

**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, 2024

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 **26-4273474**
(State or Other Jurisdiction of Incorporation or Organization) (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
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 30, 2024: 50,247,775

OFFICE PROPERTIES INCOME TRUST

FORM 10-Q

June 30, 2024

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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, 2024	December 31, 2023
ASSETS		
Real estate properties:		
Land	\$ 750,591	\$ 786,310
Buildings and improvements	3,031,469	3,279,369
Total real estate properties, gross	3,782,060	4,065,679
Accumulated depreciation	(610,698)	(650,179)
Total real estate properties, net	3,171,362	3,415,500
Assets of properties held for sale	117,815	37,310
Investments in unconsolidated joint ventures	17,718	18,128
Acquired real estate leases, net	225,312	263,498
Cash and cash equivalents	13,498	12,315
Restricted cash	20,889	14,399
Rents receivable	140,505	133,264
Deferred leasing costs, net	83,481	86,971
Other assets, net	9,276	8,284
Total assets	\$ 3,799,856	\$ 3,989,669
LIABILITIES AND SHAREHOLDERS' EQUITY		
Unsecured debt, net	\$ 987,272	\$ 2,400,478
Secured debt, net	1,320,571	172,131
Liabilities of properties held for sale	3,318	2,525
Accounts payable and other liabilities	142,443	140,166
Due to related persons	5,991	7,025
Assumed real estate lease obligations, net	10,562	11,665
Total liabilities	2,470,157	2,733,990
Commitments and contingencies		
Shareholders' equity:		
Common shares of beneficial interest, \$.01 par value: 200,000,000 shares authorized, 50,258,636 and 48,755,415 shares issued and outstanding, respectively	503	488
Additional paid in capital	2,625,486	2,621,493
Cumulative net income	171,161	100,174
Cumulative common distributions	(1,467,451)	(1,466,476)
Total shareholders' equity	1,329,699	1,255,679
Total liabilities and shareholders' equity	\$ 3,799,856	\$ 3,989,669

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,	
	2024	2023	2024	2023
Rental income	\$ 123,686	\$ 133,997	\$ 263,121	\$ 266,419
Expenses:				
Real estate taxes	14,727	15,901	30,436	31,234
Utility expenses	5,762	5,742	13,913	13,002
Other operating expenses	27,151	26,634	54,478	52,691
Depreciation and amortization	50,391	51,601	100,732	103,293
Loss on impairment of real estate	131,732	—	131,732	—
Transaction related costs	—	11,181	233	14,399
General and administrative	5,290	5,785	10,934	11,710
Total expenses	235,053	116,844	342,458	226,329
(Loss) gain on sale of real estate	(64)	(2,305)	(2,448)	243
Interest and other income	226	337	1,583	501
Interest expense (including net amortization of debt premiums, discounts and issuance costs of \$3,634, \$2,327, \$7,078 and \$4,532 respectively)	(38,349)	(26,525)	(73,825)	(51,756)
Gain on early extinguishment of debt	225,798	—	225,373	—
Income (loss) before income tax benefit (expense) and equity in net losses of investees	76,244	(11,340)	71,346	(10,922)
Income tax benefit (expense)	107	(211)	51	(241)
Equity in net losses of investees	(180)	(691)	(410)	(1,525)
Net income (loss)	\$ 76,171	\$ (12,242)	\$ 70,987	\$ (12,688)
Weighted average common shares outstanding (basic and diluted)	48,648	48,354	48,557	48,345
Per common share amounts (basic and diluted):				
Net income (loss)	\$ 1.56	\$ (0.25)	\$ 1.45	\$ (0.27)

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 Common Distributions	Total Shareholders' Equity
Balance at December 31, 2023	48,755,415	\$ 488	\$ 2,621,493	\$ 100,174	\$ (1,466,476)	\$ 1,255,679
Common share grants	—	—	362	—	—	362
Common share repurchases	(869)	—	(6)	—	—	(6)
Net loss	—	—	—	(5,184)	—	(5,184)
Distributions to common shareholders	—	—	—	—	(487)	(487)
Balance at March 31, 2024	48,754,546	488	2,621,849	94,990	(1,466,963)	1,250,364
Issuance of common shares	1,406,952	14	3,166	—	—	3,180
Common share grants	104,643	1	486	—	—	487
Common share repurchases	(7,505)	—	(15)	—	—	(15)
Net income	—	—	—	76,171	—	76,171
Distributions to common shareholders	—	—	—	—	(488)	(488)
Balance at June 30, 2024	<u>50,258,636</u>	<u>\$ 503</u>	<u>\$ 2,625,486</u>	<u>\$ 171,161</u>	<u>\$ (1,467,451)</u>	<u>\$ 1,329,699</u>
Balance at December 31, 2022	48,565,644	\$ 486	\$ 2,619,532	\$ 169,606	\$ (1,403,289)	\$ 1,386,335
Common share grants	—	—	477	—	—	477
Common share forfeitures and repurchases	(1,935)	—	(15)	—	—	(15)
Net loss	—	—	—	(446)	—	(446)
Distributions to common shareholders	—	—	—	—	(26,710)	(26,710)
Balance at March 31, 2023	48,563,709	486	2,619,994	169,160	(1,429,999)	1,359,641
Common share grants	31,500	—	744	—	—	744
Common share forfeitures and repurchases	(7,559)	—	(47)	—	—	(47)
Net loss	—	—	—	(12,242)	—	(12,242)
Distributions to common shareholders	—	—	—	—	(12,141)	(12,141)
Balance at June 30, 2023	<u>48,587,650</u>	<u>\$ 486</u>	<u>\$ 2,620,691</u>	<u>\$ 156,918</u>	<u>\$ (1,442,140)</u>	<u>\$ 1,335,955</u>

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,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 70,987	\$ (12,688)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	60,690	50,459
Net amortization of debt premiums, discounts and issuance costs	7,078	4,532
Amortization of acquired real estate leases and assumed real estate lease obligations, net	34,447	48,581
Amortization of deferred leasing costs	6,486	4,739
Loss (gain) on sale of real estate	2,448	(243)
Loss on impairment of real estate	131,732	—
Gain on early extinguishment of debt	(231,957)	—
Straight line rental income	(14,942)	(8,429)
Other non-cash expenses, net	306	673
Equity in net losses of investees	410	1,525
Changes in assets and liabilities:		
Rents receivable	3,653	3,440
Deferred leasing costs	(5,577)	(13,106)
Other assets	4,295	3,234
Accounts payable and other liabilities	(10,523)	5,748
Due to related persons	(1,034)	(237)
Net cash provided by operating activities	58,499	88,228
CASH FLOWS FROM INVESTING ACTIVITIES:		
Real estate improvements	(57,004)	(138,724)
Contributions to unconsolidated joint ventures	—	(3,763)
Proceeds from sale of properties, net	35,722	12,527
Net cash used in investing activities	(21,282)	(129,960)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of mortgage notes payable	—	(50,000)
Proceeds from issuance of mortgage notes payable	—	108,120
Repayment of senior unsecured notes	(350,242)	—
Proceeds from issuance of senior secured notes	280,500	—
Borrowings on revolving credit facility	250,000	205,000
Repayments on revolving credit facility	(277,000)	(160,000)
Borrowings on secured term loan	100,000	—
Payment of debt issuance costs	(31,806)	(8,907)
Repurchase of common shares	(21)	(57)
Distributions to common shareholders	(975)	(38,851)
Net cash (used in) provided by financing activities	(29,544)	55,305
Increase in cash, cash equivalents and restricted cash	7,673	13,573
Cash, cash equivalents and restricted cash at beginning of period	26,714	12,249
Cash, cash equivalents and restricted cash at end of period	\$ 34,387	\$ 25,822

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,	
	2024	2023
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$ 65,353	\$ 51,134
Income taxes paid	\$ 319	\$ 339
NON-CASH INVESTING ACTIVITIES:		
Real estate improvements accrued, not paid	\$ 32,438	\$ 30,852
Capitalized interest	\$ 969	\$ 4,732
NON-CASH FINANCING ACTIVITIES:		
Extinguishment of unsecured senior notes in exchange for senior secured notes and common shares	\$ (294,610)	\$ —

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,	
	2024	2023
Cash and cash equivalents	\$ 13,498	\$ 25,212
Restricted cash ⁽¹⁾	20,889	610
Total cash, cash equivalents and restricted cash shown in the condensed consolidated statements of cash flows	\$ 34,387	\$ 25,822

- (1) Restricted cash consists of cash held for operations and amounts escrowed for future real estate taxes, insurance, leasing costs, capital expenditures and debt service, as required by certain of our debt agreements.

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, 2023, or our 2023 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

On November 27, 2023, the Financial Accounting Standards Board issued Accounting Standards Update No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, or ASU No. 2023-07, which requires public entities to: (i) provide disclosures of significant segment expenses and other segment items if they are regularly provided to the Chief Operating Decision Maker, or the CODM, and included in each reported measure of segment profit or loss; (ii) provide all annual disclosures about a reportable segment's profit or loss and assets currently required by Accounting Standards Codification 280, Segment Reporting, or ASC 280, in interim periods; and (iii) disclose the CODM's title and position, as well as an explanation of how the CODM uses the reported measures and other disclosures. Public entities with a single reportable segment must apply all the disclosure requirements of ASU No. 2023-07, as well as all the existing segment disclosures under ASC 280. The amendments in ASU No. 2023-07 are incremental to the requirements in ASC 280 and do not change how a public entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. ASU No. 2023-07 should be applied retrospectively to all prior periods presented in the financial statements and is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact ASU No. 2023-07 will have on our consolidated financial statements and disclosures.

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

Note 3. Per Common Share Amounts

We calculate basic earnings per common share using the two class method. We calculate diluted earnings per common 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 common share. The calculation of basic and diluted earnings per common share is as follows (amounts in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Numerators:				
Net income (loss)	\$ 76,171	\$ (12,242)	\$ 70,987	\$ (12,688)
Income attributable to unvested participating securities	(431)	(56)	(411)	(182)
Net income (loss) used in calculating earnings per common share	<u>\$ 75,740</u>	<u>\$ (12,298)</u>	<u>\$ 70,576</u>	<u>\$ (12,870)</u>
Denominators:				
Weighted average common shares outstanding - basic and diluted	<u>48,648</u>	<u>48,354</u>	<u>48,557</u>	<u>48,345</u>
Net income (loss) per common share - basic and diluted	<u>\$ 1.56</u>	<u>\$ (0.25)</u>	<u>\$ 1.45</u>	<u>\$ (0.27)</u>

Note 4. Real Estate Properties

As of June 30, 2024, our wholly owned properties were comprised of 151 properties containing approximately 20,293,000 rentable square feet, with an undepreciated carrying value of \$3,989,206, including \$207,146 classified as held for sale. We also had a noncontrolling ownership interest of 51% in an unconsolidated joint venture that owned two properties containing approximately 346,000 rentable square feet. 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 2024 and 2053. 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, 2024, we entered into 12 leases for approximately 208,000 rentable square feet for a weighted (by rentable square feet) average lease term of 4.0 years, and we made commitments of \$3,982 for leasing related costs. During the six months ended June 30, 2024, we entered into 25 leases for approximately 696,000 rentable square feet for a weighted (by rentable square feet) average lease term of 7.7 years and we made commitments for approximately \$14,959 of leasing related costs. As of June 30, 2024, we had estimated unspent leasing related obligations of \$80,649.

We regularly evaluate whether events or changes in circumstances have occurred that could indicate an impairment in the value of long lived assets. Impairment indicators may include declining tenant occupancy, lack of progress re-leasing vacant space, tenant bankruptcies, low long term prospects for improvement in property performance, weak or declining tenant profitability, cash flow or liquidity, our decision to dispose of an asset before the end of its estimated useful life and legislative, market or industry changes that could permanently reduce the value of a property. 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 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 consideration of impairment upon the events or changes in circumstances described above, we regularly evaluate the remaining useful lives of our long lived assets. If we change our estimate of the remaining useful lives, we allocate the carrying value of the affected assets over their revised remaining useful lives.

Disposition Activities

During the six months ended June 30, 2024, we sold one property containing approximately 248,000 rentable square feet for a sales price of \$38,500, excluding closing costs, and recognized a \$2,448 loss on sale of real estate. The sale of this property does not represent a strategic shift in our business. As a result, the results of operations of this property are included in continuing operations through the date of sale in our condensed consolidated statements of comprehensive income (loss).

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

As of June 30, 2024, we had 12 properties classified as held for sale in our condensed consolidated balance sheet that are under agreement to sell for an aggregate sales price of \$93,539 as summarized below:

Date of Sale Agreement	Number of Properties	Location	Rentable Square Feet	Gross Sales Price ⁽¹⁾	Loss on Impairment of Real Estate
April 2024	1	Malden, MA	126,000	\$ 7,800	\$ 13,973
May 2024	1	Colorado Springs, CO	156,000	27,229	—
May 2024	1	Atlanta, GA	126,000	17,610	—
June 2024	3	Indianapolis, IN	434,000	10,100	50,852
July 2024	5	Atlanta, GA	378,000	19,000	21,126
July 2024	1	Westford, MA	175,000	11,800	3,554
	12		1,395,000	\$ 93,539	\$ 89,505

(1) Gross sales price is the contract price, excluding closing costs.

We also had three additional properties held for sale in our condensed consolidated balance sheet as of June 30, 2024 and we recorded a \$42,227 loss on impairment to adjust the carrying values of these properties to their estimated fair values, less costs to sell, during the six months ended June 30, 2024. The pending sales in the preceding table are subject to conditions; accordingly, we cannot be sure that we will complete these sales or that these sales will not be delayed or the terms will not change. See Note 8 for more information regarding our properties held for sale.

Unconsolidated Joint Ventures

As of June 30, 2024, we owned an interest in one joint venture that owned two properties. We accounted for this investment under the equity method of accounting. In March 2024, our 1750 H Street, NW joint venture did not have sufficient cash flow to pay its monthly debt service, resulting in an event of default. In June 2024, the non-recourse mortgage lender to this joint venture completed a foreclosure of the property and the joint venture no longer has an economic interest in the property. We wrote off our full investment in this joint venture as of December 31, 2023 and did not make capital contributions to this joint venture during the six months ended June 30, 2024. Accordingly, we did not record our proportionate share of operating results of the joint venture for the six months ended June 30, 2024. As of June 30, 2024 and December 31, 2023, our investments in our 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, 2024	December 31, 2023			
Prosperity Metro Plaza	51%	\$ 17,718	\$ 18,128	2	Fairfax, VA	346,000
1750 H Street, NW	50%	—	—	1	Washington, D.C.	125,000
Total		\$ 17,718	\$ 18,128	3		471,000

The following table provides a summary of the mortgage debt of our unconsolidated joint ventures as of June 30, 2024 and December 31, 2023:

Joint Venture	Interest Rate ⁽¹⁾	Maturity Date	Principal Balance at June 30, 2024 ⁽²⁾	Principal Balance at December 31, 2023 ⁽²⁾
Prosperity Metro Plaza	4.09%	12/1/2029	\$ 50,000	\$ 50,000
1750 H Street, NW	3.69%	8/1/2027	—	32,000
Weighted Average / Total	3.93%		\$ 50,000	\$ 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 did not own. None of the debt is recourse to us.

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

As of June 30, 2024, the unamortized basis difference of our Prosperity Metro Plaza joint venture of \$687 was primarily attributable to the difference between the amount we paid to purchase our interest in this joint venture, including transaction costs, and the historical carrying value of the net assets of this joint venture. This difference is being amortized over the remaining useful life of the related property 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

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. Allowances for bad debts are recognized as a direct reduction of rental income. 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 a remote contingency 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 \$7,563 and \$4,256 for the three months ended June 30, 2024 and 2023, respectively, and \$14,942 and \$8,429 for the six months ended June 30, 2024 and 2023, respectively. Rents receivable, excluding properties classified as held for sale, included \$126,665 and \$112,440 of straight line rent receivables at June 30, 2024 and December 31, 2023, 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 \$20,271 and \$42,829 for the three and six months ended June 30, 2024, respectively, of which tenant reimbursements totaled \$19,067 and \$40,396, respectively. For the three and six months ended June 30, 2023, such payments totaled \$22,190 and \$43,560, respectively, of which tenant reimbursements totaled \$20,853 and \$40,919, respectively.

Note 6. Concentration

Tenant and Credit Concentration

As of June 30, 2024 and 2023, the U.S. government and certain state and other government tenants combined were responsible for approximately 27.0% and 28.5%, respectively, of our annualized rental income. The U.S. government is our largest tenant by annualized rental income and represented approximately 19.3% and 19.6% of our annualized rental income as of June 30, 2024 and 2023, respectively. 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.

Geographic Concentration

As of June 30, 2024, our 151 wholly owned properties were located in 30 states and the District of Columbia. Properties located in Virginia, California, District of Columbia, Georgia and Illinois were responsible for approximately 12.5%, 10.7%, 10.1%, 9.4% and 9.1% of our annualized rental income as of June 30, 2024, respectively.

Note 7. Indebtedness

Our principal debt obligations as of June 30, 2024 were: (1) \$178,000 of outstanding borrowings under our \$325,000 secured revolving credit facility; (2) \$100,000 outstanding principal amount under our secured term loan; (3) \$1,864,210 aggregate outstanding principal amount of senior notes and (4) \$177,320 aggregate outstanding principal amount of mortgage notes.

In January 2024, we entered into an amended and restated credit agreement, or our credit agreement, governing a new \$325,000 secured revolving credit facility and a \$100,000 secured term loan. Our credit agreement replaced our prior revolving credit facility, which had a maturity date of January 31, 2024. As collateral for all loans and other obligations under our credit

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agreement, certain of our subsidiaries pledged all of their respective equity interests in certain of our direct and indirect property owning subsidiaries, and our pledged subsidiaries provided first mortgage liens on 19 properties that had a gross book value of real estate assets of \$1,001,437 as of June 30, 2024. We can borrow, repay and reborrow funds available under our revolving credit facility until maturity, and no principal repayments on borrowings under our credit agreement are due until maturity. The maturity date of our credit agreement is January 29, 2027 and, subject to the payment of an extension fee and meeting certain other requirements, we can extend the stated maturity date of our revolving credit facility by one year. Our credit agreement contains a number of covenants, including covenants that require us to maintain certain financial ratios, restrict our ability to incur additional debt in excess of calculated amounts and, subject to limited exceptions, restrict our ability to increase our distribution rate above the current level of \$0.01 per common share per quarter and enter into share repurchases. Availability of borrowings under our credit agreement is subject to ongoing minimum performance and market values of the 19 collateral properties, our satisfying certain financial covenants and other credit facility conditions.

Interest payable on borrowings under our credit agreement is at a rate of the secured overnight financing rate, or SOFR, plus a margin of 350 basis points. We are also required to pay an unused facility fee on the amount of total lending commitments, which was 25 basis points per annum at June 30, 2024. As of June 30, 2024 and July 30, 2024, we had \$178,000 and \$190,000, respectively, outstanding under our revolving credit facility, \$100,000 outstanding under our term loan and \$147,000 and \$135,000, respectively, available for borrowing under our revolving credit facility. As of June 30, 2024, the annual interest rate payable on borrowings under our credit agreement was 8.9%. The weighted average annual interest rate for borrowings under our credit agreement for the three and six months ended June 30, 2024 was 8.9% and 8.7%.

We were required to pay interest at a rate of SOFR plus a premium, which was 145 basis points per annum as of June 30, 2023, on the amount outstanding under our prior revolving credit facility, as well as a facility fee on the total amount of lending commitments, which was 30 basis points per annum. The weighted average annual interest rate for borrowings under our prior revolving credit facility for the three and six months ended June 30, 2023 was 6.5% and 6.2%, respectively.

Our revolving credit facility is governed by a credit agreement with a syndicate of institutional lenders. Our credit agreement and senior 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, ceasing to act as our business and property manager. Our credit agreement and senior 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 increase our distribution rate above the current level of \$0.01 per common share per quarter. We believe we were in compliance with the terms and conditions of the respective covenants under our credit agreement and senior notes indentures and their supplements at June 30, 2024.

Senior Secured Notes Issuance

In February 2024, we issued \$300,000 of 9.000% senior secured notes due 2029, or the 2029 Notes. The aggregate net proceeds from the offering of the 2029 Notes were \$270,712, after initial purchaser discounts and other offering expenses. The 2029 Notes are fully and unconditionally guaranteed on a joint, several and senior secured basis by certain of our subsidiaries and secured by a pledge of all of the respective equity interests of the subsidiary guarantors and first mortgage liens on 17 properties with a gross book value of real estate assets of \$618,644 as of June 30, 2024. The 2029 Notes require semi-annual payments of interest only and are prepayable, at par plus accrued interest, after March 31, 2028.

Senior Unsecured Notes Redemption

In March 2024, we redeemed, at par plus accrued interest, all \$350,000 of our 4.25% senior unsecured notes due 2024. As a result of this redemption, we recorded a loss on early extinguishment of debt of \$425 during the six months ended June 30, 2024, which represented the unamortized discounts related to these notes.

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Senior Notes Exchange

In June 2024, we exchanged \$567,429 of new 9.000% senior secured notes, or the New 2029 Notes, for an aggregate \$865,219 of our outstanding unsecured senior notes, or the Existing Notes, and such transaction, the Senior Note Exchange, as follows:

Existing Notes Exchanged	Aggregate Principal Amount of Existing Notes Accepted for Exchange		Aggregate Principal Amount of New Notes Delivered	
Existing 4.50% 2025 Notes	\$	150,846	\$	141,411
Existing 2.650% 2026 Notes		159,512		114,803
Existing 2.400% 2027 Notes		269,216		164,162
Existing 3.450% 2031 Notes		285,645		147,053
Total	\$	865,219	\$	567,429

The New 2029 Notes are fully and unconditionally guaranteed on a joint, several and senior secured basis by certain of our subsidiaries and are secured by first mortgage liens on 19 properties with a gross book value of real estate assets of \$715,986 as of June 30, 2024 and second mortgage liens on the 19 properties securing our credit agreement. The New 2029 Notes require semi-annual payments of interest only and are prepayable, at par plus accrued interest, after June 3, 2028. During the six months ended June 30, 2024, we recorded a gain on early extinguishment of debt of \$225,798 as a result of the Senior Note Exchange. The extinguishment of debt is considered cancellation of debt income, or CODI, for income tax purposes and part of our REIT taxable income. We currently do not expect that any special distribution will be required to maintain our qualification for taxation as a REIT as a result of generating CODI in 2024. However, we will be taxed at regular corporate income tax rates on any undistributed REIT taxable income.

As of June 30, 2024, seven of our properties with an aggregate gross book value of real estate assets of \$303,643 were encumbered by mortgage notes with an aggregate principal amount of \$177,320. Our mortgage notes are non-recourse, subject to certain limited exceptions and do not contain any material financial covenants.

We currently do not have sufficient sources of liquidity to repay our \$499,154 senior unsecured notes due 2025 and are evaluating market-based alternatives to obtain debt or equity financing. Based on the significant number of unencumbered properties in our portfolio, our successful history of obtaining debt financings and our current financing metrics, we believe it is probable that we can obtain new debt financing that will allow us to satisfy the 2025 senior unsecured notes as they become due. Additionally, as we have evaluated our financing options, we have determined that certain assets in our portfolio may not be suitable for secured financing. We are considering whether to sell those assets to raise cash and are at various stages of the sales process for those properties. We also continue to engage with Moelis & Company LLC as our financial advisor to assist in evaluating our options to address our upcoming debt maturities.

Note 8. Fair Value of Assets and Liabilities

The following table presents certain of our assets measured at fair value at June 30, 2024, categorized by level of inputs as defined in the fair value hierarchy under GAAP, used in the valuation of each asset:

Description	Total	Fair Value at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Non-recurring Fair Value Measurements Assets				
Assets of properties held for sale ⁽¹⁾	\$ 99,650	\$ —	\$ 99,650	\$ —

- (1) We recorded an impairment charge of \$131,732 to reduce the carrying values of 13 properties that are classified as held for sale in our condensed consolidated balance sheet to their estimated fair values less estimated costs to sell of \$3,425, based on negotiated sales prices with third party buyers (Level 2 inputs as defined in the fair value hierarchy under GAAP). See Note 4 for more information.

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Our financial instruments include our cash and cash equivalents, restricted cash, rents receivable, accounts payable, a revolving credit facility, a term loan, senior notes, mortgage notes payable, amounts due to related persons, other accrued expenses and security deposits. At June 30, 2024 and December 31, 2023, 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, 2024		As of December 31, 2023	
	Carrying Value ⁽¹⁾	Fair Value	Carrying Value ⁽¹⁾	Fair Value
Senior unsecured notes, 4.25% interest rate, due in 2024 ⁽²⁾	\$ —	\$ —	\$ 349,144	\$ 331,510
Senior unsecured notes, 4.50% interest rate, due in 2025	497,144	401,395	646,266	510,445
Senior unsecured notes, 2.650% interest rate, due in 2026	139,265	80,018	298,464	185,934
Senior unsecured notes, 2.400% interest rate, due in 2027	80,414	35,902	348,086	196,147
Senior secured notes, 9.000% interest rate, due in 2029 ⁽³⁾	272,914	273,804	—	—
Senior secured notes, 9.000% interest rate, due in 2029 ⁽⁴⁾	599,284	445,432	—	—
Senior unsecured notes, 3.450% interest rate, due in 2031	113,449	37,566	396,614	199,060
Senior unsecured notes, 6.375% interest rate, due in 2050	157,000	64,800	156,904	83,916
Mortgage notes payable	172,444	177,404	172,131	179,813
Total	\$ 2,031,914	\$ 1,516,321	\$ 2,367,609	\$ 1,686,825

(1) Includes net unamortized debt premiums, discounts and issuance costs totaling \$9,616 and \$21,711 as of June 30, 2024 and December 31, 2023, respectively.

(2) These senior notes were redeemed in March 2024.

(3) These senior notes were issued in February 2024.

(4) These senior notes were issued in June 2024.

We estimated the fair values of our senior notes (except for our senior unsecured notes due 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 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 values may differ materially from the actual fair values.

Note 9. Shareholders' Equity

Share Issuances

In connection with the Senior Note Exchange, we entered into a support agreement with certain holders of our Existing Notes, or the Supporting Noteholders, pursuant to which, on June 21, 2024, in exchange for the Supporting Noteholders tendering their Existing Notes, we issued 1,406,952 of our common shares, valued at \$2.26 per share, the closing price of our common shares on Nasdaq on that day, to the Supporting Noteholders.

Share Awards

On June 13, 2024, in accordance with our Trustee compensation agreements, we awarded to each of our nine Trustees 11,627 of our common shares, valued at \$2.15 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, 2024, we purchased an aggregate 7,505 and 8,374 of our common shares, respectively, valued at a weighted average share price of \$2.02 and \$2.55, respectively, from one of our Trustees and certain former officers and employees of RMR in satisfaction of tax withholding and payment obligations in connection with the vesting of awards of our common shares. We withheld and purchased these common shares at their fair market value based upon the trading price of our common shares at the close of trading on Nasdaq on the purchase date.

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Distributions

During the six months ended June 30, 2024, 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 11, 2024	January 22, 2024	February 15, 2024	\$ 0.01	\$ 487
April 11, 2024	April 22, 2024	May 15, 2024	0.01	488
			<u>0.02</u>	<u>\$ 975</u>

On July 11, 2024, we declared a regular quarterly distribution payable to common shareholders of record on July 22, 2024 in the amount of \$0.01 per share, or approximately \$503. We expect to pay this distribution on or about August 15, 2024.

Note 10. Business and Property Management Agreements with RMR

We have no employees. The personnel and various services we require to operate our business are provided to us by RMR. We have two agreements with RMR to provide management services to us: (1) a business management agreement, which relates to our business generally; and (2) a property management agreement, which relates to our property level operations.

Pursuant to our business management agreement with RMR, we recognized net business management fees of \$3,309 and \$6,867 for the three and six months ended June 30, 2024, respectively, and \$3,592 and \$7,543 for the three and six months ended June 30, 2023, respectively. Based on our common share total return, as defined in our business management agreement, as of June 30, 2024, no estimated incentive fees are included in the net business management fees we recognized for the three and six months ended June 30, 2024. The actual amount of annual incentive fees for 2024, if any, will be based on our common share total return for the three year period ending December 31, 2024, and will be payable in January 2025. We did not incur an incentive fee payable to RMR for the year ended December 31, 2023. 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, we recognized aggregate net property management and construction supervision fees of \$4,413 and \$8,963 for the three and six months ended June 30, 2024, respectively, and \$6,163 and \$12,482 for the three and six months ended June 30, 2023, respectively. Of these amounts, for the three and six months ended June 30, 2024, \$3,339 and \$7,157, respectively, were expensed to other operating expenses in our condensed consolidated statements of comprehensive income (loss) and \$1,074 and \$1,806, respectively, were capitalized as building improvements in our condensed consolidated balance sheets. For the three and six months ended June 30, 2023, \$3,801 and \$7,534, respectively, were expensed to other operating expenses in our condensed consolidated statements of comprehensive income (loss) and \$2,362 and \$4,948, respectively, were capitalized as building improvements in our condensed consolidated balance sheet. The amounts capitalized are being depreciated over the estimated useful lives of the related capital assets.

We are generally responsible for all of our operating expenses, including certain expenses incurred or arranged by RMR on our behalf. We are generally not responsible for payment of RMR's employment, office or administrative expenses incurred to provide management services to us, except for the employment and related expenses of RMR's employees assigned to work exclusively or partly at our properties, our share of the wages, benefits and other related costs of RMR's centralized accounting personnel, our share of RMR's costs for providing our internal audit function 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. We reimbursed RMR \$6,382 and \$12,969 for these expenses and costs for the three and six months ended June 30, 2024, respectively, and \$6,617 and \$12,964 for the three and six months ended June 30, 2023, 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).

Management Agreement Between Our Joint Venture and RMR. RMR provides management services to our unconsolidated joint venture. We are not obligated to pay management fees to RMR under our management agreement with RMR for the services it provides regarding the joint venture. The joint venture pays management fees directly to RMR.

OFFICE PROPERTIES INCOME TRUST
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Note 11. Related Person Transactions

We have relationships and historical and continuing transactions with RMR, The RMR Group Inc., or RMR Inc., and others related to them, including other companies to which RMR or its subsidiaries provide management services and some of which have trustees, directors or officers who are also our Trustees or officers. RMR is a majority owned subsidiary of RMR Inc. The Chair of our Board of Trustees and one of our Managing Trustees, Adam D. Portnoy, is the sole trustee, an officer and the controlling shareholder of ABP Trust, which is the controlling shareholder of RMR Inc., the chair of the board of directors, a managing director, the president and chief executive officer of RMR Inc. and an officer and employee of RMR. Jennifer Clark, our other Managing Trustee, is a managing director and the executive vice president, general counsel and secretary of RMR Inc., an officer and employee of RMR and an officer of ABP Trust. Each of our officers is also an officer and employee of RMR. Some of our Independent Trustees also serve as independent trustees of other public companies to which RMR or its subsidiaries provide management services. Mr. Portnoy serves as chair of the boards and as a managing trustee of these public companies. Other officers of RMR, including Ms. Clark, serve as managing trustees or officers of certain of these companies.

Our Manager, RMR. We have two agreements with RMR to provide management services to us. RMR also provides management services to our unconsolidated joint venture. See Note 10 for more information regarding our and our unconsolidated joint venture's management agreement with RMR.

Leases with RMR. We lease office space to RMR in certain of our properties for RMR's property management offices. Pursuant to our lease agreements with RMR, we recognized rental income from RMR for leased office space of \$205 and \$399 for the three and six months ended June 30, 2024, respectively, and \$244 and \$467 for the three and six months ended June 30, 2023, respectively.

Sonesta. We lease 230,000 rentable square feet of a mixed-use property in Washington, D.C. to a subsidiary of Sonesta International Hotels Corporation, or Sonesta. Our lease with Sonesta commenced in August 2023 and expires in 2053 and Sonesta has two options to extend the term for 10 years each. Pursuant to the lease agreement, Sonesta will pay us annual base rent of approximately \$6,436 beginning February 2025. The annual base rent will increase by 10% every five years throughout the term. Sonesta is also obligated to pay its pro rata share of the operating costs for the property. We recognized rental income of \$3,095 and \$5,870 during the three and six months ended June 30, 2024, respectively, under our lease with Sonesta. Mr. Portnoy is a director and controlling shareholder of Sonesta and Ms. Clark is a director of Sonesta. Another officer and employee of RMR is a director and president and chief executive officer of Sonesta.

For more information about these and other such relationships and certain other related person transactions, refer to our 2023 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 2023 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, 2024, our wholly owned properties were comprised of 151 properties and we had a noncontrolling ownership interest of 51% in one unconsolidated joint venture that owned two properties containing approximately 346,000 rentable square feet. As of June 30, 2024, our properties are located in 30 states and the District of Columbia and contain approximately 20,293,000 rentable square feet. As of June 30, 2024, our properties were leased to 260 different tenants with a weighted average remaining lease term (based on annualized rental income) of approximately 6.6 years. The U.S. government is our largest tenant, representing approximately 19.3% of our annualized rental income as of June 30, 2024. 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, 2024, plus straight line rent adjustments and estimated recurring expense reimbursements to be paid to us, and excluding lease value amortization.

Leases representing approximately 9.3% and 9.7% of our annualized rental income are scheduled to expire during the remainder of 2024 and 2025, respectively, and we may be unable to renew leases or find replacement tenants. Certain changes in office space utilization, including increased remote work arrangements and tenants consolidating their real estate footprint, continue to impact the market. The utilization and demand for office space continues to face headwinds and the duration and ultimate impact of current trends on the demand for office space at our properties remains uncertain and subject to change. Accordingly, we do not yet know what the full extent of the impacts will be on our or our tenants’ businesses and operations nor the long-term outlook for leasing our properties. Higher interest rates, inflationary pressures, geopolitical hostilities and tensions, and concerns that the U.S. economy may enter an economic recession have caused disruptions in the financial markets and these factors could adversely affect our and our tenants’ financial condition and the ability or willingness of our tenants to renew our leases or pay rent to us. We also have a significant amount of debt maturing in the next 12 months. Deteriorating office fundamentals, high interest rates and market sentiment towards the office sector will likely restrict our access to, and increase our cost of, capital as we seek to refinance our debts.

For more information about the risks relating to these dynamics and conditions and their impacts on us and our business, see Part I, Item IA, “Risk Factors”, of our 2023 Annual Report.

Property Operations

Unless otherwise noted, the data presented in this section includes properties classified as held for sale as of June 30, 2024 and excludes two properties owned by an unconsolidated joint venture in which we owned a 51% interest. For more information regarding our properties classified as held for sale and our unconsolidated joint venture, see Note 4 to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Occupancy data for our properties as of June 30, 2024 and 2023 was as follows (square feet in thousands):

	All Properties ⁽¹⁾		Comparable Properties ⁽²⁾	
	June 30,		June 30,	
	2024	2023	2024	2023
Total properties	151	155	131	131
Total rentable square feet ⁽³⁾	20,293	20,784	17,326	17,313
Percent leased ⁽⁴⁾	83.5 %	90.6 %	89.9 %	95.3 %

(1) Based on properties we owned on June 30, 2024 and 2023, respectively.

(2) Based on properties we owned continuously since January 1, 2023; excludes 15 properties classified as held for sale, five properties affected by significant redevelopment activities and two properties owned by an unconsolidated joint venture in which we owned a 51% interest.

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

(4) 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, 2024 and 2023 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Average effective rental rate per square foot ⁽¹⁾ :				
All properties ⁽²⁾	\$ 29.14	\$ 29.39	\$ 30.62	\$ 29.12
Comparable properties ⁽³⁾	\$ 28.78	\$ 29.62	\$ 28.96	\$ 29.35

- (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, 2024 and 2023, respectively.
(3) Based on properties we owned continuously since April 1, 2023 and January 1, 2023; excludes 15 properties classified as held for sale, five properties affected by significant redevelopment activities and two properties owned by an unconsolidated joint venture in which we owned a 51% interest.

During the three and six months ended June 30, 2024, 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, 2024			Six Months Ended June 30, 2024		
	Leased	Available for Lease	Total	Leased	Available for Lease	Total
Beginning of period	17,375	2,918	20,293	17,848	2,693	20,541
Changes resulting from:						
Disposition of properties	—	—	—	(248)	—	(248)
Lease expirations	(640)	640	—	(1,353)	1,353	—
Lease renewals ⁽¹⁾	184	(184)	—	627	(627)	—
New leases ⁽¹⁾	24	(24)	—	69	(69)	—
End of period	16,943	3,350	20,293	16,943	3,350	20,293

- (1) Based on leases entered during the three and six months ended June 30, 2024, respectively.

During the three and six months ended June 30, 2024, we entered into new and renewal leases as summarized in the following table (square feet in thousands):

	Three Months Ended June 30, 2024		
	New Leases	Renewals	Total
Rentable square feet leased	24	184	208
Weighted average rental rate change (by rentable square feet)	(22.2 %)	0.2 %	(1.5 %)
Tenant leasing costs and concession commitments ⁽¹⁾	\$ 687	\$ 3,295	\$ 3,982
Tenant leasing costs and concession commitments per rentable square foot ⁽¹⁾	\$ 29.29	\$ 17.89	\$ 19.18
Weighted (by square feet) average lease term (years)	3.7	4.0	4.0
Total leasing costs and concession commitments per rentable square foot per year ⁽¹⁾	\$ 7.90	\$ 4.45	\$ 4.81

	Six Months Ended June 30, 2024		
	New Leases	Renewals	Total
Rentable square feet leased	68	627	695
Weighted average rental rate change (by rentable square feet)	(19.6 %)	8.4 %	4.3 %
Tenant leasing costs and concession commitments ⁽¹⁾	\$ 3,513	\$ 11,446	\$ 14,959
Tenant leasing costs and concession commitments per rentable square foot ⁽¹⁾	\$ 51.43	\$ 18.24	\$ 21.50
Weighted (by square feet) average lease term (years)	5.3	8.0	7.7
Total leasing costs and concession commitments per rentable square foot per year ⁽¹⁾	\$ 9.72	\$ 2.29	\$ 2.79

- (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, 2024, 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, 2024, 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, 2024			Six Months Ended June 30, 2024		
	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	\$ 22.88	\$ 16.78	17	\$ 28.87	\$ 44.39	257
Lease renewals	\$ 30.03	\$ 29.59	67	\$ 15.79	\$ 17.87	563
Total leasing activity	\$ 28.59	\$ 27.01	84	\$ 19.88	\$ 26.16	820

- (1) Effective rental rates include 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 exclude lease value amortization.

During the three and six months ended June 30, 2024 and 2023, amounts capitalized at our properties for lease related costs, building improvements and development, redevelopment and other activities were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Lease related costs ⁽¹⁾	\$ 25,965	\$ 28,252	\$ 42,733	\$ 41,293
Building improvements ⁽²⁾	4,085	5,355	8,559	9,937
Recurring capital expenditures	30,050	33,607	51,292	51,230
Development, redevelopment and other activities ⁽³⁾	3,862	40,435	10,773	89,906
Total capital expenditures	\$ 33,912	\$ 74,042	\$ 62,065	\$ 141,136

- (1) 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 other tenant inducements.
- (2) Building improvements generally include expenditures to replace obsolete building components and expenditures that extend the useful life of existing assets.
- (3) Development, redevelopment and other activities generally include capital expenditure projects that reposition a property or result in new sources of revenue. Includes capitalized interest and other operating costs of \$1,172 for the six months ended June 30, 2024 and \$3,721 and \$6,713 for the three and six months ended June 30, 2023, respectively. We did not capitalize any interest and other operating costs during the three months ended June 30, 2024.

As of June 30, 2024, we had estimated unspent leasing related obligations of \$80,649, of which we expect to spend \$40,947 over the next 12 months.

As of June 30, 2024, we had leases at our properties totaling approximately 3,763,000 rentable square feet that were scheduled to expire through December 31, 2025. As of July 30, 2024, we expect tenants with leases totaling approximately 2,968,000 rentable square feet that are scheduled to expire through December 31, 2025, excluding space that has been re-leased and space for which we are in advanced negotiations to re-lease, not to renew or to downsize their leased space upon expiration, and we cannot be sure as to whether other tenants will renew their leases upon expiration. Of the 2,968,000 rentable square feet leased to tenants known to be vacating, 2,130,000 rentable square feet relate to properties, excluding properties classified as held for sale, not encumbered by debt. We continue to proactively engage with our existing tenants and are focused on overall tenant retention. Prevailing market conditions and our 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, all of which factors are beyond our control. Whenever we 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 that 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 or lower rents upon lease renewal or reletting. Additionally, we may incur significant costs and make significant concessions to renew our leases with current tenants or lease our properties to new tenants.

As of June 30, 2024, our lease expirations by year were 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
2024	43	1,806	10.7 %	10.7 %	\$ 44,936	9.3 %	9.3 %
2025	42	1,957	11.6 %	22.3 %	46,655	9.7 %	19.0 %
2026 ⁽³⁾	40	1,454	8.6 %	30.9 %	40,215	8.3 %	27.3 %
2027	37	1,901	11.2 %	42.1 %	49,898	10.3 %	37.6 %
2028	18	659	3.9 %	46.0 %	31,137	6.4 %	44.0 %
2029	37	1,163	6.9 %	52.9 %	35,642	7.4 %	51.4 %
2030	29	1,037	6.1 %	59.0 %	28,081	5.8 %	57.2 %
2031	19	1,027	6.1 %	65.1 %	29,647	6.1 %	63.3 %
2032	14	377	2.2 %	67.3 %	13,907	2.9 %	66.2 %
2033 and thereafter	52	5,562	32.7 %	100.0 %	162,940	33.8 %	100.0 %
Total	331	16,943	100.0 %		\$ 483,058	100.0 %	
Weighted average remaining lease term (in years)		6.1			6.6		

- (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, 2024, tenants occupying approximately 2.2% of our rentable square feet and responsible for approximately 2.5% of our annualized rental income as of June 30, 2024 had exercisable rights to terminate their leases before the stated terms of their leases expire. Also, in 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2034, 2035, 2036, 2037 and 2040, early termination rights become exercisable by other tenants who occupied an additional approximately 0.5%, 3.6%, 1.4%, 1.5%, 3.9%, 2.6%, 1.7%, 0.6%, 0.4%, 0.2%, 0.9%, 0.1%, 0.1% and 0.3% of our rentable square feet, respectively, and contributed an additional approximately 0.8%, 6.6%, 2.1%, 2.1%, 4.8%, 2.3%, 2.3%, 0.7%, 0.6%, 0.7%, 1.3%, 0.3%, 0.2% and 0.4% of our annualized rental income, respectively, as of June 30, 2024. In addition, as of June 30, 2024, pursuant to leases with eight of our tenants, these tenants had rights to terminate their leases if their respective legislature or other funding authority does not appropriate rent amounts in their respective annual budgets. These eight tenants occupied approximately 3.8% of our rentable square feet and contributed approximately 3.9% of our annualized rental income as of June 30, 2024.
- (2) Leased square feet is pursuant to leases existing as of June 30, 2024, 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.
- (3) In July 2024, we extended the lease term through 2037 for a tenant that leases 554 square feet representing \$16,210 in annualized rental income as of June 30, 2024.

We generally will seek to renew or extend the terms of leases at properties with tenants when they expire. However, market and economic factors, along with increases in remote work, changes in space utilization and government spending and budget priorities, may cause our tenants not to renew or extend their leases when they expire, or to seek to renew their leases for less space than they currently occupy. If we are unable to extend or renew our leases, or we renew leases for reduced space, it may be time consuming and expensive to relet some of these properties.

As of June 30, 2024, we derived 23.7% 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. Current economic conditions in this area or a possible recession, including as a result of current inflationary conditions or otherwise, could reduce demand from tenants for our properties, reduce rents that our tenants in this area are willing to pay when our leases expire and increase lease concessions for new leases and renewals. Additionally, there has been a decrease in demand for new leased office space by the U.S. government, including 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 or maintain or increase our rents when our leases expire.

Our manager, RMR, employs a tenant review process for us. RMR assesses tenants on an individual basis based on various applicable credit criteria. In general, depending on facts and circumstances, RMR 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. 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, 2024, tenants contributing 52.3% 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 8.5% 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, 2024, tenants representing 1% or more of our total annualized rental income were as follows (square feet 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	3,277	19.3 %	\$ 93,349	19.3 %
2	Alphabet Inc. (Google)	Investment Grade	386	2.3 %	23,004	4.8 %
3	Shook, Hardy & Bacon L.L.P.	Not Rated	596	3.5 %	19,604	4.1 %
4	IG Investments Holdings LLC	Not Rated	339	2.0 %	18,319	3.8 %
5	Bank of America Corporation ⁽¹⁾	Investment Grade	577	3.4 %	16,893	3.5 %
6	State of California	Investment Grade	467	2.8 %	14,086	2.9 %
7	Northrop Grumman Corporation	Investment Grade	337	2.0 %	10,781	2.2 %
8	Sonesta International Hotels Corporation	Not Rated	234	1.4 %	10,404	2.2 %
9	State of Georgia	Investment Grade	308	1.8 %	7,713	1.6 %
10	Sonoma Biotherapeutics, Inc.	Not Rated	84	0.5 %	7,189	1.5 %
11	PNC Bank	Investment Grade	441	2.6 %	7,019	1.5 %
12	Allstate Insurance Corporation	Investment Grade	468	2.8 %	6,486	1.3 %
13	Automatic Data Processing, Inc.	Investment Grade	289	1.7 %	6,346	1.3 %
14	Open Text Corporation	Non Investment Grade	190	1.1 %	6,178	1.3 %
15	Compass Group plc	Investment Grade	267	1.6 %	6,076	1.3 %
16	Church & Dwight Co., Inc.	Investment Grade	250	1.5 %	6,048	1.3 %
17	Leidos Holdings Inc.	Investment Grade	159	0.9 %	5,962	1.2 %
18	Primerica, Inc.	Investment Grade	344	2.0 %	5,734	1.2 %
19	Science Applications International Corp	Non Investment Grade	159	0.9 %	5,254	1.1 %
20	BAE Systems plc	Investment Grade	165	1.0 %	4,892	1.0 %
21	Rocky Mountain University of Health Professions, Inc.	Not Rated	170	1.0 %	4,862	1.0 %
	Total		9,507	56.1 %	\$ 286,199	59.4 %

(1) In July 2024, we extended the lease term through 2037 for 554 square feet with this tenant.

Disposition Activities

During the six months ended June 30, 2024, we sold one property containing approximately 248,000 rentable square feet for a sales price of \$38,500, excluding closing costs. The net proceeds from this sale were used to repay amounts outstanding under our revolving credit facility.

We continue to evaluate our portfolio and are currently in various stages of marketing certain of our properties for sale, and we may seek to sell additional properties in the future. As of July 30, 2024, we have entered into agreements to sell 12 properties containing approximately 1,395,000 rentable square feet for an aggregate sales price of \$93,539, excluding closing costs. We cannot be sure we will sell any properties we are marketing for sale for prices in excess of their carrying values or otherwise. In addition, our pending sales are subject to conditions; accordingly, we cannot be sure that we will complete these sales or that these sales will not be delayed or the terms will not change.

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

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, 2024, Compared to Three Months Ended June 30, 2023

	Comparable Properties ⁽¹⁾ Results Three Months Ended June 30,				Non-Comparable Properties Results Three Months Ended June 30,		Consolidated Results Three Months Ended June 30,			
	2024	2023	\$ Change	% Change	2024	2023	2024	2023	\$ Change	% Change
Rental income	\$ 111,366	\$ 118,411	\$ (7,045)	(5.9 %)	\$ 12,320	\$ 15,586	\$ 123,686	\$ 133,997	\$ (10,311)	(7.7 %)
Operating expenses:										
Real estate taxes	12,217	13,281	(1,064)	(8.0 %)	2,510	2,620	14,727	15,901	(1,174)	(7.4 %)
Utility expenses	5,132	5,056	76	1.5 %	630	686	5,762	5,742	20	0.3 %
Other operating expenses	24,178	23,120	1,058	4.6 %	2,973	3,514	27,151	26,634	517	1.9 %
Total operating expenses	41,527	41,457	70	0.2 %	6,113	6,820	47,640	48,277	(637)	(1.3 %)
Net operating income ⁽²⁾	\$ 69,839	\$ 76,954	\$ (7,115)	(9.2 %)	\$ 6,207	\$ 8,766	\$ 76,046	\$ 85,720	\$ (9,674)	(11.3 %)
Other expenses:										
Depreciation and amortization							50,391	51,601	(1,210)	(2.3 %)
Loss on impairment of real estate							131,732	—	131,732	n/m
Transaction related costs							—	11,181	(11,181)	n/m
General and administrative							5,290	5,785	(495)	(8.6 %)
Total other expenses							187,413	68,567	118,846	173.3 %
Loss on sale of real estate							(64)	(2,305)	2,241	(97.2 %)
Interest and other income							226	337	(111)	(32.9 %)
Interest expense							(38,349)	(26,525)	(11,824)	44.6 %
Gain on early extinguishment of debt							225,798	—	225,798	n/m
Income (loss) before income tax benefit (expense) and equity in net losses of investees							76,244	(11,340)	87,584	n/m
Income tax benefit (expense)							107	(211)	318	(150.7 %)
Equity in net losses of investees							(180)	(691)	511	(74.0 %)
Net income (loss)							\$ 76,171	\$ (12,242)	\$ 88,413	n/m
Weighted average common shares outstanding (basic and diluted)							48,648	48,354	294	0.6 %
Per common share amounts (basic and diluted):										
Net income (loss)							\$ 1.56	\$ (0.25)	\$ 1.81	n/m

n/m - not meaningful

- (1) Comparable properties consists of 131 properties we owned on June 30, 2024 and which we owned continuously since April 1, 2023 and excludes 15 properties classified as held for sale, five properties affected by significant redevelopment activities and two properties owned by an unconsolidated joint venture in which we own a 51% interest.
- (2) Our definition of net operating income, or NOI, and our reconciliation of net income (loss) to 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 months ended June 30, 2024, compared to the three months ended June 30, 2023.

Rental income. Rental income for non-comparable properties declined \$8,432 related to our property disposition activities, partially offset by an increase in rental income of \$5,166 due to the lease-up of certain properties affected by significant redevelopment activities. Rental income for comparable properties declined \$7,045 as a result of increased vacancies and lower rents from lease renewals at certain of our properties in the 2024 period. Rental income includes non-cash straight line rent adjustments totaling \$7,563 in the 2024 period and \$4,256 in the 2023 period, and amortization of acquired real estate leases and assumed real estate lease obligations totaling \$56 in the 2024 period and \$61 in the 2023 period.

Real estate taxes. Real estate taxes for non-comparable properties declined \$1,520 related to our property disposition activities, partially offset by an increase of \$1,410 due to the substantial completion of redevelopment activities at certain properties. Real estate taxes for comparable properties declined \$1,064 primarily due to refunds received in the 2024 period as a result of successful tax appeals at certain of our properties.

Utility expenses. Utility expenses for non-comparable properties declined \$170 related to our property disposition activities, partially offset by an increase of \$114 due to the substantial completion of redevelopment activities at certain properties. Utility expenses for comparable properties increased \$76 primarily due to higher water and sewer costs in the 2024 period.

Other operating expenses. Other operating expenses for non-comparable properties declined \$1,193 related to our property disposition activities, partially offset by an increase of \$652 due to the substantial completion of redevelopment activities at certain properties. Other operating expenses for comparable properties increased \$1,058 due to higher repair and maintenance and insurance costs in the 2024 period.

Depreciation and amortization. Depreciation and amortization for comparable properties declined \$3,487 due to certain leasing related assets becoming fully depreciated since April 1, 2023, partially offset by depreciation and amortization of improvements made to certain of our properties since April 1, 2023. Depreciation and amortization for non-comparable properties increased \$4,011 due to the substantial completion of redevelopment activities at certain properties, partially offset by a decline of \$1,734 related to our property disposition activities.

Loss on impairment of real estate. We recorded a \$131,732 loss on impairment of real estate in the 2024 period to reduce the carrying value of 13 properties to their estimated fair values less costs to sell.

Transaction related costs. Transaction related costs in the 2023 period consist of costs incurred in connection with our terminated merger with Diversified Healthcare Trust, or DHC, and related financings.

General and administrative. The decrease in general and administrative expenses is primarily the result of a decrease in base business management fees resulting from a decrease in average total market capitalization and a decrease in share based compensation in the 2024 period compared to the 2023 period.

Loss on sale of real estate. We recorded a \$2,305 net loss on sale of real estate resulting from the sale of two properties in the 2023 period.

Interest and other income. The decrease in interest and other income is primarily due to the effect of lower cash balances invested in the 2024 period compared to the 2023 period.

Interest expense. The increase in interest expense is due to higher weighted average interest rates in the 2024 period.

Gain on early extinguishment of debt. We recorded a gain on early extinguishment of debt of \$225,798 in the 2024 period resulting from the Senior Note Exchange. For more information regarding the Senior Note Exchange, see Note 7 to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Income tax benefit (expense). Income tax benefit (expense) is primarily the result of operating income earned in jurisdictions where we are subject to state income taxes and can fluctuate based on the timing of our income, including as a result of gains or losses on the sale of real estate or the repayment of debt.

Equity in net losses of investees. Equity in net losses of investees represents our proportionate share of losses from our investments in two unconsolidated joint ventures.

Net income (loss). Net income (loss) and net income (loss) per basic and diluted common share increased in the 2024 period compared to the 2023 period primarily as a result of the changes noted above.

Six Months Ended June 30, 2024, Compared to Six Months Ended June 30, 2023

	Comparable Properties ⁽¹⁾ Results Six Months Ended June 30,				Non-Comparable Properties Results Six Months Ended June 30,		Consolidated Results Six Months Ended June 30,			
	2024	2023	\$ Change	% Change	2024	2023	2024	2023	\$ Change	% Change
Rental income	\$ 225,059	\$ 235,403	\$ (10,344)	(4.4 %)	\$ 38,062	\$ 31,016	\$ 263,121	\$ 266,419	\$ (3,298)	(1.2 %)
Operating expenses:										
Real estate taxes	25,444	26,214	(770)	(2.9 %)	4,992	5,020	30,436	31,234	(798)	(2.6 %)
Utility expenses	12,099	11,252	847	7.5 %	1,814	1,750	13,913	13,002	911	7.0 %
Other operating expenses	47,684	45,573	2,111	4.6 %	6,794	7,118	54,478	52,691	1,787	3.4 %
Total operating expenses	85,227	83,039	2,188	2.6 %	13,600	13,888	98,827	96,927	1,900	2.0 %
Net operating income ⁽²⁾	\$ 139,832	\$ 152,364	\$ (12,532)	(8.2 %)	\$ 24,462	\$ 17,128	164,294	169,492	(5,198)	(3.1 %)
Other expenses:										
Depreciation and amortization							100,732	103,293	(2,561)	(2.5 %)
Loss on impairment of real estate							131,732	—	131,732	n/m
Transaction related costs							233	14,399	(14,166)	(98.4 %)
General and administrative							10,934	11,710	(776)	(6.6 %)
Total other expenses							243,631	129,402	114,229	88.3 %
(Loss) gain on sale of real estate							(2,448)	243	(2,691)	n/m
Interest and other income							1,583	501	1,082	n/m
Interest expense							(73,825)	(51,756)	(22,069)	42.6 %
Gain on early extinguishment of debt							225,373	—	225,373	n/m
Income (loss) before income tax benefit (expense) and equity in net losses of investees							71,346	(10,922)	82,268	n/m
Income tax benefit (expense)							51	(241)	292	(121.2 %)
Equity in net losses of investees							(410)	(1,525)	1,115	(73.1 %)
Net income (loss)							\$ 70,987	\$ (12,688)	\$ 83,675	n/m
Weighted average common shares outstanding (basic and diluted)							48,557	48,345	212	0.4 %
Per common share amounts (basic and diluted):										
Net income (loss)							\$ 1.45	\$ (0.27)	\$ 1.72	n/m

n/m - not meaningful

- (1) Comparable properties consists of 131 properties we owned on June 30, 2024 and which we owned continuously since January 1, 2023 and excludes 15 properties classified as held for sale, five properties affected by significant redevelopment activities and two properties owned by an unconsolidated joint venture in which we own a 51% interest.
- (2) Our definition of NOI and our reconciliation of net income (loss) to 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 months ended June 30, 2024, compared to the six months ended June 30, 2023.

Rental income. Rental income for non-comparable properties increased \$8,535 due to the lease-up of certain properties affected by significant redevelopment activities, partially offset by a decline in rental income of \$1,489 related to our property disposition activities. Rental income for comparable properties declined \$10,344 as a result of increased vacancies and lower rents from lease renewals at certain of our properties in the 2024 period. Rental income includes non-cash straight line rent adjustments totaling \$14,942 in the 2024 period and \$8,429 in the 2023 period, and amortization of acquired real estate leases and assumed real estate lease obligations totaling \$89 in the 2024 period and \$140 in the 2023 period.

Real estate taxes. Real estate taxes for non-comparable properties declined \$2,366 related to our property disposition activities, partially offset by an increase of \$2,337 due to the substantial completion of redevelopment activities at certain

properties. Real estate taxes for comparable properties declined \$770 primarily due to refunds received in the 2024 period as a result of successful tax appeals at certain of our properties.

Utility expenses. Utility expenses for non-comparable properties increased \$485 due to the substantial completion of redevelopment activities at certain properties, partially offset by a decline of \$420 related to our property disposition activities. Utility expenses for comparable properties increased \$847 primarily due to the lease-up of certain previously vacant properties and increased utility expenses at newly vacant properties where tenants previously paid utility expenses directly in the 2024 period.

Other operating expenses. Other operating expenses for non-comparable properties declined \$1,492 related to our property disposition activities, partially offset by an increase of \$1,168 due to the substantial completion of redevelopment activities at certain properties. Other operating expenses for comparable properties increased \$2,111 due to higher repair and maintenance costs, snow removal costs and insurance costs in the 2024 period.

Depreciation and amortization. Depreciation and amortization for comparable properties declined \$6,440 due to certain leasing related assets becoming fully depreciated since January 1, 2023, partially offset by depreciation and amortization of improvements made to certain of our properties since January 1, 2023. Depreciation and amortization for non-comparable properties increased \$7,040 due to the substantial completion of redevelopment activities at certain properties, partially offset by a decline of \$3,161 related to our property disposition activities.

Loss on impairment of real estate. We recorded a \$131,732 loss on impairment of real estate in the 2024 period to reduce the carrying value of 13 properties to their estimated fair values less costs to sell.

Transaction related costs. Transaction related costs consist of costs incurred in connection with our terminated merger with DHC and related financings.

General and administrative. The decrease in general and administrative expenses is primarily the result of a decrease in base business management fees resulting from a decrease in average total market capitalization and a decrease in share based compensation in the 2024 period compared to the 2023 period.

(Loss) gain on sale of real estate. We recorded a \$2,448 loss on sale of real estate resulting from the sale of one property in the 2024 period. We recorded a \$243 net gain on sale of real estate resulting from the sale of five properties in the 2023 period.

Interest and other income. The increase in interest and other income is primarily due to the effect of higher cash balances invested in the 2024 period compared to the 2023 period.

Interest expense. The increase in interest expense is due to higher weighted average interest rates and higher average outstanding debt balances in the 2024 period.

Gain on early extinguishment of debt. We recorded a net gain on early extinguishment of debt of \$225,373 in the 2024 period resulting from the Senior Note Exchange. For more information regarding the Senior Note Exchange, see Note 7 to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Income tax benefit (expense). Income tax benefit (expense) is primarily the result of operating income earned in jurisdictions where we are subject to state income taxes and can fluctuate based on the timing of our income, including as a result of gains or losses on the sale of real estate or repayment of debt.

Equity in net losses of investees. Equity in net losses of investees represents our proportionate share of losses from our investments in two unconsolidated joint ventures.

Net income (loss). Net income (loss) and net income (loss) per basic and diluted common share increased in the 2024 period compared to the 2023 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 the applicable SEC rules, including the calculations below of 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 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.

Net Operating Income

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

The following table presents the reconciliation of net income (loss) to NOI for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income (loss)	\$ 76,171	\$ (12,242)	\$ 70,987	\$ (12,688)
Equity in net losses of investees	180	691	410	1,525
Income tax (benefit) expense	(107)	211	(51)	241
Income (loss) before income tax (benefit) expense and equity in net losses of investees	76,244	(11,340)	71,346	(10,922)
Gain on early extinguishment of debt	(225,798)	—	(225,373)	—
Interest expense	38,349	26,525	73,825	51,756
Interest and other income	(226)	(337)	(1,583)	(501)
Loss (gain) on sale of real estate	64	2,305	2,448	(243)
General and administrative	5,290	5,785	10,934	11,710
Transaction related costs	—	11,181	233	14,399
Loss on impairment of real estate	131,732	—	131,732	—
Depreciation and amortization	50,391	51,601	100,732	103,293
NOI	<u>\$ 76,046</u>	<u>\$ 85,720</u>	<u>\$ 164,294</u>	<u>\$ 169,492</u>

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 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 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, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income (loss)	\$ 76,171	\$ (12,242)	\$ 70,987	\$ (12,688)
Add (less): Depreciation and amortization:				
Consolidated properties	50,391	51,601	100,732	103,293
Unconsolidated joint venture properties	611	868	1,253	1,698
Loss on impairment of real estate	131,732	—	131,732	—
Loss (gain) on sale of real estate	64	2,305	2,448	(243)
FFO	258,969	42,532	307,152	92,060
Add (less): Transaction related costs	—	11,181	233	14,399
Gain on early extinguishment of debt	(225,798)	—	(225,373)	—
Lease termination fees for sold property	—	—	(10,524)	—
Normalized FFO	\$ 33,171	\$ 53,713	\$ 71,488	\$ 106,459
Weighted average common shares outstanding (basic and diluted)	48,648	48,354	48,557	48,345
FFO per common share (basic and diluted)	\$ 5.32	\$ 0.88	\$ 6.33	\$ 1.90
Normalized FFO per common share (basic and diluted)	\$ 0.68	\$ 1.11	\$ 1.47	\$ 2.20

LIQUIDITY AND CAPITAL RESOURCES

Our Operating Liquidity and Resources (dollar amounts in thousands, except per share amounts)

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 develop, redevelop or reposition properties to produce cash flows in excess of our cost of capital and property operating and capital expenses.

We plan to selectively sell certain properties from time to time to manage leverage levels and to improve our asset diversification, our geographic make-up and the average age of our properties, lengthen the weighted average term of our leases and increase tenant retention. During the six months ended June 30, 2024, we sold one property for an aggregate sales price of \$38,500, excluding closing costs. We continue to evaluate our portfolio and are currently in various stages of marketing certain of our properties for sale. As of July 30, 2024, we had 12 properties containing approximately 1,395,000 rentable square feet which are under agreement to sell for an aggregate sales price of \$93,539. We cannot be sure we will sell any properties we are marketing for sale for prices in excess of their carrying values or otherwise. In addition, our pending sales are subject to conditions; accordingly, we cannot be sure that we will complete these sales or that these sales will not be delayed or the terms will not change.

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

	Six Months Ended June 30,	
	2024	2023
Cash, cash equivalents and restricted cash at beginning of period	\$ 26,714	\$ 12,249
Net cash provided by (used in):		
Operating activities	58,499	88,228
Investing activities	(21,282)	(129,960)
Financing activities	(29,544)	55,305
Cash, cash equivalents and restricted cash at end of period	\$ 34,387	\$ 25,822

The decrease in cash provided by operating activities for the 2024 period compared to the 2023 period was primarily due to higher interest expense and decreased NOI due to property dispositions and reductions in occupied space at certain of our properties in the 2024 period. The decrease in cash used in investing activities in the 2024 period compared to the 2023 period was primarily due to decreased capital expenditures in the 2024 period and higher proceeds received from property sales. The change from cash provided by financing activities in the 2023 period to cash used in financing activities in the 2024 period was primarily due to lower net borrowings and payment of debt issuance costs, partially offset by decreased distributions to our common shareholders in the 2024 period.

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

In order to meet cash needs that may result from our desire or need to make distributions or pay operating or capital expenses or fund acquisitions, we maintain a revolving credit facility which is governed by our credit agreement. Our obligations under our credit agreement are secured by a pledge by certain of our subsidiaries of all of their respective equity interests in certain of our direct and indirect property owning subsidiaries and first mortgage liens on 19 properties owned by the pledged subsidiaries with a gross book value of real estate assets of \$1,001,437 as of June 30, 2024. We can borrow, repay and reborrow funds available under our revolving credit facility until maturity, and no principal repayments are due until maturity. The maturity date of our credit agreement is January 29, 2027, and, subject to the payment of an extension fee and meeting certain other requirements, we can extend the stated maturity date of our revolving credit facility by one year. Our credit agreement contains a number of covenants, including covenants that require us to maintain certain financial ratios, restrict our ability to incur additional debt in excess of calculated amounts and, subject to limited exceptions, restrict our ability to increase our distribution rate above the current level of \$0.01 per common share per quarter and enter into share repurchases. Availability of borrowings under our credit agreement is subject to ongoing minimum performance and market values of the 19 collateral properties, our satisfying certain financial covenants and other credit facility conditions.

Interest payable on borrowings under our credit agreement is based on a rate of SOFR plus a margin of 350 basis points. We are also required to pay an unused facility fee on the amount of total lending commitments, which was 25 basis points per annum at June 30, 2024. As of June 30, 2024, the annual interest rate payable on borrowings under our credit agreement was 8.9%. As of June 30, 2024 and July 30, 2024, we had \$178,000 and \$190,000, respectively, outstanding under our revolving credit facility, \$100,000 outstanding under our term loan and \$147,000 and \$135,000, respectively, available for borrowing under our revolving credit facility.

Senior Secured Notes Issuance and Senior Unsecured Notes Redemption

In February 2024, we issued \$300,000 of the 2029 Notes. The aggregate net proceeds from this offering were \$270,712, after initial purchaser discounts and other offering expenses. The 2029 Notes are fully and unconditionally guaranteed on a joint, several and senior secured basis by certain of our subsidiaries and secured by a pledge of all of the respective equity interests of the subsidiary guarantors and first mortgage liens on 17 properties with a gross book value of real estate assets of \$618,644 as of June 30, 2024. The 2029 Notes require semi-annual payments of interest only and are prepayable, at par plus accrued interest, after March 31, 2028.

In March 2024, we redeemed, at par plus accrued interest, all \$350,000 of our 4.25% senior unsecured notes due 2024 using the proceeds from the 2029 Notes and borrowings under our revolving credit facility.

Senior Notes Exchange

In June 2024, in connection with the Senior Note Exchange, we exchanged \$567,429 of the New 2029 Notes for \$865,219 aggregate principal of the Existing Notes. The New 2029 Notes are fully and unconditionally guaranteed on a joint, several and senior secured basis by certain of our subsidiaries and are secured by first mortgage liens on 19 properties with a gross book value of real estate assets of \$715,986 as of June 30, 2024 and second mortgage liens on the 19 properties securing our credit agreement. The New 2029 Notes require semi-annual payments of interest only and are prepayable, at par plus accrued interest, after June 3, 2028. For more information regarding the Senior Note Exchange and the New 2029 Notes, see Note 7 to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

As of June 30, 2024, our debt maturities (other than our revolving credit facility), consisting of senior notes, a term loan and mortgage notes, were as follows:

Year	Debt Maturities
2024	\$ —
2025	499,154
2026	140,488
2027	180,784
2028	123,487
2029 and thereafter	1,197,617
Total	\$ 2,141,530

None of our unsecured debt obligations require sinking fund payments prior to their maturity dates. Our mortgage notes currently require monthly payments of interest only; however, certain of our mortgage notes will require payments of principal and interest after a specified date through maturity.

In addition to our debt obligations, as of June 30, 2024, we had estimated unspent leasing related obligations of \$80,649, of which we expect to spend \$40,947 over the next 12 months.

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 credit agreement 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 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 ventures 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 capital expenditures and to pay our obligations or fund future acquisitions. 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.

We currently do not have sufficient sources of liquidity to repay our \$499,154 senior unsecured notes due 2025 and are evaluating market-based alternatives to obtain debt or equity financing. Based on the significant number of unencumbered properties in our portfolio, our successful history of obtaining debt financings and our current financing metrics, we believe it is probable that we can obtain new debt financing that will allow us to satisfy the 2025 senior unsecured notes as they become

due. Additionally, as we have evaluated our financing options, we have determined that certain assets in our portfolio may not be suitable for secured financing. We are considering whether to sell those assets to raise cash and are at various stages of the sales process for those properties. We also continue to engage with Moelis & Company LLC as our financial advisor to assist in evaluating our options to address our upcoming debt maturities.

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 ultimate impacts of inflationary pressures, sustained high interest rates, deteriorating office fundamentals and market sentiment toward the office sector or any economic recession will be. A protracted and extensive economic recession, further deterioration of office fundamentals or continued or intensified disruptions in capital markets could limit our access to financing from public sources, would likely increase our cost of capital and impact our ability to satisfy covenants and conditions under our credit agreement or senior notes.

During the six months ended June 30, 2024, we paid quarterly distributions to our shareholders totaling \$975 using cash on hand. On July 11, 2024, we declared a regular quarterly distribution payable to shareholders of record on July 22, 2024 of \$0.01 per share, or approximately \$503. We expect to pay this distribution on or about August 15, 2024 using cash on hand. We determine our distribution payout ratio with consideration for restrictions under our credit agreement, our expected capital expenditures, cash flows from operations and payment of debt obligations. For more information regarding the distributions we paid and declared during 2024, see Note 9 to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

We owned a 51% interest in an unconsolidated joint venture which owned two properties at June 30, 2024. As of June 30, 2024, the properties owned by this joint venture were encumbered by \$50,000 principal amount of mortgage indebtedness, none of which is recourse to us. As of June 30, 2024, we did not control the activities that are most significant to this joint venture and, as a result, we accounted for our investment in this joint venture under the equity method of accounting. For more information on the financial condition and results of operations of this joint venture, see Note 4 to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. Other than this joint venture, as of June 30, 2024, 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 as of June 30, 2024 consisted of \$178,000 of borrowings outstanding under our revolving credit facility, \$100,000 outstanding principal amount under our secured term loan, an outstanding principal balance of \$1,864,210 of senior notes and mortgage notes with an outstanding principal balance of \$177,320. Also, the two properties owned by the joint venture in which we owned a 51% interest secured an additional mortgage note. Our senior notes are governed by indentures and their supplements. Our credit agreement and our senior notes indentures and their supplements provide for acceleration of payment of all amounts outstanding upon the occurrence and continuation of certain events of default, such as, in the case of our credit agreement, a change of control of us, which includes RMR ceasing to act as our business and property manager. Our credit agreement and our senior 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 increase our distribution rate above the current level of \$0.01 per common share per quarter. As of June 30, 2024, we believe we were in compliance with the terms and conditions of our respective covenants under our credit agreement and our senior notes indentures and their supplements. Our mortgage notes are non-recourse, subject to certain limited exceptions, and do not contain any material financial covenants.

As of June 30, 2024, adjusted total assets for covenant purposes as defined in our senior notes indentures were \$5,092,680. Assets serving as collateral under our credit agreement, our secured senior notes or mortgage notes represented \$2,729,020 of adjusted total assets, as defined in our senior notes indentures. Our unencumbered assets represented \$2,363,660 of adjusted total assets.

The following table presents the calculation of adjusted total assets to total assets in accordance with GAAP as of June 30, 2024:

Total assets	\$	3,799,856
Plus: accumulated depreciation		610,698
Plus: adjustments to reflect original cost of real estate assets		1,047,943
Less: accounts receivable and intangibles		(365,817)
Adjusted total assets	\$	5,092,680

Neither our credit agreement nor our senior notes indentures and their supplements contain provisions for acceleration which could be triggered by our credit ratings.

Our credit agreement and our senior notes indentures and their supplements contain cross default provisions to any other debts of more than \$25,000 (or more than \$50,000 in certain circumstances).

Related Person Transactions

We have relationships and historical and continuing transactions with RMR, RMR Inc. and others related to them. For more information about these and other such relationships and related person transactions, see Notes 10 and 11 to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, our 2023 Annual Report, our definitive Proxy Statement for our 2024 Annual Meeting of Shareholders and our other filings with the SEC. In addition, see the section captioned “Risk Factors” in Part I, Item 1A of our 2023 Annual Report for a description of risks that may arise as a result of these and other related person transactions and relationships. We may engage in additional transactions with related persons, including businesses to which RMR or its subsidiaries provide management services.

Critical Accounting Estimates

The preparation of our Condensed Consolidated 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.

A discussion of our critical accounting estimates is included in our 2023 Annual Report. There have been no significant changes in our critical accounting estimates since the year ended December 31, 2023.

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, 2023. 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

As of June 30, 2024, our outstanding fixed rate debt consisted of the following:

Debt	Principal Balance ⁽¹⁾	Annual Interest Rate ⁽¹⁾	Annual Interest Expense	Maturity	Interest Payments Due
Senior unsecured notes	\$ 499,154	4.500%	\$ 22,462	2025	Semi-annually
Senior unsecured notes	140,488	2.650%	3,723	2026	Semi-annually
Senior unsecured notes	80,784	2.400%	1,939	2027	Semi-annually
Mortgage note (one property)	26,340	8.139%	2,144	2028	Monthly
Mortgage note (one property)	42,700	8.272%	3,532	2028	Monthly
Mortgage note (two properties)	54,300	7.671%	4,165	2028	Monthly
Senior secured notes	300,000	9.000%	27,000	2029	Semi-annually
Senior secured notes	567,429	9.000%	51,069	2029	Semi-annually
Senior unsecured notes	114,355	3.450%	3,945	2031	Semi-annually
Mortgage note (one property)	30,680	7.210%	2,212	2033	Monthly
Mortgage note (one property)	8,400	7.305%	614	2033	Monthly
Mortgage note (one property)	14,900	7.717%	1,150	2033	Monthly
Senior unsecured notes	162,000	6.375%	10,328	2050	Quarterly
Total	<u>\$ 2,041,530</u>		<u>\$ 134,283</u>		

(1) The principal balances and annual 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 our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Our senior notes require semi-annual or quarterly interest payments through maturity. Our mortgage notes require monthly payments of interest only or payments of principal and interest through maturity. 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 \$20,415.

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. In response to significant and prolonged increases in inflation, the U.S. Federal Reserve has raised interest rates multiple times since the beginning of 2022. Although the U.S. Federal Reserve has indicated that it may lower interest rates in 2024, we cannot be sure that it will do so, and interest rates may remain at the current high levels or continue to increase. Based on the balances outstanding at June 30, 2024, 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 \$57,207.

Our fixed rate debt arrangements may 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 a higher rate by refinancing prior to maturity.

In addition to the fixed rate debt presented in the table above, at June 30, 2024, we had a noncontrolling ownership interest of 51% in an unconsolidated joint venture that owned two properties that were secured by fixed rate debt consisting of the following mortgage note:

Debt	Our JV Ownership Interest	Principal Balance ⁽¹⁾⁽²⁾	Annual Interest Rate ⁽¹⁾	Annual Interest Expense	Maturity	Interest Payments Due
Mortgage note (two properties)	51%	\$ 50,000	4.090%	\$ 2,045	2029	Monthly

(1) The principal balance and annual interest rate are the amounts stated in the applicable contracts. In accordance with GAAP, the joint venture's recorded interest expense may differ from these amounts because of market conditions at the time it incurred the debt.

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

Floating Rate Debt

As of June 30, 2024, our floating rate debt consisted of \$178,000 outstanding under our \$325,000 secured revolving credit facility and \$100,000 outstanding on our secured term loan, both of which are governed by our credit agreement. Our credit agreement matures on January 29, 2027. We can borrow, repay and reborrow funds available under our revolving credit facility, and no principal payments are due under our credit agreement until maturity. Subject to the payment of an extension fee and meeting certain other requirements, we can extend the stated maturity date of our revolving credit facility by one year.

Borrowings under our credit agreement are in U.S. dollars and require interest to be paid at a rate of SOFR plus a margin of 350 basis points. Accordingly, we are vulnerable to changes in U.S. dollar based short term rates, specifically SOFR. 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, 2024:

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, 2024	8.9%	\$ 278,000	\$ 24,742	\$	0.51
One percentage point increase	9.9%	\$ 278,000	\$ 27,522	\$	0.57

(1) Based on SOFR plus a margin of 350 basis points per annum as of June 30, 2024.

(2) Based on the weighted average common shares outstanding (diluted) for the six months ended June 30, 2024.

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, 2024 if we were fully drawn on our revolving credit facility and term loan:

Impact of an Increase in Interest Rates					
	Annual Interest Rate ⁽¹⁾	Outstanding Debt ⁽²⁾	Total Interest Expense Per Year	Annual Earnings Per Share Impact ⁽³⁾	
At June 30, 2024	8.9%	\$ 425,000	\$ 37,825	\$	0.78
One percentage point increase	9.9%	\$ 425,000	\$ 42,075	\$	0.87

(1) Based on SOFR plus a margin of 350 basis points per annum as of June 30, 2024.

(2) Represents the maximum amount available under our revolving credit facility and term loan.

(3) Based on the weighted average common shares outstanding (diluted) for the six months ended June 30, 2024.

The foregoing tables show the impact of an immediate increase in floating interest rates as of June 30, 2024. 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 term loan, 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.

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 Managing Trustees, our President and Chief Operating 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 Managing Trustees, our President and Chief Operating 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, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Warning Concerning Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws that are subject to risks and uncertainties. These statements may include words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “estimate”, “will”, “may” and negatives or derivatives of these or similar expressions. These forward-looking statements include, among others, statements about: our leverage levels and possible future financings; demand for office space; our future leasing activity, commitments and obligations; economic and market conditions; our liquidity needs and sources; our capital expenditure plans and commitments; acquisitions and our pending or potential dispositions; our redevelopment and construction activities and plans; our joint ventures; and the amount and timing of future distributions.

Forward-looking statements reflect our current expectations, are based on judgments and assumptions, are inherently uncertain and are subject to risks, uncertainties and other factors, which could cause our actual results, performance or achievements to differ materially from expected future results, performance or achievements expressed or implied in those forward-looking statements. Some of the risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, but are not limited to, the following:

- Our ability to make required payments on our debt or refinance our debts as they mature or otherwise become due,
- Our ability to maintain sufficient liquidity, including the availability of borrowings under our revolving credit facility and our ability to obtain new debt or equity financing, and otherwise manage leverage,
- Our ability to comply with the terms of our debt agreements and meet financial covenants,
- Our ability to effectively raise and balance our use of debt and equity capital,
- Whether 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,
- Our ability to increase or maintain occupancy at our properties on terms desirable to us, and our ability to increase rents when our leases expire or renew,
- The extent to which changes and trends in office space utilization and needs, including due to remote work arrangements, continue to impact demand for office space at our properties,
- Competition within the commercial real estate industry, particularly in those markets in which our properties are located,
- The impact of unfavorable market and commercial real estate industry conditions due to high interest rates, prolonged high inflation, labor market challenges, supply chain disruptions, volatility in the public equity and debt markets and in commercial real estate markets, generally and in the sectors we operate, geopolitical instability and tensions, economic downturns or a possible recession or changes in real estate utilization, among other things, on us and our tenants,
- The likelihood that our tenants will pay rent or be negatively impacted by continuing unfavorable market and commercial real estate industry conditions or government budget constraints,
- Our ability to manage our capital expenditures and other operating costs effectively and to maintain and enhance our properties and their appeal to tenants,
- The financial strength of our tenants,
- Our ability to sell properties at prices we target,

- Our tenant and geographic concentration,
- Risks and uncertainties regarding the costs and timing of development, redevelopment and repositioning activities, including as a result of prolonged high inflation, cost overruns, supply chain challenges, labor shortages, construction delays or inability to obtain necessary permits or volatility in the commercial real estate markets,
- Our ability to acquire properties that realize our targeted returns,
- Our credit ratings,
- Our ability to pay distributions to our shareholders and to maintain or increase the amount of such distributions,
- The ability of our manager, RMR, to successfully manage us,
- 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 or failure to increase the government debt ceiling on our ability to collect rents and 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, Sonesta and others affiliated with them,
- Limitations imposed by and our ability to satisfy complex rules to maintain our qualification for taxation as a REIT for U.S. federal income tax purposes,
- Acts of terrorism, outbreaks of pandemics or other public health safety events or conditions, war or other hostilities, global climate change or other manmade or natural disasters beyond our control, and
- Other matters.

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

There have been no material changes to the risk factors from those previously disclosed in our 2023 Annual Report.

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

Issuer purchases of equity securities. The following table provides information about our purchases of our equity securities during the quarter ended June 30, 2024:

Calendar Month	Number of Shares Purchased ^(b)	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
April 1, 2024 - April 30, 2024	4,604	\$ 1.89	—	\$ —
May 1, 2024 - May 31, 2024	1,156	2.34	—	—
June 1, 2024 - June 30, 2024	1,745	2.15	—	—
Total	7,505	\$ 2.02	—	\$ —

- (1) These common share withholdings and purchases were made to satisfy tax withholding and payment obligations of one of our Trustees and certain former officers and employees of RMR in connection with the vesting of awards of our common shares to them. We withheld and purchased these shares at their fair market value based upon the trading price of our common shares at the close of trading on Nasdaq on the purchase date.

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. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020.)
3.2	Third Amended and Restated Bylaws of the Company, adopted June 13, 2024. (Incorporated by reference to the Company's Current Report on Form 8-K filed on June 13, 2024.)
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 July 20, 2017, between the Company and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association). (Incorporated by reference to the Company's Current Report on Form 8-K filed on July 21, 2017.)
4.3	Second Supplemental Indenture, dated as of June 23, 2020, between the Company and U.S. Bank Trust Company, National Association (as successor in interest to 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.)
4.4	Third Supplemental Indenture, dated as of May 18, 2021, between the Company and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), relating to the Company's 2.650% Senior Notes due 2026, including form thereof. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021.)
4.5	Fourth Supplemental Indenture, dated as of August 13, 2021, between the Company and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), relating to the Company's 2.400% Senior Notes due 2027, including form thereof. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021.)
4.6	Fifth Supplemental Indenture, dated as of September 28, 2021, between the Company and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), relating to the Company's 3.450% Senior Notes due 2031, including form thereof. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021.)
4.7	Indenture, dated as of February 3, 2015, between the Company (as successor to Select Income REIT) and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association). (Incorporated by reference to Select Income REIT's Current Report on Form 8-K filed on February 3, 2015.)

4.8	<u>First Supplemental Indenture, dated as of February 3, 2015, between the Company (as successor to Select Income REIT) and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), including the form of 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.)</u>
4.9	<u>Third Supplemental Indenture, dated as of December 31, 2018, among Select Income REIT, the Company and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association). (Incorporated by reference to the Company's Current Report on Form 8-K filed on December 31, 2018.)</u>
4.10	<u>Authentication Order, dated as of September 24, 2020, from the Company to U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), relating to the Company's 4.50% Senior Notes due 2025. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020.)</u>
4.11	<u>Indenture, dated as of February 12, 2024, among the Company, certain of its subsidiaries named therein and U.S. Bank Trust Company, National Association. (Incorporated by reference to the Company's Current Report on Form 8-K filed on February 12, 2024.)</u>
4.12	<u>Indenture, dated as of June 20, 2024, among Office Properties Income Trust, the subsidiaries listed on the signature pages thereto as guarantors and U.S. Bank Trust Company, National Association, as trustee and collateral agent. (Incorporated by reference to the Company's Current Report on Form 8-K filed on June 21, 2024.)</u>
4.13	<u>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.)</u>
10.1	<u>Support Agreement, dated as of June 10, 2024, among the Company and certain noteholders party thereto. (Incorporated by reference to the Company's Current Report on Form 8-K filed on June 10, 2024.)</u>
31.1	<u>Rule 13a-14(a) Certification. (Filed herewith.)</u>
31.2	<u>Rule 13a-14(a) Certification. (Filed herewith.)</u>
31.3	<u>Rule 13a-14(a) Certification. (Filed herewith.)</u>
31.4	<u>Rule 13a-14(a) Certification. (Filed herewith.)</u>
32.1	<u>Section 1350 Certification. (Furnished herewith.)</u>
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/ Yael Duffy
Yael Duffy
President and Chief Operating Officer
Dated: July 31, 2024

By: /s/ Brian E. Donley
Brian E. Donley
Chief Financial Officer and Treasurer
(principal financial officer and principal accounting officer)
Dated: July 31, 2024

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

I, Adam D. Portnoy, 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 31, 2024

/s/ Adam D. Portnoy

Adam D. Portnoy
Managing Trustee

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

I, Jennifer B. Clark, 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 31, 2024

/s/ Jennifer B. Clark

Jennifer B. Clark
Managing Trustee

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

I, Yael Duffy, 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 31, 2024

/s/ Yael Duffy

Yael Duffy
President and Chief Operating Officer

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

I, Brian E. Donley, 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 31, 2024

/s/ Brian E. Donley

Brian E. Donley
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, 2024 (the “Report”), each of the undersigned hereby certifies, to the best of his or her 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/ Adam D. Portnoy

Adam D. Portnoy
Managing Trustee

/s/ Yael Duffy

Yael Duffy
President and Chief Operating Officer

/s/ Jennifer B. Clark

Jennifer B. Clark
Managing Trustee

/s/ Brian E. Donley

Brian E. Donley
Chief Financial Officer and Treasurer

Date: July 31, 2024