



OFFICE PROPERTIES
INCOME TRUST

SECOND QUARTER 2021

Supplemental Operating and Financial Data

ALL AMOUNTS IN THIS REPORT ARE UNAUDITED.



Chicago, IL

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

Unless otherwise noted, all data presented in this supplemental operating and financial data report excludes three properties, which are encumbered by \$82.0 million of mortgage notes, owned by two unconsolidated joint ventures in which we own 51% and 50% interests.

See page [14](#) for information regarding these joint ventures and related mortgage notes.

OPI
Nasdaq Listed

The Company:

Office Properties Income Trust, or OPI, we, our, or us, is a real estate investment trust, or REIT, focused on owning, operating and leasing properties primarily leased to single tenants and tenants with high credit quality characteristics such as government entities. The majority of our properties are office buildings. OPI is included in 144 market indices and comprises more than 1% of the following indices as of June 30, 2021: Invesco KBW Premium Yield Equity REIT ETF INAV Index (KBWYIV), BI North America Office REIT Valuation Peers (BROFFRTV), Invesco S&P SmallCap Financials ETF INAV Index (PSCFIV), Invesco S&P SmallCap 600 Pure Value ETF INAV Index (RZVIV), Bloomberg Reit Office Property Index (BBREOFPY), TFMS HIPS Index (TFMSHIPP) and the Invesco S&P SmallCap 600 Equal Weight ETF INAV Index (EWSCIV).

Management:

OPI is managed by The RMR Group LLC, or RMR LLC, the majority owned operating subsidiary of The RMR Group Inc. (Nasdaq: RMR). RMR is an alternative asset management company that is focused on commercial real estate and related businesses. RMR primarily provides management services to publicly traded real estate companies, privately held real estate funds and real estate related operating businesses. As of June 30, 2021, RMR had \$32.4 billion of real estate assets under management and the combined RMR managed companies had approximately \$10 billion of annual revenues, nearly 2,100 properties and approximately 42,000 employees. We believe that being managed by RMR is a competitive advantage for OPI because of RMR's depth of management and experience in the real estate industry. We also believe RMR provides management services to us at costs that are lower than we would have to pay for similar quality services if we were self managed.

Corporate Headquarters:

Two Newton Place
255 Washington Street, Suite 300
Newton, MA 02458-1634
(617) 219-1440

Stock Exchange Listing:

Nasdaq

Trading Symbols:

Common Shares: OPI
Senior Unsecured Notes due 2050: OPINL

Snapshot (as of June 30, 2021):

Total properties: 181
Rentable sq. ft.: 24.1 million
Percent leased: 89.5%

Board of Trustees

Donna D. Fraiche
Independent Trustee

Barbara D. Gilmore
Independent Trustee

John L. Harrington
Independent Trustee

William A. Lamkin
Independent Trustee

Elena B. Poptodorova
Lead Independent Trustee

Jeffrey P. Somers
Independent Trustee

Jennifer B. Clark
Managing Trustee

Adam D. Portnoy
Chair of the Board & Managing Trustee

Executive Officers

Christopher J. Bilotto
President and Chief Operating Officer

Matthew C. Brown
Chief Financial Officer and Treasurer

Contact Information

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Issuer Ratings:

Moody's: Baa3
S&P Global: BBB-

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

Key Financial Data

(dollars in thousands, except per share data)

	As of and for the Three Months Ended					
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020	As of 6/30/2021
Selected Balance Sheet Data:						
Total gross assets	\$ 4,666,348	\$ 4,419,664	\$ 4,398,350	\$ 4,409,391	\$ 4,400,379	
Total assets	\$ 4,211,213	\$ 3,952,579	\$ 3,946,436	\$ 3,973,045	\$ 3,977,663	
Total liabilities	\$ 2,682,663	\$ 2,331,581	\$ 2,337,044	\$ 2,336,373	\$ 2,311,233	
Total shareholders' equity	\$ 1,528,550	\$ 1,620,998	\$ 1,609,392	\$ 1,636,672	\$ 1,666,430	
Selected Income Statement Data:						
Rental income	\$ 137,099	\$ 144,524	\$ 146,625	\$ 145,806	\$ 145,603	
Net income (loss)	\$ (66,697)	\$ 37,860	\$ (1,664)	\$ (3,797)	\$ 1,299	
NOI	\$ 90,979	\$ 96,499	\$ 97,168	\$ 95,763	\$ 98,834	
Adjusted EBITDAre	\$ 85,251	\$ 90,906	\$ 91,301	\$ 89,817	\$ 92,883	
FFO	\$ 37,680	\$ 56,609	\$ 61,610	\$ 62,628	\$ 66,640	
Normalized FFO	\$ 55,385	\$ 61,809	\$ 61,842	\$ 62,628	\$ 67,197	
CAD	\$ 33,831	\$ 47,652	\$ 42,344	\$ 44,557	\$ 45,543	
Rolling four quarter CAD	\$ 168,384	\$ 180,096	\$ 179,810	\$ 177,210	\$ 171,277	
Per Common Share Data (basic and diluted):						
Net income (loss)	\$ (1.38)	\$ 0.78	\$ (0.03)	\$ (0.08)	\$ 0.03	
FFO (basic)	\$ 0.78	\$ 1.18	\$ 1.28	\$ 1.30	\$ 1.39	
FFO (diluted)	\$ 0.78	\$ 1.17	\$ 1.28	\$ 1.30	\$ 1.39	
Normalized FFO	\$ 1.15	\$ 1.28	\$ 1.28	\$ 1.30	\$ 1.40	
CAD	\$ 0.70	\$ 0.99	\$ 0.88	\$ 0.93	\$ 0.95	
Rolling four quarter CAD	\$ 3.50	\$ 3.75	\$ 3.74	\$ 3.68	\$ 3.56	
Dividends:						
Annualized dividends paid per share during the period	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20	
Annualized dividend yield (at end of period)	7.5%	8.0%	9.7%	10.6%	8.5%	
Normalized FFO payout ratio	47.8%	43.0%	43.0%	42.3%	39.3%	
Rolling four quarter CAD payout ratio	62.9%	58.7%	58.8%	59.6%	61.8%	

Capitalization:

Total common shares (at end of period)	48,334,357
Closing price (at end of period)	\$ 29.31
Equity market capitalization (at end of period)	\$ 1,416,680
Debt (principal balance)	2,545,903
Total market capitalization	<u>\$ 3,962,583</u>

Liquidity:

Cash and cash equivalents	\$ 18,667
Availability under \$750,000 unsecured revolving credit facility	365,000
Total liquidity	<u>\$ 383,667</u>

Condensed Consolidated Balance Sheets

(dollars in thousands, except per share data)

	June 30, 2021	December 31, 2020
ASSETS		
Real estate properties:		
Land	\$ 865,218	\$ 830,884
Buildings and improvements	2,982,746	2,691,259
Total real estate properties, gross	3,847,964	3,522,143
Accumulated depreciation	(455,135)	(451,914)
Total real estate properties, net	3,392,829	3,070,229
Assets of properties held for sale	47,698	75,177
Investments in unconsolidated joint ventures	36,669	37,951
Acquired real estate leases, net	570,449	548,943
Cash and cash equivalents	18,667	42,045
Restricted cash	1,414	14,810
Rents receivable	90,985	101,766
Deferred leasing costs, net	46,185	42,626
Other assets, net	6,317	12,889
Total assets	<u>\$ 4,211,213</u>	<u>\$ 3,946,436</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Unsecured revolving credit facility	\$ 385,000	\$ —
Senior unsecured notes, net	2,032,764	2,033,242
Mortgage notes payable, net	98,739	169,729
Liabilities of properties held for sale	2,427	891
Accounts payable and other liabilities	127,359	116,480
Due to related persons	17,882	6,114
Assumed real estate lease obligations, net	18,492	10,588
Total liabilities	<u>2,682,663</u>	<u>2,337,044</u>
Commitments and contingencies		
Shareholders' equity:		
Common shares of beneficial interest, \$.01 par value: 200,000,000 shares authorized, 48,334,357 and 48,318,366 shares issued and outstanding, respectively	483	483
Additional paid in capital	2,616,450	2,615,305
Cumulative net income	155,058	183,895
Cumulative common distributions	(1,243,441)	(1,190,291)
Total shareholders' equity	<u>1,528,550</u>	<u>1,609,392</u>
Total liabilities and shareholders' equity	<u>\$ 4,211,213</u>	<u>\$ 3,946,436</u>



Condensed Consolidated Statements of Income (Loss)

(amounts in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Rental income	\$ 137,099	\$ 145,603	\$ 281,623	\$ 295,488
Expenses:				
Real estate taxes	15,912	15,781	32,066	32,588
Utility expenses	5,310	5,201	11,742	12,213
Other operating expenses	24,898	25,787	50,337	51,667
Depreciation and amortization	55,371	64,170	119,458	127,113
Loss on impairment of real estate	48,197	—	55,857	—
General and administrative ⁽¹⁾	12,970	7,204	24,242	14,313
Total expenses	162,658	118,143	293,702	237,894
Gain on sale of real estate	114	66	54,118	10,822
Interest and other income	2	30	7	736
Interest expense (including net amortization of debt premiums, discounts and issuance costs of \$2,492, \$2,402, \$4,924 and \$4,685, respectively)	(29,001)	(25,205)	(57,799)	(52,364)
Loss on early extinguishment of debt	(11,794)	(557)	(11,794)	(3,839)
Income (loss) before income tax (expense) benefit and equity in net losses of investees	(66,238)	1,794	(27,547)	12,949
Income tax (expense) benefit	121	(235)	(314)	(274)
Equity in net losses of investees	(580)	(260)	(976)	(536)
Net income (loss)	\$ (66,697)	\$ 1,299	\$ (28,837)	\$ 12,139
Weighted average common shares outstanding (basic and diluted)	48,165	48,106	48,163	48,101
Per common share amounts (basic and diluted):				
Net income (loss)	\$ (1.38)	\$ 0.03	\$ (0.60)	\$ 0.25
Additional Data:				
General and administrative expenses / total assets (at end of period)	0.31%	0.18%	0.58%	0.36%
Non-cash straight line rent adjustments included in rental income	\$ 3,847	\$ 3,468	\$ 9,204	\$ 9,051
Lease value amortization included in rental income	\$ (667)	\$ (1,405)	\$ (1,389)	\$ (2,837)
Lease termination fees included in rental income	\$ —	\$ 3	\$ —	\$ 6
Non-cash amortization included in other operating expenses ⁽²⁾	\$ 121	\$ 121	\$ 242	\$ 242
Non-cash amortization included in general and administrative expenses ⁽²⁾	\$ 151	\$ 151	\$ 302	\$ 302

- (1) Incentive fees under our business management agreement with RMR LLC are payable after the end of each calendar year, are calculated based on common share total return, as defined, and are included in general and administrative expense in our condensed consolidated statements of income (loss). In calculating net income (loss) in accordance with GAAP, we recognize estimated business management incentive fee expense, if any, in the first, second and third quarters. Although we recognize this expense, if any, in the first, second and third quarters for purposes of calculating net income (loss), we do not include such expense in the calculations of Adjusted EBITDA or Normalized FFO until the fourth quarter, when the amount of the business management incentive fee expense for the calendar year, if any, is determined. Net income (loss) includes estimated business management incentive fee expense of \$5,911 and \$11,111 for the three and six months ended June 30, 2021, respectively. No estimated business management incentive fee expense was included in net income (loss) for the three and six months ended June 30, 2020.
- (2) We recorded a liability for the amount by which the estimated fair value for accounting purposes exceeded the price we paid for our former investment in The RMR Group Inc., or RMR Inc., common stock in June 2015. This liability is being amortized on a straight line basis through December 31, 2035 as an allocated reduction to business management fee expense and property management fee expense, which are included in general and administrative and other operating expenses, respectively.

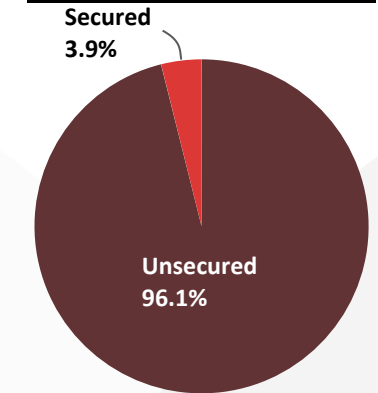
Debt Summary

As of June 30, 2021

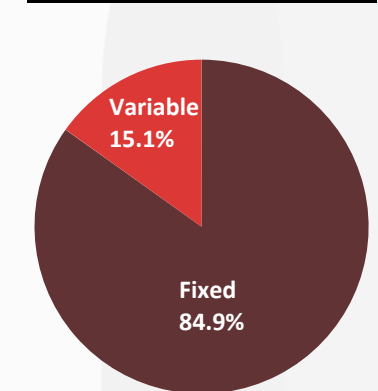
(dollars in thousands)

	Coupon Rate ⁽¹⁾	Interest Rate ⁽²⁾	Principal Balance	Maturity Date	Due at Maturity	Years to Maturity
Unsecured Floating Rate Debt:						
\$750,000 unsecured revolving credit facility ^{(3) (4)}	1.190%	1.190%	\$ 385,000	1/31/2023	\$ 385,000	1.6
Unsecured Fixed Rate Debt:						
Senior unsecured notes due 2022	4.150%	4.196%	300,000	2/1/2022	300,000	0.6
Senior unsecured notes due 2022	4.000%	4.000%	300,000	7/15/2022	300,000	1.0
Senior unsecured notes due 2024	4.250%	4.404%	350,000	5/15/2024	350,000	2.9
Senior unsecured notes due 2025	4.500%	4.521%	650,000	2/1/2025	650,000	3.6
Senior unsecured notes due 2026	2.650%	2.815%	300,000	6/15/2026	300,000	5.0
Senior unsecured notes due 2050	6.375%	6.375%	162,000	6/23/2050	162,000	29.0
Subtotal / weighted average	4.212%	4.275%	2,062,000		2,062,000	4.9
Secured Fixed Rate Debt:						
Mortgage debt - One property in Washington, DC	4.220%	4.190%	25,433	7/1/2022	24,668	1.0
Mortgage debt - One property in Chicago, IL	3.700%	4.210%	50,000	6/1/2023	50,000	1.9
Mortgage debt - One property in Washington, DC	4.800%	4.190%	23,470	6/1/2023	22,584	1.9
Subtotal / weighted average	4.095%	4.200%	98,903		97,252	1.7
Total / weighted average	3.750%	3.806%	\$ 2,545,903		\$ 2,544,252	4.2

Secured vs. Unsecured Debt



Fixed vs. Variable Rate Debt



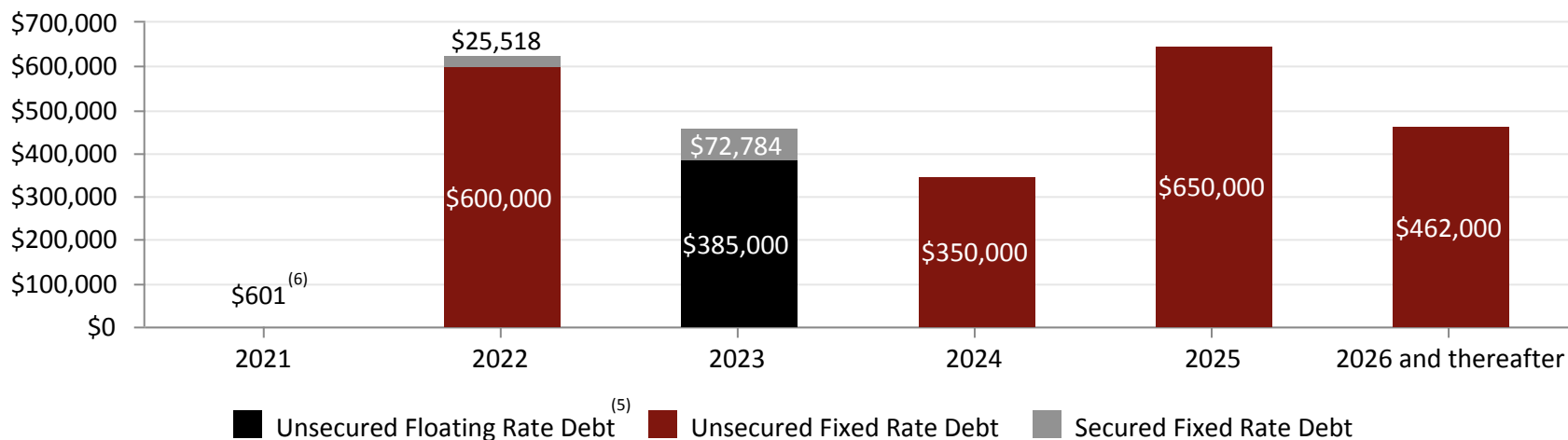
See accompanying notes on the following page.

Debt Maturity Schedule

As of June 30, 2021

(dollars in thousands)

Year	Unsecured Floating Rate Debt	Unsecured Fixed Rate Debt	Secured Fixed Rate Debt	Total Debt	% of Total Debt
2021	\$ —	\$ —	\$ 601	\$ 601	—%
2022	—	600,000	25,518	625,518	24.6%
2023	385,000 ⁽⁵⁾	—	72,784	457,784	18.0%
2024	—	350,000	—	350,000	13.8%
2025	—	650,000	—	650,000	25.5%
2026 and thereafter	—	462,000	—	462,000	18.1%
Total principal balance	\$ 385,000	\$ 2,062,000	\$ 98,903	\$ 2,545,903	100.0%
Percent of total principal balance	15.1%	81.0%	3.9%	100.0%	



- (1) Reflects the interest rate stated in, or determined pursuant to, the contract terms.
- (2) Includes the effect of mark to market accounting for certain mortgages and discounts and premiums on senior unsecured notes. Excludes the effect of debt issuance costs amortization.
- (3) We are required to pay interest on borrowings under our revolving credit facility at a rate of LIBOR plus a premium of 110 basis points per annum. We also pay a facility fee of 25 basis points per annum on the total amount of lending commitments under our revolving credit facility. Both the interest rate premium and facility fee are subject to adjustment based upon changes to our credit ratings. The interest rate listed is as of June 30, 2021 and excludes the 25 basis point facility fee. Subject to the payment of an extension fee and meeting certain other conditions, we may extend the maturity date of our revolving credit facility by two additional six month periods.
- (4) The maximum aggregate borrowing availability under the credit agreement governing our revolving credit facility may be increased to up to \$1,950,000 in certain circumstances.
- (5) Represents the amount, if any, outstanding under our revolving credit facility at June 30, 2021.
- (6) Represents Secured Fixed Rate Debt payments in 2021.

Leverage Ratios, Coverage Ratios and Public Debt Covenants

	As of and for the Three Months Ended				
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020
Leverage Ratios:					
Net debt / total gross assets	54.2%	46.6%	50.0%	49.9%	49.9%
Net debt / gross book value of real estate assets	49.7%	44.4%	46.9%	46.6%	46.4%
Secured debt / total assets	2.3%	4.3%	4.3%	4.3%	5.3%
Variable rate debt / net debt	15.2%	0.0%	0.0%	0.0%	9.1%
Coverage Ratios:					
Adjusted EBITDAre / interest expense	2.9x	3.2x	3.2x	3.3x	3.7x
Net debt / annualized Adjusted EBITDAre	6.9x ⁽¹⁾	5.7x	6.0x	6.1x	5.9x
Public Debt Covenants:					
Total debt / adjusted total assets (maximum 60.0%)	49.2%	45.7%	46.3%	46.4%	46.3%
Secured debt / adjusted total assets (maximum 40.0%)	1.9%	3.5%	3.5%	3.5%	4.4%
Consolidated income available for debt service / debt service (minimum 1.50x)	3.2x	3.2x	3.4x	3.3x	3.7x
Total unencumbered assets / unsecured debt (minimum 150.0%)	200.8%	218.4%	214.0%	213.3%	215.8%



(1) Annualized Adjusted EBITDAre for the three months ended June 30, 2021 is pro forma as if the acquisitions of two properties during the quarter occurred on April 1, 2021. Net debt / annualized Adjusted EBITDAre would have been 7.4x, excluding the pro forma Adjusted EBITDAre adjustment of \$5,671 for the two property acquisitions.

Capital Expenditures Summary

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

	For the Three Months Ended				
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020
Lease related costs	\$ 11,215	\$ 6,970	\$ 8,746	\$ 7,192	\$ 11,921
Building improvements	7,765	4,526	11,466	10,579	10,005
Recurring capital expenditures	18,980	11,496	20,212	17,771	21,926
Development, redevelopment and other activities	12,738	4,906	5,598	5,521	2,578
Total capital expenditures	<u>\$ 31,718</u>	<u>\$ 16,402</u>	<u>\$ 25,810</u>	<u>\$ 23,292</u>	<u>\$ 24,504</u>
Average rentable sq. ft. during period	24,330	24,729	24,899	24,909	24,908
Building improvements per average sq. ft. during period	\$ 0.32	\$ 0.18	\$ 0.46	\$ 0.42	\$ 0.40

Provo, UT



Property Acquisitions and Dispositions Information Since January 1, 2021

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

Acquisitions:

Date Acquired	Location	Number of Properties	Sq. Ft.	Purchase Price	Purchase Price / Sq. Ft.	Cap Rate	Weighted Average Remaining Lease Term in Years	Percent Leased at Acquisition
6/24/2021	Chicago, IL	1	531	\$ 355,000	\$ 668	4.7%	6.6	99.2%
6/25/2021	Atlanta, GA	1	346	195,000	564	6.3%	14.2	98.4%
Total / Weighted Average		2	877	\$ 550,000	\$ 627	5.3%	9.8	98.9%

Dispositions:

Date Sold	Location	Number of Properties	Sq. Ft.	Gross Sales Price
1/13/2021	Kansas City, MO ⁽¹⁾	—	10	\$ 845
1/22/2021	Richmond, VA	1	311	130,000
4/22/2021	Huntsville, AL	1	1,371	39,000
7/7/2021	Fresno, CA	1	532	6,000
7/15/2021	Liverpool, NY	1	38	650
Total		4	2,262	\$ 176,495



(1) Consists of a warehouse facility adjacent to a property we own in Kansas City, MO.

Investments in Unconsolidated Joint Ventures

As of June 30, 2021

(dollars and sq. ft. in thousands)

Unconsolidated Joint Ventures:

Joint Venture	OPI Ownership	OPI Investment	Number of Properties	Location	Square Feet	Occupancy	Weighted Average Remaining Lease Term ⁽¹⁾
Prosperity Metro Plaza	51%	\$ 21,431	2	Fairfax, VA	329	71.7%	3.4 years
1750 H Street, NW	50%	15,238	1	Washington, D.C.	115	9.5%	2.4 years
Total / Weighted Average		<u>\$ 36,669</u>	<u>3</u>		<u>444</u>	55.5%	3.4 years

Outstanding Unconsolidated Debt:

Joint Venture	OPI Ownership	Interest Rate ⁽²⁾	Maturity Date	Principal Balance	Annualized Debt Service	Principal Balance at Maturity	OPI Share of Principal Balance ⁽³⁾
Prosperity Metro Plaza ⁽⁴⁾	51%	4.090%	12/1/2029	\$ 50,000	\$ 2,045	\$ 45,246	\$ 25,500
1750 H Street, NW	50%	3.690%	8/1/2024	32,000	1,181	32,000	16,000
Total / Weighted Average		3.934%		<u>\$ 82,000</u>	<u>\$ 3,226</u>	<u>\$ 77,246</u>	<u>\$ 41,500</u>

Results of Operations - Unconsolidated Joint Ventures: ⁽⁵⁾

	For the Three Months Ended June 30, 2021			For the Six Months Ended June 30, 2021		
	Prosperity Metro Plaza	1750 H Street, NW	Total	Prosperity Metro Plaza	1750 H Street, NW	Total
Equity in losses	\$ (131)	\$ (449)	\$ (580)	\$ (151)	\$ (825)	\$ (976)
Depreciation and amortization	597	326	923	1,197	732	1,929
Other expenses, net ⁽⁶⁾	258	149	407	516	305	821
NOI	724	26	750	1,562	212	1,774
Lease value amortization included in rental income ⁽⁷⁾	(1)	—	(1)	(2)	—	(2)
Non-cash straight line rent adjustments included in rental income ⁽⁷⁾	(63)	11	(52)	(121)	26	(95)
Cash Basis NOI	<u>\$ 660</u>	<u>\$ 37</u>	<u>\$ 697</u>	<u>\$ 1,439</u>	<u>\$ 238</u>	<u>\$ 1,677</u>
Distributions received by OPI	<u>\$ 153</u>	<u>\$ —</u>	<u>\$ 153</u>	<u>\$ 306</u>	<u>\$ —</u>	<u>\$ 306</u>

- (1) Lease term is weighted based on annualized rental income.
- (2) Includes the effect of interest rate protection and mark to market accounting.
- (3) Reflects our proportionate share of the principal debt balances based on our ownership percentage of the applicable joint venture; none of the debt is recourse to us.
- (4) The mortgage loan requires interest-only payments through December 2024, at which time the loan requires principal and interest payments through its maturity date.
- (5) Reflects our proportionate share of operating results based on our ownership percentage of the respective joint ventures.
- (6) Includes interest expense, net of other income.
- (7) Our unconsolidated joint ventures report rental income on a straight line basis over the terms of the respective leases; accordingly, rental income includes non-cash straight line rent adjustments. Rental income also includes expense reimbursements, tax escalations, parking revenues, service income and other fixed and variable charges paid to the unconsolidated joint ventures by their tenants, as well as the net effect of non-cash amortization of intangible lease assets and liabilities.

Calculation and Reconciliation of NOI and Cash Basis NOI

(dollars in thousands)

	For the Three Months Ended					For the Six Months Ended	
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020	6/30/2021	6/30/2020
Calculation of NOI and Cash Basis NOI:							
Rental income	\$ 137,099	\$ 144,524	\$ 146,625	\$ 145,806	\$ 145,603	\$ 281,623	\$ 295,488
Property operating expenses	(46,120)	(48,025)	(49,457)	(50,043)	(46,769)	(94,145)	(96,468)
NOI	90,979	96,499	97,168	95,763	98,834	187,478	199,020
Non-cash straight line rent adjustments included in rental income	(3,847)	(5,357)	(3,116)	(3,912)	(3,468)	(9,204)	(9,051)
Lease value amortization included in rental income	667	722	1,291	1,312	1,405	1,389	2,837
Lease termination fees included in rental income	—	—	(90)	(2)	(3)	—	(6)
Non-cash amortization included in property operating expenses ⁽¹⁾	(121)	(121)	(121)	(121)	(121)	(242)	(242)
Cash Basis NOI	<u>\$ 87,678</u>	<u>\$ 91,743</u>	<u>\$ 95,132</u>	<u>\$ 93,040</u>	<u>\$ 96,647</u>	<u>\$ 179,421</u>	<u>\$ 192,558</u>
Reconciliation of Net Income (Loss) to NOI and Cash Basis NOI:							
Net income (loss)	\$ (66,697)	\$ 37,860	\$ (1,664)	\$ (3,797)	\$ 1,299	\$ (28,837)	\$ 12,139
Equity in net losses of investees	580	396	378	279	260	976	536
Income tax expense (benefit)	(121)	435	157	(54)	235	314	274
Income (loss) before income tax expense (benefit) and equity in net losses of investees	(66,238)	38,691	(1,129)	(3,572)	1,794	(27,547)	12,949
Loss on early extinguishment of debt	11,794	—	—	—	557	11,794	3,839
Interest expense	29,001	28,798	28,842	27,097	25,205	57,799	52,364
Interest and other income	(2)	(5)	(41)	(2)	(30)	(7)	(736)
Gain on sale of real estate	(114)	(54,004)	(33)	—	(66)	(54,118)	(10,822)
General and administrative	12,970	11,272	7,071	7,059	7,204	24,242	14,313
Acquisition and transaction related costs	—	—	232	—	—	—	—
Loss on impairment of real estate	48,197	7,660	—	2,954	—	55,857	—
Depreciation and amortization	55,371	64,087	62,226	62,227	64,170	119,458	127,113
NOI	90,979	96,499	97,168	95,763	98,834	187,478	199,020
Non-cash amortization included in property operating expenses ⁽¹⁾	(121)	(121)	(121)	(121)	(121)	(242)	(242)
Lease termination fees included in rental income	—	—	(90)	(2)	(3)	—	(6)
Lease value amortization included in rental income	667	722	1,291	1,312	1,405	1,389	2,837
Non-cash straight line rent adjustments included in rental income	(3,847)	(5,357)	(3,116)	(3,912)	(3,468)	(9,204)	(9,051)
Cash Basis NOI	<u>\$ 87,678</u>	<u>\$ 91,743</u>	<u>\$ 95,132</u>	<u>\$ 93,040</u>	<u>\$ 96,647</u>	<u>\$ 179,421</u>	<u>\$ 192,558</u>

(1) We recorded a liability for the amount by which the estimated fair value for accounting purposes exceeded the price we paid for our former investment in RMR Inc. common stock in June 2015. A portion of this liability is being amortized on a straight line basis through December 31, 2035 as a reduction to property management fees expense, which is included in property operating expenses.

Reconciliation and Calculation of Same Property NOI and Same Property Cash Basis NOI

(dollars in thousands)

	For the Three Months Ended		For the Six Months Ended	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Reconciliation of NOI to Same Property NOI:				
Rental income	\$ 137,099	\$ 145,603	\$ 281,623	\$ 295,488
Property operating expenses	(46,120)	(46,769)	(94,145)	(96,468)
NOI	90,979	98,834	187,478	199,020
Less: NOI of properties not included in same property results	(3,319)	(9,388)	(10,781)	(20,260)
Same Property NOI	<u>\$ 87,660</u>	<u>\$ 89,446</u>	<u>\$ 176,697</u>	<u>\$ 178,760</u>
Calculation of Same Property Cash Basis NOI:				
Same Property NOI	\$ 87,660	\$ 89,446	\$ 176,697	\$ 178,760
Add: Lease value amortization included in rental income	679	814	1,401	1,653
Less: Non-cash straight line rent adjustments included in rental income	(3,841)	(3,099)	(9,656)	(7,629)
Non-cash amortization included in property operating expenses ⁽¹⁾	(99)	(97)	(198)	(194)
Same Property Cash Basis NOI	<u>\$ 84,399</u>	<u>\$ 87,064</u>	<u>\$ 168,244</u>	<u>\$ 172,590</u>



(1) We recorded a liability for the amount by which the estimated fair value for accounting purposes exceeded the price we paid for our former investment in RMR Inc. common stock in June 2015. A portion of this liability is being amortized on a straight line basis through December 31, 2035 as a reduction to property management fees expense, which is included in other operating expenses.

Calculation of EBITDA, EBITDAre and Adjusted EBITDAre

(dollars in thousands)

	For the Three Months Ended					For the Six Months Ended	
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020	6/30/2021	6/30/2020
Net income (loss)	\$ (66,697)	\$ 37,860	\$ (1,664)	\$ (3,797)	\$ 1,299	\$ (28,837)	\$ 12,139
Add (less): Interest expense	29,001	28,798	28,842	27,097	25,205	57,799	52,364
Income tax expense (benefit)	(121)	435	157	(54)	235	314	274
Depreciation and amortization	55,371	64,087	62,226	62,227	64,170	119,458	127,113
EBITDA	17,554	131,180	89,561	85,473	90,909	148,734	191,890
Add (less): Loss on impairment of real estate	48,197	7,660	—	2,954	—	55,857	—
Gain on sale of real estate	(114)	(54,004)	(33)	—	(66)	(54,118)	(10,822)
Distributions received from unconsolidated joint ventures	153	153	204	255	102	306	153
Equity in losses of unconsolidated joint ventures	580	396	378	279	260	976	536
EBITDAre	66,370	85,385	90,110	88,961	91,205	151,755	181,757
Add (less): Acquisition and transaction related costs	—	—	232	—	—	—	—
General and administrative expense paid in common shares ⁽¹⁾	1,176	321	959	856	1,121	1,497	1,500
Estimated business management incentive fees ⁽²⁾	5,911	5,200	—	—	—	11,111	—
Loss on early extinguishment of debt	11,794	—	—	—	557	11,794	3,839
Adjusted EBITDAre	\$ 85,251	\$ 90,906	\$ 91,301	\$ 89,817	\$ 92,883	\$ 176,157	\$ 187,096

- (1) Amounts represent equity based compensation to our Trustees, our officers and certain other employees of RMR LLC.
- (2) Incentive fees under our business management agreement with RMR LLC are payable after the end of each calendar year, are calculated based on common share total return, as defined, and are included in general and administrative expense in our condensed consolidated statements of income (loss). In calculating net income (loss) in accordance with GAAP, we recognize estimated business management incentive fee expense, if any, in the first, second and third quarters. Although we recognize this expense, if any, in the first, second and third quarters for purposes of calculating net income (loss), we do not include such expense in the calculation of Adjusted EBITDAre until the fourth quarter, when the amount of the business management incentive fee expense for the calendar year, if any, is determined.

Calculation of FFO, Normalized FFO and CAD

(amounts in thousands, except per share data)

	For the Three Months Ended					For the Six Months Ended	
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020	6/30/2021	6/30/2020
Net income (loss)	\$ (66,697)	\$ 37,860	\$ (1,664)	\$ (3,797)	\$ 1,299	\$ (28,837)	\$ 12,139
Add (less): Depreciation and amortization:							
Consolidated properties	55,371	64,087	62,226	62,227	64,170	119,458	127,113
Unconsolidated joint venture properties	923	1,006	1,081	1,244	1,237	1,929	2,478
Loss on impairment of real estate	48,197	7,660	—	2,954	—	55,857	—
Gain on sale of real estate	(114)	(54,004)	(33)	—	(66)	(54,118)	(10,822)
FFO	37,680	56,609	61,610	62,628	66,640	94,289	130,908
Add (less): Acquisition and transaction related costs	—	—	232	—	—	—	—
Loss on early extinguishment of debt	11,794	—	—	—	557	11,794	3,839
Estimated business management incentive fees ⁽¹⁾	5,911	5,200	—	—	—	11,111	—
Normalized FFO	55,385	61,809	61,842	62,628	67,197	117,194	134,747
Add (less): Non-cash expenses ⁽²⁾	804	(1)	607	533	808	803	887
Distributions from unconsolidated joint ventures	153	153	204	255	102	306	153
Depreciation and amortization - unconsolidated joint ventures	(923)	(1,006)	(1,081)	(1,244)	(1,237)	(1,929)	(2,478)
Equity in net losses of investees	580	396	378	279	260	976	536
Loss on early extinguishment of debt settled in cash	(2,500)	—	—	—	—	(2,500)	(1,138)
Non-cash straight line rent adjustments included in rental income	(3,847)	(5,357)	(3,116)	(3,912)	(3,468)	(9,204)	(9,051)
Lease value amortization included in rental income	667	722	1,291	1,312	1,405	1,389	2,837
Net amortization of debt premiums, discounts and issuance costs	2,492	2,432	2,431	2,477	2,402	4,924	4,685
Recurring capital expenditures	(18,980)	(11,496)	(20,212)	(17,771)	(21,926)	(30,476)	(38,269)
CAD	\$ 33,831	\$ 47,652	\$ 42,344	\$ 44,557	\$ 45,543	\$ 81,483	\$ 92,909
Weighted average common shares outstanding (basic)	48,165	48,161	48,161	48,132	48,106	48,163	48,101
Weighted average common shares outstanding (diluted)	48,165	48,196	48,161	48,132	48,106	48,163	48,101
Per common share amounts (basic and diluted):							
Net income (loss)	\$ (1.38)	\$ 0.78	\$ (0.03)	\$ (0.08)	\$ 0.03	\$ (0.60)	\$ 0.25
FFO (basic)	\$ 0.78	\$ 1.18	\$ 1.28	\$ 1.30	\$ 1.39	\$ 1.96	\$ 2.72
FFO (diluted)	\$ 0.78	\$ 1.17	\$ 1.28	\$ 1.30	\$ 1.39	\$ 1.96	\$ 2.72
Normalized FFO	\$ 1.15	\$ 1.28	\$ 1.28	\$ 1.30	\$ 1.40	\$ 2.43	\$ 2.80
CAD	\$ 0.70	\$ 0.99	\$ 0.88	\$ 0.93	\$ 0.95	\$ 1.69	\$ 1.93

- (1) Incentive fees under our business management agreement with RMR LLC are payable after the end of each calendar year, are calculated based on common share total return, as defined, and are included in general and administrative expense in our condensed consolidated statements of income (loss). In calculating net income (loss) in accordance with GAAP, we recognize estimated business management incentive fee expense, if any, in the first, second and third quarters. Although we recognize this expense, if any, in the first, second and third quarters for purposes of calculating net income (loss), we do not include such expense in the calculation of Normalized FFO until the fourth quarter, when the amount of the business management incentive fee expense for the calendar year, if any, is determined.
- (2) Non-cash expenses include equity based compensation, adjustments recorded to capitalize interest expense and amortization of the liability for the amount by which the estimated fair value for accounting purposes exceeded the price we paid for our former investment in RMR Inc. common stock in June 2015. This liability is being amortized on a straight line basis through December 31, 2035 as an allocated reduction to business management fee expense and property management fee expense, which are included in general and administrative and other operating expenses, respectively.

Summary Same Property Results

(dollars and sq. ft. in thousands)

	For the Three Months Ended		For the Six Months Ended	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Properties (end of period) ⁽¹⁾	169	169	168	168
Rentable sq. ft.	21,114	21,111	21,101	21,098
Percent leased	91.8%	94.0%	91.8%	94.1%
Rental income	\$ 130,827	\$ 131,948	\$ 264,015	\$ 265,083
Same Property NOI	\$ 87,660	\$ 89,446	\$ 176,697	\$ 178,760
Same Property Cash Basis NOI	\$ 84,399	\$ 87,064	\$ 168,244	\$ 172,590
Same Property NOI % margin	67.0%	67.8%	66.9%	67.4%
Same Property Cash Basis NOI % margin	66.1%	67.1%	65.8%	66.6%
Same Property NOI % change	(2.0%)		(1.2%)	
Same Property Cash Basis NOI % change	(3.1%)		(2.5%)	



(1) Includes one leasable land parcel.

Occupancy and Leasing Summary

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

	As of and for the Three Months Ended					As of and for the Six Months Ended
	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020	6/30/2021
Properties (end of period) ⁽¹⁾	181	180	181	184	184	181
Rentable sq. ft. ⁽¹⁾	24,091	24,568	24,889	24,909	24,909	24,091
Percentage leased	89.5%	90.8%	91.2%	91.2%	91.7%	89.5%

Leasing Activity (sq. ft.):

New leases	269	33	97	18	78	302
Renewals	279	542	42	577	564	821
Total	548	575	139	595	642	1,123

% Change in GAAP Rent: ⁽²⁾

New leases	23.1%	27.0%	(11.9%)	0.8%	23.5%	23.3%
Renewals	10.0%	2.3%	8.5%	33.1%	1.0%	5.3%
Total	17.1%	3.2%	(7.0%)	31.0%	3.9%	11.2%

Weighted Average Lease Term by Sq. Ft. (years):

New leases	26.4	7.0	11.6	4.0	12.8	24.3
Renewals	7.2	5.3	5.1	10.8	5.1	6.0
Total	16.6	5.4	9.7	10.6	6.1	10.9

Leasing Cost and Concession Commitments:

New leases ⁽³⁾	\$ 69,988	\$ 1,207	\$ 6,845	\$ 193	\$ 8,158	\$ 71,195
Renewals	6,714	5,938	862	6,045	8,371	12,652
Total	\$ 76,702	\$ 7,145	\$ 7,707	\$ 6,238	\$ 16,529	\$ 83,847

Leasing Cost and Concession Commitments per Sq. Ft.:

New leases ⁽³⁾	\$ 260.02	\$ 35.97	\$ 70.08	\$ 10.95	\$ 104.83	\$ 235.19
Renewals	\$ 24.09	\$ 10.96	\$ 20.62	\$ 10.48	\$ 14.85	\$ 15.42
Total	\$ 139.98	\$ 12.42	\$ 55.26	\$ 10.49	\$ 25.76	\$ 74.66

Leasing Cost and Concession Commitments per Sq. Ft. per Year:

New leases ⁽³⁾	\$ 9.85	\$ 5.12	\$ 6.04	\$ 2.77	\$ 8.16	\$ 9.69
Renewals	\$ 3.35	\$ 2.05	\$ 4.05	\$ 0.97	\$ 2.90	\$ 2.58
Total	\$ 8.42	\$ 2.28	\$ 5.73	\$ 0.99	\$ 4.25	\$ 6.85

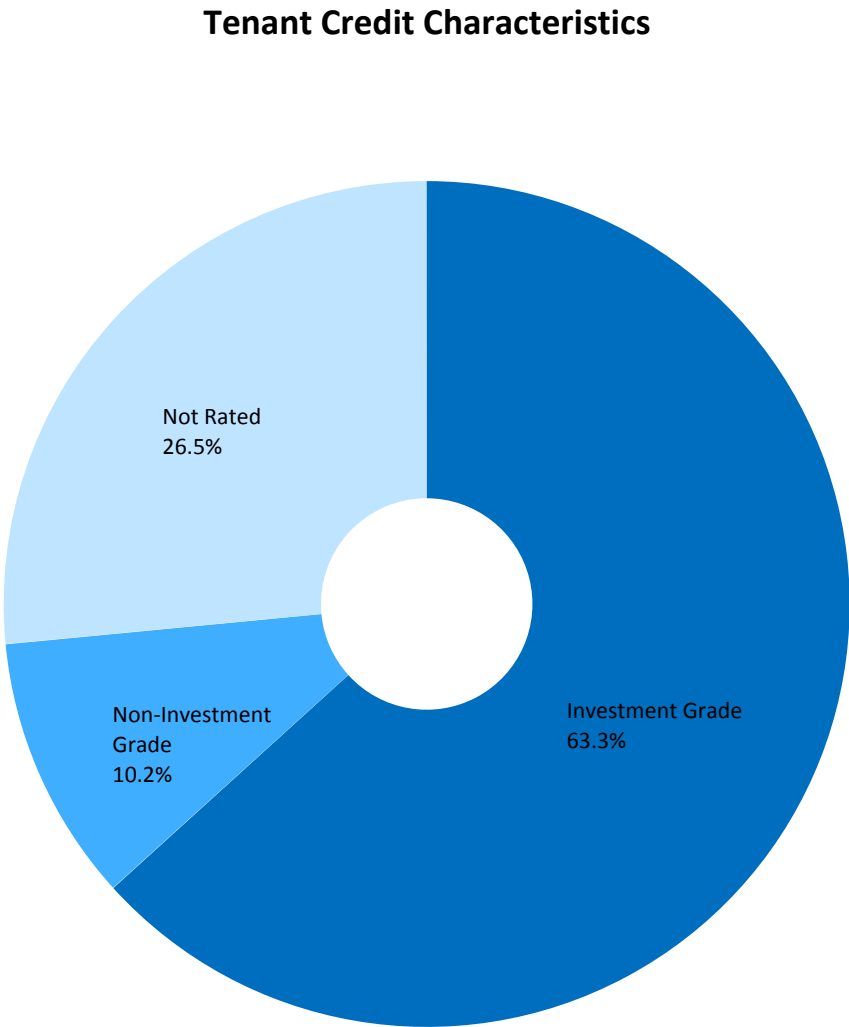
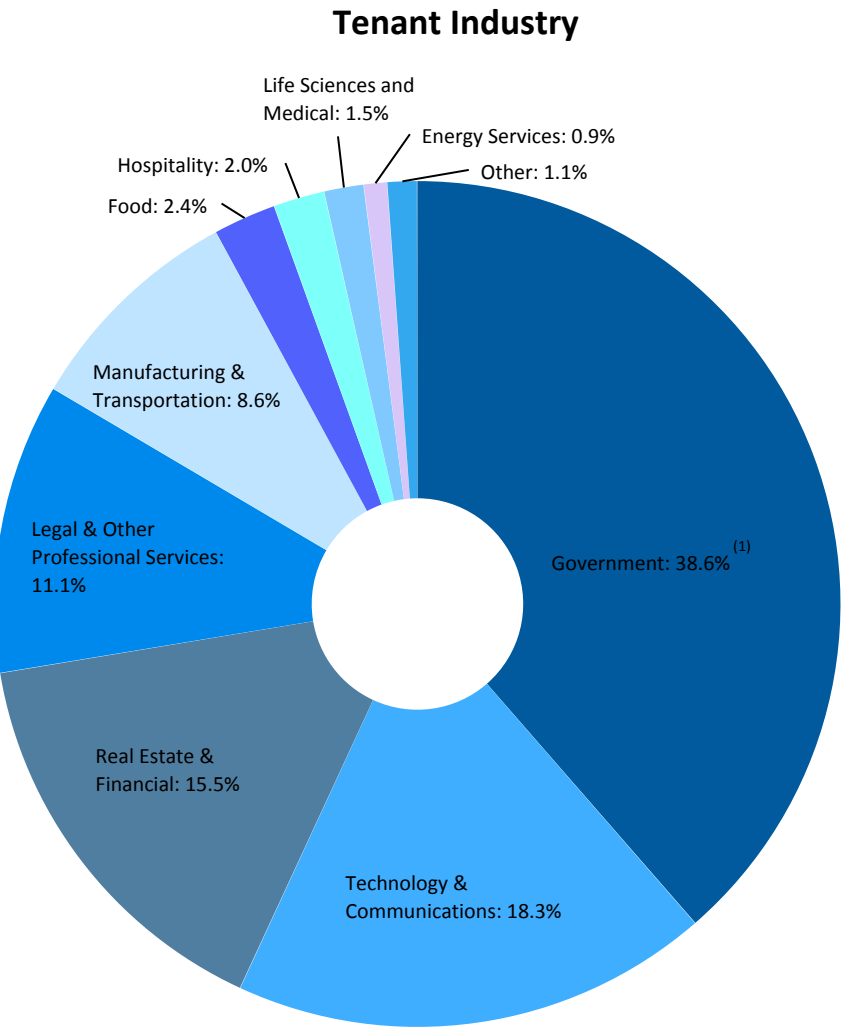
- (1) Includes one leasable land parcel.
- (2) Percent difference in prior rents charged for same space or, in the case of space acquired vacant, market rental rates for similar space in the building at the date of acquisition. Rents include estimated recurring expense reimbursements paid to us, exclude lease value amortization and are net of lease concessions.
- (3) Data as of June 30, 2021 includes commitments totaling approximately \$66,000 in connection with the lease we entered with Sonesta International Hotels Corporation, or Sonesta, in June 2021 related to the redevelopment of a property in Washington, D.C. These costs represent the estimated costs related to the planned hotel component of the building.

This leasing summary is based on leases entered during the periods indicated.

Tenant Diversity and Credit Characteristics

As of June 30, 2021

Percentage of Total Annualized Rental Income



(1) Includes the U.S. Government, state governments, municipalities and government contractors.

Tenants Representing 1% Or More of Total Annualized Rental Income

As of June 30, 2021

(dollars and sq. ft. in thousands)

	Tenant	Credit Rating	Sq. Ft.	% of Leased Sq. Ft.	Annualized Rental Income	% of Total Annualized Rental Income
1	U.S. Government	Investment Grade	5,068	23.5%	\$ 130,564	22.0%
2	Alphabet Inc (Google)	Investment Grade	386	1.8%	21,132	3.6%
3	State of California	Investment Grade	651	3.0%	19,372	3.3%
4	Shook, Hardy & Bacon L.L.P.	Not Rated	596	2.8%	19,187	3.2%
5	Bank of America Corporation	Investment Grade	577	2.7%	15,803	2.7%
6	IG Investments Holdings LLC	Non Investment Grade	333	1.5%	14,748	2.5%
7	F5 Networks, Inc.	Not Rated	299	1.4%	13,027	2.2%
8	Commonwealth of Massachusetts	Investment Grade	311	1.4%	12,260	2.1%
9	CareFirst Inc.	Not Rated	207	1.0%	11,870	2.0%
10	Northrop Grumman Corporation	Investment Grade	337	1.6%	11,447	1.9%
11	Tyson Foods, Inc.	Investment Grade	248	1.1%	11,198	1.9%
12	Sonesta International Hotels Corporation ⁽¹⁾	Not Rated	230	1.1%	10,745	1.8%
13	Micro Focus International plc	Non Investment Grade	406	1.9%	8,710	1.5%
14	CommScope Holding Company Inc	Non Investment Grade	228	1.1%	8,166	1.4%
15	State of Georgia	Investment Grade	308	1.4%	7,248	1.2%
16	PNC Bank	Investment Grade	441	2.0%	6,924	1.2%
17	ServiceNow, Inc .	Investment Grade	149	0.7%	6,623	1.1%
18	Compass Group plc	Investment Grade	267	1.2%	6,496	1.1%
19	Allstate Insurance Co.	Investment Grade	468	2.2%	6,475	1.1%
20	Automatic Data Processing, Inc.	Investment Grade	289	1.3%	6,037	1.0%
21	Church & Dwight Co., Inc.	Investment Grade	250	1.2%	6,031	1.0%
			<u>12,049</u>	<u>55.9%</u>	<u>\$ 354,063</u>	<u>59.8%</u>



(1) In June 2021, we entered into a 30-year lease with Sonesta. The lease relates to the redevelopment of a property we own in Washington, D.C to a mixed use and Sonesta's lease relates to the planned hotel component of the property. The term of the lease commences upon our delivery of the completed hotel, which is estimated to occur in the first quarter of 2023.

Lease Expiration Schedule

As of June 30, 2021

(dollars and sq. ft. in thousands)

Year ⁽¹⁾	Number of Leases Expiring	Leased Square Feet Expiring	% of Total Leased Square Feet Expiring	Cumulative % of Total Leased Square Feet Expiring	Annualized Rental Income Expiring	% of Total Annualized Rental Income Expiring	Cumulative % of Total Annualized Rental Income Expiring
2021	39	1,231	5.7%	5.7%	\$ 27,972	4.7%	4.7%
2022	83	1,942	9.0%	14.7%	55,421	9.3%	14.0%
2023	65	2,415	11.2%	25.9%	77,849	13.1%	27.1%
2024	61	3,724	17.3%	43.2%	95,663	16.1%	43.2%
2025	53	2,157	10.0%	53.2%	46,546	7.8%	51.0%
2026	37	1,749	8.1%	61.3%	46,924	7.9%	58.9%
2027	36	1,967	9.1%	70.4%	51,418	8.7%	67.6%
2028	16	1,261	5.9%	76.3%	46,856	7.9%	75.5%
2029	18	966	4.5%	80.8%	26,456	4.5%	80.0%
2030 and thereafter	50	4,141	19.2%	100.0%	118,047	20.0%	100.0%
Total	458	21,553	100.0%		\$ 593,152	100.0%	
Weighted average remaining lease term (in years)		5.6			5.9		



(1) The year of lease expiration is pursuant to current contract terms.

Non-GAAP Financial Measures and Certain Definitions

Non-GAAP Financial Measures

We present certain “non-GAAP financial measures” within the meaning of the applicable rules of the Securities and Exchange Commission, or SEC, including NOI, Cash Basis NOI, Same Property NOI, Same Property Cash Basis NOI, EBITDA, EBITDAre, Adjusted EBITDAre, FFO, Normalized FFO and CAD. 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 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 NOI, Cash Basis NOI, Same Property NOI and Same Property Cash Basis NOI reflecting only those income and expense items that are generated and incurred at the property level may help both investors and management to understand the operations of our properties.

NOI and Cash Basis NOI

The calculations of net operating income, or NOI, and Cash Basis NOI exclude certain components of net income (loss) in order to provide results that are more closely related to our property level results of operations. We calculate NOI and Cash Basis NOI as shown on page [15](#) and Same Property NOI and Same Property Cash Basis NOI as shown on page [16](#). We define NOI as income from our rental of real estate less our property operating expenses. NOI excludes amortization of capitalized tenant improvement costs and leasing commissions that we record as depreciation and amortization expense. We define Cash Basis NOI as NOI excluding non-cash straight line rent adjustments, lease value amortization, lease termination fees, if any, and non-cash amortization included in other operating expenses. We calculate Same Property NOI and Same Property Cash Basis NOI in the same manner that we calculate the corresponding NOI and Cash Basis NOI amounts, except that we only include same properties in calculating Same Property NOI and Same Property Cash Basis NOI. We use NOI, Cash Basis NOI, Same Property NOI and Same Property Cash Basis NOI to evaluate individual and company-wide property level performance. Other real estate companies and REITs may calculate NOI, Cash Basis NOI, Same Property NOI and Same Property Cash Basis NOI differently than we do.

EBITDA, EBITDAre and Adjusted EBITDAre

We calculate earnings before interest, taxes, depreciation and amortization, or EBITDA, EBITDA for real estate, or EBITDAre, and Adjusted EBITDAre as shown on page [17](#). EBITDAre is calculated on the basis defined by The National Association of Real Estate Investment Trusts, or Nareit, which is EBITDA, excluding gains and losses on the sale of real estate, loss on impairment of real estate assets and adjustments to reflect our share of EBITDAre of our unconsolidated joint ventures. In calculating Adjusted EBITDAre, we adjust for the items shown on page [17](#) and include business management incentive fees, if any, only in the fourth quarter versus the quarter when they are recognized as 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. Other real estate companies and REITs may calculate EBITDA, EBITDAre and Adjusted EBITDAre differently than we do.

FFO and Normalized FFO

We calculate funds from operations, or FFO, and Normalized FFO as shown on page [18](#). FFO is calculated on the basis defined by Nareit, 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 and any gain or loss on sale of real estate, as well as certain other adjustments currently not applicable to us. In calculating Normalized FFO, we adjust for the other items shown on page [18](#) 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.

Cash Available for Distribution

We calculate cash available for distribution, or CAD, as shown on page [18](#). We define CAD as Normalized FFO minus recurring real estate related capital expenditures and adjusted for other non-cash and non-recurring items plus certain amounts excluded from Normalized FFO but settled in cash. CAD is among the factors considered by our Board of Trustees when determining the amount of distributions to our shareholders. Other real estate companies and REITs may calculate CAD differently than we do.

Non-GAAP Financial Measures and Certain Definitions (Continued)



OFFICE PROPERTIES
INCOME TRUST

Adjusted total assets and total unencumbered assets include the original cost of real estate assets calculated in accordance with GAAP before impairment writedowns, if any, and exclude depreciation and amortization, accounts receivable and intangible assets.

Annualized dividend yield is the annualized dividend per share paid during the period divided by the closing price of our common shares at the end of the period.

Annualized rental income is calculated using the annualized contractual base rents from our tenants pursuant to our lease agreements as of June 30, 2021, plus straight line rent adjustments and estimated recurring expense reimbursements to be paid to us, and excluding lease value amortization.

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

Cap rate represents the ratio of (x) annual straight line rental income, excluding the impact of above and below market lease amortization, based on existing leases at the acquisition date, less estimated annual property operating expenses as of the date of the acquisition, excluding depreciation and amortization expense, to (y) the acquisition purchase price, including the principal amount of assumed debt, if any, and excluding purchase price adjustments and acquisition related costs.

Consolidated income available for debt service is earnings from operations excluding interest expense, depreciation and amortization, loss on asset impairment, gains and losses on early extinguishment of debt, gains and losses on sales of properties and equity in earnings of unconsolidated joint ventures and including distributions from our unconsolidated joint ventures, if any, determined together with debt service for the period presented.

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

GAAP is U.S. generally accepted accounting principles.

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

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

Investment grade tenants 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. Tenants contributing 54.1% 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 9.2% of annualized rental income were subsidiaries of an investment grade rated parent (although these parent entities are not liable for the payment of rents).

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

Leased square feet is pursuant to leases existing as of June 30, 2021, 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 footage measurements are subject to changes when space is remeasured or reconfigured for new tenants.

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

Net debt is total debt less cash.

Percent leased includes (i) space being fitted out for 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.

Purchase price represents the gross purchase price, including assumed debt, if any, and excludes acquisition related costs and purchase price adjustments and allocations.

Rentable square feet represents total square feet available for lease as of June 30, 2021. Square footage measurements are subject to changes when space is remeasured or reconfigured for new tenants.

Rolling four quarter CAD represents CAD for the preceding twelve month period as of the respective quarter end date.

Same properties for the three months ended June 30, 2021 is based on properties we owned continuously since April 1, 2020; 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.

Same properties for the six months ended June 30, 2021 is based on properties we owned continuously since January 1, 2020; 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.

Same property cash basis NOI margin is Same Property Cash Basis NOI as a percentage of cash basis rental income. Cash basis rental income excludes non-cash straightline rent adjustments, the net effect of non-cash amortization of intangible lease assets and liabilities and lease termination fees, if any.

Same property NOI margin is Same Property NOI as a percentage of rental income.

Total debt represents the outstanding principal balance as of the date reported.

Total gross assets is total assets plus accumulated depreciation.

Weighted average remaining lease term is the average remaining lease term in years weighted based on rental income.

Warning Concerning Forward-Looking Statements

This supplemental operating and financial data may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. Whenever we use words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “estimate”, “will”, “may” and negatives or derivatives of these or similar expressions, we are making forward-looking statements. These forward-looking statements are based upon our present intent, beliefs or expectations, but forward-looking statements are not guaranteed to occur and may not occur. Actual results may differ materially from those contained in or implied by our forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control.

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



Provo, UT