any Trustee or officer, employee or agent of the Trust may acquire, own, hold and dispose of Shares in the Trust, for his or her individual account, and may exercise all rights of a shareholder to the same extent and in the same manner as if he or she were not a Trustee or officer, employee or agent of the Trust. Any Trustee or officer, employee or agent of the Trust may, in his or her personal capacity or in the capacity of trustee, officer, director, stockholder, partner, member, advisor or employee of any Person or otherwise, have business interests and engage in business activities similar to or in addition to those relating to the Trust, which interests and activities may be similar to and competitive with those of the Trust and may include the acquisition, syndication, holding, management, development, operation or disposition, for his or her own account, or for the account of such Person or others, of interests in mortgages, interests in real property, or interests in Persons engaged in the real estate business. Each Trustee, officer, employee and agent of the Trust shall be free of any obligation to present to the Trust any investment opportunity which comes to him or her in any capacity other than solely as a Trustee, officer, employee or agent of the Trust even if such opportunity is of a character which, if presented to the Trust, could be taken by the Trust. Any Trustee or officer, employee or agent of the Trust may be interested as a trustee, officer, director, stockholder, partner, member, advisor or employee of, or otherwise have a direct or indirect interest in, any Person who may be engaged to render advice or services to the Trust, and may receive compensation from such Person as well as compensation

as a Trustee, officer, employee or agent or otherwise hereunder. None of these activities shall be deemed to conflict with his or her duties and powers as a Trustee or officer, employee or agent of the Trust.

Section 9.7. Persons Dealing with Trustees, Officers, Employees or Agents. Any act of the Trustees or of the officers, employees or agents of the Trust purporting to be done in their capacity as such, shall, as to any Persons dealing with such Trustees, officers, employees or agents, be conclusively deemed to be within the purposes of this Trust and within the powers of such Trustees or officers, employees or agents. No Person dealing with the Board or any of the Trustees or with the officers, employees or agents of the Trust shall be bound to see to the application of any funds or property passing into their hands or control. The receipt of the Board or any of the Trustees, or of authorized officers, employees or agents of the Trust, for moneys or other consideration, shall be binding upon the Trust.

Section 9.8. Reliance. Each Trustee, officer, employee and agent of the Trust shall, in the performance of his or her duties with respect to the Trust, be entitled to rely on any information, opinion, report or statement, including any financial statement or other financial data, prepared or presented by an officer or employee of the Trust or by the Manager, accountants, appraisers or other experts or consultants selected by the Board of Trustees or officers of the Trust, regardless of whether such counsel or expert may also be a Trustee.

ARTICLE X

AMENDMENTS

Section 10.1. General. The Trust reserves the right from time to time to make any amendment to this Declaration of Trust, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in this Declaration of Trust, of any Shares, except that the provisions governing the personal liability of the shareholders, Trustees and of the officers, employees and agents of the Trust and the prohibition of assessments upon shareholders may not be amended in any respect that could increase the personal liability of such shareholders, Trustees or officers, employees and agents of the Trust. All rights and powers conferred by this Declaration of Trust on shareholders, Trustees and officers are granted subject to this reservation. An amendment to this Declaration of Trust (a) shall be signed and acknowledged by at least a majority of the Trustees, or an officer duly authorized by at least a majority of the Trustees, (b) shall be filed for record as provided in Section 13.6 and (c) shall become effective as of the later of the time the SDAT accepts the amendment for record or the time established in the amendment, not to exceed 30 days after the amendment is accepted for record. All references to this Declaration of Trust shall include all amendments and supplements thereto.

Section 10.2. By Trustees. The Trustees may amend this Declaration of Trust from time to time, in the manner provided by Title 8, without any action by the shareholders, to qualify as a real estate investment trust under the Code or under Title 8 and as otherwise provided in Section 8-501(e) of Title 8 and this Declaration of Trust, including, to the extent permitted by law, supplying any omission, curing any ambiguity, correcting any defective or inconsistent provision or error or clarifying the meaning and intent of this Declaration of Trust. If permitted by Maryland law as in effect from time to time, the Trustees may amend this Declaration of Trust from time to time in any other respect, in accordance with such law, without any action by the shareholders.

Section 10.3. By Shareholders. Except as otherwise provided in Section 10.2 and subject to the following sentence, any amendment to this Declaration of Trust must first be approved by 60% of the Trustees then in office, including 60% of the Independent Trustees then in office, and then shall be valid only if approved by (a) the affirmative vote of a majority of all the votes entitled to be cast on the matter or (b) if Maryland law hereafter permits the effectiveness of a vote described in this clause (b), the

affirmative vote of a majority of the votes cast on the matter. Any amendment to Section 5.2.2 or Section 5.3 or to this sentence of this Declaration of Trust shall be valid only if approved by the Board of Trustees and then by the affirmative vote of two-thirds of all votes entitled to be cast on the matter.

ARTICLE XI

MERGER, CONSOLIDATION OR SALE OF TRUST PROPERTY

Section 11.1. Merger, Consolidation or Sale. Subject to the provisions of any class or series of Shares at the time outstanding, the Trust may (a) merge with or into another entity, (b) consolidate with one or more other entities into a new entity or (c) sell, lease, exchange or otherwise transfer all or substantially all of the trust property. Any such action must first be approved by 60% of the Trustees then in office, including 60% of the Independent Trustees then in office, and, after notice to all shareholders entitled to vote on the matter, by (i) the affirmative vote of a majority of all the votes entitled to be cast on the matter or (ii) if Maryland law hereafter permits the effectiveness of a vote described in this clause (ii), the affirmative vote of a majority of the votes cast on the matter.

ARTICLE XII

DURATION AND TERMINATION OF TRUST

Section 12.1. Duration. The Trust shall continue perpetually unless terminated pursuant to Section 12.2.

Section 12.2. Termination.

(a) Subject to the provisions of any class or series of Shares at the time outstanding, after approval by 60% of the Trustees then in office, including 60% of the Independent Trustees then in office, the Trust may be terminated at any meeting of shareholders by (i) the affirmative vote of a majority of all the votes entitled to be cast on the matter or (ii) or if hereafter expressly authorized by Title 8, the affirmative vote of a majority of the votes cast on the matter. Upon the termination of the Trust:

(i) The Trust shall carry on no business except for the purpose of winding up its affairs.

(ii) The Trustees shall proceed to wind up the affairs of the Trust and all of the powers of the Trustees under this Declaration of Trust shall continue, including the powers to fulfill or discharge the Trust's contracts, collect its assets, sell, convey, assign, exchange, transfer or otherwise dispose of all or any part of the remaining property of the Trust to one or more persons at public or private sale for consideration which may consist in whole or in part of cash, securities or other property of any kind, discharge or pay its liabilities and do all other acts appropriate to liquidate its business.

(iii) After paying or adequately providing for the payment of all liabilities, and upon receipt of such releases, indemnities and agreements as they deem necessary for their protection, the Trust may distribute the remaining property of the Trust among the shareholders so that after payment in full or the setting apart for payment of such preferential amounts, if any, to which the holders of any Shares at the time outstanding shall be entitled, the remaining property of the Trust shall, subject to any participating or

similar rights of Shares at the time outstanding, be distributed ratably among the holders of Common Shares at the time outstanding.

(b) After termination of the Trust, the liquidation of its business and the distribution to the shareholders as herein provided, a majority of the Trustees shall execute and file with the Trust's records a document certifying that the Trust has been duly terminated and the Trustees shall be discharged from all liabilities and duties hereunder, and the rights and interests of all shareholders shall cease.

ARTICLE XIII

MISCELLANEOUS

Section 13.1. Governing Law. This Declaration of Trust is executed and delivered with reference to the laws of the State of Maryland, and the rights of all parties and the validity, construction and effect of every provision hereof shall be subject to and construed according to the laws of the State of Maryland.

Section 13.2. Ambiguity. In the case of an ambiguity in the application of any provision of this Declaration of Trust or any definition contained in this Declaration of Trust, the Board of Trustees shall have the sole power to determine the application of such provisions with respect to any situation based on the facts known to it and such determination shall be final and binding unless determined by a court of competent jurisdiction to have been made in bad faith.

Section 13.3. Reliance by Third Parties. Any certificate shall be final and conclusive as to any person dealing with the Trust if executed by the Secretary or an Assistant Secretary of the Trust or a Trustee, and if certifying to: (a) the number or identity of Trustees, officers of the Trust or shareholders; (b) the due authorization of the execution of any document; (c) the action or vote taken, and the existence of a quorum, at a meeting of the Board of Trustees or shareholders; (d) a copy of this Declaration of Trust or of the Bylaws as a true and complete copy as then in force; (e) an amendment or supplement to this Declaration of Trust; (f) the termination of the Trust; or (g) the existence of any fact relating to the affairs of the Trust. No purchaser, lender, transfer agent or other person shall be bound to make any inquiry concerning the validity of any transaction purporting to be made by the Trust on its behalf or by any officer, employee or agent of the Trust.

Section 13.4. Severability.

(a) The provisions of this Declaration of Trust are severable, and if the Board of Trustees shall determine, with the advice of counsel, that any one or more of such provisions (the "Conflicting Provisions") are in conflict with the Code, Title 8 or other applicable federal or state laws, the Conflicting Provisions, to the extent of the conflict, shall be deemed never to have constituted a part of this Declaration of Trust, even without any amendment of this Declaration of Trust pursuant to ARTICLE X and without affecting or impairing any of the remaining provisions of this Declaration of Trust or rendering invalid or improper any action taken or omitted (including but not limited to the election of Trustees) prior to such determination. No Trustee shall be liable for making or failing to make such a determination. In the event of any such determination by the Board of Trustees, the Board shall amend this Declaration of Trust in the manner provided in Section 10.2.

(b) If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such holding shall apply only to the extent of any such

invalidity or unenforceability and shall not in any manner affect, impair or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

Section 13.5. Construction. In this Declaration of Trust, unless the context otherwise requires, words used in the singular or in the plural include both the plural and singular and words denoting any gender include all genders. The title and headings of different parts are inserted for convenience and shall not affect the meaning, construction or effect of this Declaration of Trust. In defining or interpreting the powers and duties of the Trust and its Trustees and officers, reference may be made by the Trustees or officers, to the extent appropriate and not inconsistent with the Code, Title 8 or to Titles 1 through 3 of the Corporations and Associations Article of the Annotated Code of Maryland. In furtherance and not in limitation of the foregoing, in accordance with the provisions of Title 3, Subtitles 6 and 7, of the Corporations and Associations Article of the Annotated Code of Maryland, the Trust shall be included within the definition of “corporation” for purposes of such provisions.

Section 13.6. Recordation. This Declaration of Trust and any amendment hereto shall be filed for record with the SDAT and may also be filed or recorded in such other places as the Trustees deem appropriate, but failure to file for record this Declaration of Trust or any amendment hereto in any office other than in the State of Maryland shall not affect or impair the validity or effectiveness of this Declaration of Trust or any amendment or supplement hereto. A restated Declaration of Trust shall, upon filing, be conclusive evidence of all amendments and supplements contained therein and may thereafter be referred to in lieu of the original Declaration of Trust and the various amendments and supplements thereto.

THIRD: The amendment to and restatement of the Declaration of Trust of the Trust as hereinabove set forth have been duly advised by the Board of Trustees and approved by the sole shareholder of the Trust as required by law.

FOURTH: The foregoing amendment and restatement of the Declaration of Trust does not increase the authorized number of shares of beneficial interest of the Trust.

FIFTH: These Articles of Amendment and Restatement shall become effective at 9:00 a.m. on June 8, 2009.

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

I, David M. Blackman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Office Properties Income 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: July 30, 2020

/s/ David M. Blackman

David M. Blackman

President and Chief Executive Officer

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 Office Properties Income 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: July 30, 2020

/s/ Matthew C. Brown

Matthew C. Brown
Chief Financial Officer and Treasurer

Certification Pursuant to 18 U.S.C. Sec. 1350

In connection with the filing by Office Properties Income Trust (the “Company”) of the Quarterly Report on Form 10-Q for the period ended June 30, 2020 (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/ David M. Blackman

David M. Blackman
President and Chief Executive Officer

/s/ Matthew C. Brown

Matthew C. Brown
Chief Financial Officer and Treasurer

Date: July 30, 2020