

**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, 2019
OR
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Commission File Number 1-11527

HOSPITALITY PROPERTIES TRUST
(Exact Name of Registrant as Specified in Its Charter)

Maryland **04-3262075**
(State or Other Jurisdiction of (IRS Employer Identification No.)
Incorporation or Organization)

Two Newton Place , 255 Washington Street , Suite 300 , Newton , Massachusetts , 02458-1634
(Address of Principal Executive Offices) (Zip Code)
617 - 964-8389
(Registrant’s Telephone Number, Including Area Code)

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

Title of Each Class	Trading Symbol	Name of each Exchange on which Registered
Common Shares of Beneficial Interest	HPT	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, 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 August 8, 2019 : 164,449,496

HOSPITALITY PROPERTIES TRUST

FORM 10-Q

June 30, 2019

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

Part I Financial Information
Item 1. Financial Statements

HOSPITALITY PROPERTIES TRUST
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(dollars in thousands, except share data)

	June 30, 2019	December 31, 2018
ASSETS		
Real estate properties:		
Land	\$ 1,674,653	\$ 1,626,239
Buildings, improvements and equipment	8,002,833	7,896,734
Total real estate properties, gross	9,677,486	9,522,973
Accumulated depreciation	(3,026,473)	(2,973,384)
Total real estate properties, net	6,651,013	6,549,589
Cash and cash equivalents	15,688	25,966
Restricted cash	37,792	50,037
Due from related persons	75,939	91,212
Other assets, net	397,314	460,275
Total assets	<u>\$ 7,177,746</u>	<u>\$ 7,177,079</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Unsecured revolving credit facility	\$ 90,000	\$ 177,000
Unsecured term loan, net	397,591	397,292
Senior unsecured notes, net	3,602,333	3,598,295
Security deposits	123,637	132,816
Accounts payable and other liabilities	298,625	211,332
Due to related persons	8,118	62,913
Total liabilities	<u>4,520,304</u>	<u>4,579,648</u>
Commitments and contingencies		
Shareholders' equity:		
Common shares of beneficial interest, \$.01 par value; 200,000,000 shares authorized; 164,454,537 and 164,441,709 shares issued and outstanding, respectively	1,645	1,644
Additional paid in capital	4,546,737	4,545,481
Cumulative other comprehensive loss	(129)	(266)
Cumulative net income available for common shareholders	3,466,464	3,231,895
Cumulative common distributions	(5,357,275)	(5,181,323)
Total shareholders' equity	<u>2,657,442</u>	<u>2,597,431</u>
Total liabilities and shareholders' equity	<u>\$ 7,177,746</u>	<u>\$ 7,177,079</u>

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

HOSPITALITY PROPERTIES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(dollars in thousands, except share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues:				
Hotel operating revenues	\$ 541,668	\$ 529,599	\$ 997,053	\$ 974,875
Rental income	67,764	81,018	135,915	163,011
FF&E reserve income	1,130	1,334	2,502	2,698
Total revenues	610,562	611,951	1,135,470	1,140,584
Expenses:				
Hotel operating expenses	381,703	374,081	700,828	689,063
Depreciation and amortization	99,196	99,684	198,561	199,301
General and administrative	12,207	13,121	24,442	24,855
Total expenses	493,106	486,886	923,831	913,219
Gain on sale of real estate	—	—	159,535	—
Dividend income	876	626	1,752	1,252
Unrealized gains and (losses) on equity securities, net	(60,788)	20,940	(39,811)	45,895
Interest income	449	323	1,086	615
Interest expense (including amortization of debt issuance costs and debt discounts and premiums of \$2,570, \$2,559, \$5,140 and \$5,037, respectively)	(49,601)	(48,741)	(99,367)	(96,281)
Loss on early extinguishment of debt	—	(160)	—	(160)
Income before income taxes and equity in earnings of an investee	8,392	98,053	234,834	178,686
Income tax benefit (expense)	260	(771)	(799)	(1,242)
Equity in earnings of an investee	130	7	534	51
Net income	8,782	97,289	234,569	177,495
Other comprehensive income (loss):				
Equity interest in investee's unrealized gains (losses)	71	10	137	(83)
Other comprehensive income (loss)	71	10	137	(83)
Comprehensive income	\$ 8,853	\$ 97,299	\$ 234,706	\$ 177,412
Weighted average common shares outstanding (basic)	164,284	164,205	164,281	164,202
Weighted average common shares outstanding (diluted)	164,326	164,243	164,324	164,226
Net income per common share (basic and diluted)	\$ 0.05	\$ 0.59	\$ 1.43	\$ 1.08

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

HOSPITALITY PROPERTIES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(unaudited)
(in thousands, except share data)

	Common Shares				Cumulative Net Income Available for Common Shareholders	Cumulative Other Comprehensive Income (Loss)	Total
	Number of Shares	Common Shares	Cumulative Common Distributions	Additional Paid in Capital			
Balance at December 31, 2018	164,441,709	\$ 1,644	\$ (5,181,323)	\$ 4,545,481	\$ 3,231,895	\$ (266)	\$ 2,597,431
Net income	—	—	—	—	225,787	—	225,787
Equity interest in investee's unrealized gains	—	—	—	—	—	66	66
Common share grants	—	—	—	436	—	—	436
Distributions	—	—	(87,154)	—	—	—	(87,154)
Balance at March 31, 2019	164,441,709	\$ 1,644	\$ (5,268,477)	\$ 4,545,917	\$ 3,457,682	\$ (200)	\$ 2,736,566
Net income	—	—	—	—	8,782	—	8,782
Equity interest in investee's unrealized gains	—	—	—	—	—	71	71
Common share grants	15,000	1	—	868	—	—	869
Common share repurchases and forfeitures	(2,172)	—	—	(48)	—	—	(48)
Distributions	—	—	(88,798)	—	—	—	(88,798)
Balance at June 30, 2019	164,454,537	\$ 1,645	\$ (5,357,275)	\$ 4,546,737	\$ 3,466,464	\$ (129)	\$ 2,657,442
Balance at December 31, 2017	164,349,141	\$ 1,643	\$ (4,834,491)	\$ 4,542,307	\$ 2,966,605	\$ 79,358	\$ 2,755,422
Cumulative effect of accounting change	—	—	—	—	79,556	(79,556)	—
Net income	—	—	—	—	80,206	—	80,206
Equity interest in investee's unrealized losses	—	—	—	—	—	(93)	(93)
Common share repurchases	(3,394)	—	—	(101)	—	—	(101)
Distributions	—	—	(85,460)	—	—	—	(85,460)
Balance at March 31, 2018	164,345,747	\$ 1,643	\$ (4,919,951)	\$ 4,542,206	\$ 3,126,367	\$ (291)	\$ 2,749,974
Net income	—	—	—	—	97,289	—	97,289
Equity interest in investee's unrealized gains	—	—	—	—	—	10	10
Common share grants	18,000	1	—	500	—	—	501
Distributions	—	—	(87,105)	—	—	—	(87,105)
Balance at June 30, 2018	164,363,747	\$ 1,644	\$ (5,007,056)	\$ 4,542,706	\$ 3,223,656	\$ (281)	\$ 2,760,669

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

HOSPITALITY PROPERTIES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	For the Six Months Ended June 30,	
	2019	2018
Cash flows from operating activities:		
Net income	\$ 234,569	\$ 177,495
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	198,561	199,301
Amortization of debt issuance costs and debt discounts and premiums as interest	5,140	5,037
Straight line rental income	4,322	(6,223)
Security deposits replenished (utilized)	(9,179)	4,986
Loss on early extinguishment of debt	—	160
Unrealized (gains) and losses on equity securities, net	39,811	(45,895)
Equity in earnings of an investee	(534)	(51)
Gain on sale of real estate	(159,535)	—
Other non-cash (income) expense, net	(207)	(1,700)
Changes in assets and liabilities:		
Due from related persons	3,389	(243)
Other assets	(21,158)	(4,689)
Accounts payable and other liabilities	(388)	10,196
Due to related persons	(54,893)	(74,997)
Net cash provided by operating activities	239,898	263,377
Cash flows from investing activities:		
Real estate acquisitions and deposits	(175,146)	(91,221)
Real estate improvements	(37,189)	(67,069)
Hotel managers' purchases with restricted cash	(88,150)	(59,823)
Hotel manager's deposit (withdrawal) of insurance proceeds into restricted cash	(7,184)	18,000
Net proceeds from sale of real estate	308,200	—
Net cash provided by (used in) investing activities	531	(200,113)
Cash flows from financing activities:		
Proceeds from issuance of senior unsecured notes, after discounts and premiums	—	389,976
Borrowings under unsecured revolving credit facility	121,000	301,000
Repayments of unsecured revolving credit facility	(208,000)	(577,000)
Deferred financing costs	—	(12,242)
Repurchase of common shares	—	(101)
Distributions to common shareholders	(175,952)	(172,565)
Net cash used in financing activities	(262,952)	(70,932)
Decrease in cash and cash equivalents and restricted cash	(22,523)	(7,668)
Cash and cash equivalents and restricted cash at beginning of period	76,003	97,496
Cash and cash equivalents and restricted cash at end of period	\$ 53,480	\$ 89,828
Supplemental disclosure of cash and cash equivalents and restricted cash:		
The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the condensed consolidated balance sheets to the amount shown in the condensed consolidated statements of cash flows:		
Cash and cash equivalents	\$ 15,688	\$ 16,549
Restricted cash	37,792	73,279
Total cash and cash equivalents and restricted cash	\$ 53,480	\$ 89,828
Supplemental cash flow information:		
Cash paid for interest	\$ 94,296	\$ 76,509
Cash paid for income taxes	2,289	2,589

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

HOSPITALITY PROPERTIES TRUST
Notes to Condensed Consolidated Financial Statements
(dollars in thousands, except share data)
(Unaudited)

Note 1. Basis of Presentation

The accompanying condensed consolidated financial statements of Hospitality Properties Trust and its subsidiaries, or HPT, we, our or us, 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 financial statements and notes contained in our Annual Report on Form 10-K for the year ended December 31, 2018, or our 2018 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. These condensed consolidated financial statements include the accounts of HPT and our subsidiaries, all of which are 100% owned directly or indirectly by HPT. All intercompany transactions and balances with or among our consolidated subsidiaries have been eliminated. Our operating results for interim periods and those of our managers and tenants are not necessarily indicative of the results that may be expected for the full year. Reclassifications have been made to the prior years' condensed consolidated financial statements to conform to the current year's presentation.

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

We have determined that each of our wholly owned taxable REIT subsidiaries, or TRSs, is a variable interest entity, or VIE, as defined under the Consolidation Topic of the Financial Accounting Standards Board, or FASB, *Accounting Standards Codification*™. We have concluded that we must consolidate each of our wholly owned TRSs because we are the entity with the power to direct the activities that most significantly impact such VIEs' performance and we have the obligation to absorb losses or the right to receive benefits from each VIE that could be significant to the VIE and are, therefore, the primary beneficiary of each VIE. The assets of our TRSs were \$37,053 and \$31,917 as of June 30, 2019 and December 31, 2018, respectively, and consist primarily of amounts due from and working capital advances to certain of our hotel managers. The liabilities of our TRSs were \$137,151 and \$148,459 as of June 30, 2019 and December 31, 2018, respectively, and consist primarily of security deposits they hold and amounts payable to certain of our hotel managers. The assets of our TRSs are available to satisfy our TRSs' obligations and we have guaranteed certain obligations of our TRSs.

Note 2. New Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update, or ASU, No. 2016-02, *Leases*. Additional guidance and targeted improvements to ASU No. 2016-02 were made through the issuance of supplemental ASUs in July 2018, December 2018 and March 2019, or collectively with ASU No. 2016-02, the Lease Standard. We adopted the Lease Standard on January 1, 2019. The Lease Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The Lease Standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase of the leased asset by the lessee. This classification will determine whether the lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease. Upon adoption, we applied the package of practical expedients that allowed us not to reassess (i) whether any expired or existing contracts are or contain leases, (ii) lease classification for any expired or existing leases, (iii) initial direct costs for any expired or existing leases and (iv) the option to initially apply the Lease Standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption, although we did not have such an adjustment. Additionally, our leases met the criteria not to separate non-lease components from the related lease component.

As a lessor. We are required to account for leases using an approach that is substantially equivalent to existing guidance for sales type leases, direct financing leases and operating leases. Adoption of the Lease Standard did not have a material impact in our condensed consolidated financial statements for our leases where we are the lessor.

As a lessee. We are required to record right of use assets and lease liabilities in our condensed consolidated balance sheets for leases with terms greater than 12 months, where we are the lessee. We recorded right of use assets and related lease liabilities of \$77,010 upon implementation of the Lease Standard. Adoption of the Lease Standard did not have a material effect

HOSPITALITY PROPERTIES TRUST
Notes to Condensed Consolidated Financial Statements
(dollars in thousands, except share data)
(Unaudited)

in our condensed consolidated statements of comprehensive income or condensed consolidated statements of cash flows for our leases where we are the lessee.

See Note 8 for further information regarding our leases and the adoption of the Lease Standard.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of *Credit Losses on Financial Instruments*, which requires that entities use a new forward looking “expected loss” model that generally will result in the earlier recognition of allowance for credit losses. The measurement of expected credit losses is based upon historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU No. 2016-13 will be effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. We are currently assessing the potential impact the adoption of ASU No. 2016-13 will have in our condensed consolidated financial statements. Lease related receivables are governed by the Lease Standards referred to above and are not subject to ASU No. 2016-13. We currently expect to adopt the standard using the modified retrospective approach.

Note 3. Revenue Recognition

We report hotel operating revenues for managed hotels in our condensed consolidated statements of comprehensive income. We generally recognize hotel operating revenues, consisting primarily of room and food and beverage sales, when goods and services are provided.

We report rental income for leased hotels and travel centers in our condensed consolidated statements of comprehensive income. We recognize rental income from operating leases on a straight line basis over the term of the lease agreements. We reduced rental income by \$3,190 and \$4,322 for the three and six months ended June 30, 2019, respectively, and increased rental income by \$3,144 and \$6,223 for the three and six months ended June 30, 2018, respectively, to record scheduled rent changes under certain of our leases, the deferred rent obligations payable to us under our leases with TravelCenters of America Inc., or TA, and the estimated future payments to us under our TA leases for the cost of removing underground storage tanks at our travel centers on a straight line basis. See Notes 8 and 10 for further information regarding our TA leases. Due from related persons includes \$54,461 and \$66,347 and other assets, net, includes \$3,242 and \$3,073 of straight line rent receivables at June 30, 2019 and December 31, 2018, respectively.

We determine percentage rent due to us under our leases annually and recognize it when all contingencies are met and the rent is earned. We had deferred estimated percentage rent of \$958 and \$2,027 for the three and six months ended June 30, 2019, respectively, and \$950 and \$1,784 for the three and six months ended June 30, 2018, respectively.

We own all the FF&E reserve escrows for our hotels. We report deposits by our third party tenants into the escrow accounts as FF&E reserve income. We do not report the amounts which are escrowed as reserves established for the regular refurbishment of our hotels, or FF&E reserves, for our managed hotels as FF&E reserve income.

Note 4. Weighted Average Common Shares

The following table provides a reconciliation of the weighted average number of common shares used in the calculation of basic and diluted earnings per share:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
	(in thousands)			
Weighted average common shares for basic earnings per share	164,284	164,205	164,281	164,202
Effect of dilutive securities: Unvested share awards	42	38	43	24
Weighted average common shares for diluted earnings per share	164,326	164,243	164,324	164,226

HOSPITALITY PROPERTIES TRUST
Notes to Condensed Consolidated Financial Statements
(dollars in thousands, except share data)
(Unaudited)

Note 5. Shareholders' Equity

Share Awards

On June 13, 2019, in accordance with our Trustee compensation arrangements, we granted 3,000 of our common shares, valued at \$24.67 per common share, the closing price of our common shares on The Nasdaq Stock Market LLC, or Nasdaq, on that day to each of our five Trustees as part of their annual compensation.

Share Purchases

On April 5, 2019, we purchased an aggregate of 1,642 of our common shares for \$26.64 per common share, the closing price of our common shares on Nasdaq on that day, from a former officer of The RMR Group LLC, or RMR LLC, in satisfaction of tax withholding and payment obligations in connection with the vesting of awards of our common shares.

On July 3, 2019, we purchased an aggregate of 5,041 of our common shares for \$25.20 per common share, the closing price of our common shares on Nasdaq on that day, from our former officer and a certain former employee of RMR LLC in satisfaction of tax withholding and payment obligations in connection with the vesting of awards of our common shares.

Distributions

On February 21, 2019, we paid a regular quarterly distribution to our common shareholders of record on January 28, 2019 of \$0.53 per share, or \$87,154. On May 16, 2019, we paid a regular quarterly distribution to our common shareholders of record on April 29, 2019 of \$0.54 per share, or \$88,798. On July 18, 2019, we declared a regular quarterly distribution to common shareholders of record on July 29, 2019 of \$0.54 per share, or \$88,803. We expect to pay this amount on or about August 15, 2019.

Cumulative Other Comprehensive Loss

Cumulative other comprehensive loss, as of June 30, 2019, represents our share of the comprehensive loss of Affiliates Insurance Company, or AIC. See Note 10 for further information regarding this investment.

Note 6. Indebtedness

Our principal debt obligations at June 30, 2019 were: (1) \$90,000 of outstanding borrowings under our \$1,000,000 unsecured revolving credit facility; (2) our \$400,000 unsecured term loan; and (3) \$3,650,000 aggregate outstanding principal amount of senior unsecured notes. Our revolving credit facility and our term loan are governed by a credit agreement with a syndicate of institutional lenders.

Our \$1,000,000 revolving credit facility is available for general business purposes, including acquisitions. The maturity date of our revolving credit facility is July 15, 2022, and, subject to the payment of an extension fee and meeting certain other conditions, we have an option to extend the maturity date of the facility for two additional six month periods. We can borrow, repay and reborrow funds available under our revolving credit facility until maturity, and no principal repayment is due until maturity. We are required to pay interest on borrowings under our revolving credit facility at the rate of LIBOR plus a premium, which was 100 basis points per annum as of June 30, 2019. We also pay a facility fee, which was 20 basis points per annum at June 30, 2019, on the total amount of lending commitments under our revolving credit facility. Both the interest rate premium and the facility fee are subject to adjustment based upon changes to our credit ratings. As of June 30, 2019, the annual interest rate payable on borrowings under our revolving credit facility was 3.37%. The weighted average annual interest rate for borrowings under our revolving credit facility was 3.40% for both the three and six months ended June 30, 2019, and 3.32% and 3.02% for the three and six months ended June 30, 2018, respectively. As of June 30, 2019, we had \$90,000 outstanding and \$910,000 available under our revolving credit facility. As of August 8, 2019, we had no amounts outstanding and \$1,000,000 available to borrow under our revolving credit facility.

Our \$400,000 term loan, which matures on July 15, 2023, is prepayable without penalty at any time. We are required to pay interest on the amount outstanding under our term loan at the rate of LIBOR plus a premium, which was 110 basis points per annum as of June 30, 2019. The interest rate premium is subject to adjustment based on changes to our credit ratings. As of June 30, 2019, the annual interest rate for the amount outstanding under our term loan was 3.54%. The weighted average annual

HOSPITALITY PROPERTIES TRUST
Notes to Condensed Consolidated Financial Statements
(dollars in thousands, except share data)
(Unaudited)

interest rate for borrowings under our term loan was 3.58% and 3.59% for the three and six months ended June 30, 2019 , respectively, and 3.06% and 2.93% for the three and six months ended June 30, 2018 , respectively.

Our credit agreement also includes a feature under which maximum aggregate borrowings may be increased to up to \$2,300,000 on a combined basis in certain circumstances. Our credit agreement and our unsecured 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 LLC ceasing to act as our business manager. Our credit agreement and our unsecured senior notes indentures and their supplements also contain covenants, including those that restrict our ability to incur debts or to make distributions under certain circumstances and generally require us to maintain certain financial ratios. We believe we were in compliance with the terms and conditions of our credit agreement and our unsecured senior notes indentures and their supplements at June 30, 2019 .

In connection with our pending acquisition of a net lease portfolio from Spirit MTA REIT, a Maryland real estate investment trust, or REIT, (NYSE: SMTA), or the SMTA Transaction, described in Note 7 , a syndicate of lenders committed to provide us with a one year unsecured term loan facility, under which we may borrow up to \$2,000,000 . Subject to the payment of an extension fee and meeting certain other conditions, we have an option to extend the maturity date of this facility for a period of one year.

Note 7. Real Estate Properties

At June 30, 2019 , we owned 328 hotels and 179 travel centers.

During the six months ended June 30, 2019 , we funded \$87,378 for improvements to certain of our properties which, pursuant to the terms of our management and lease agreements with our managers and tenants, resulted in increases in our contractual annual minimum returns and rents of \$6,608 . See Notes 8 and 10 for further information about our management and lease agreements and our fundings of improvements to certain of our properties.

Acquisitions

During the six months ended June 30, 2019 , we acquired two hotels. We accounted for these transactions as acquisitions of assets. Our allocation of the purchase price of each of these acquisitions based on the estimated fair value of the acquired assets is presented in the table below.

Acquisition Date	Location	Purchase Price	Land	Land Improvements	Building and Improvements	Furniture, Fixtures and Equipment
2/22/2019	Washington, D.C. ⁽¹⁾	\$ 143,742	\$ 44,972	\$ 151	\$ 93,412	\$ 5,207
5/7/2019	Milwaukee, WI ⁽²⁾	30,235	3,442	1,053	25,132	608
		<u>\$ 173,977</u>	<u>\$ 48,414</u>	<u>\$ 1,204</u>	<u>\$ 118,544</u>	<u>\$ 5,815</u>

(1) On February 22, 2019 , we acquired the 335 room Hotel Palomar located in Washington, D.C. for a purchase price of \$143,742 , including capitalized acquisition costs of \$2,292 . We added this Kimpton[®] branded hotel to our management agreement with InterContinental Hotels Group, plc, or IHG.

(2) On May 7, 2019 , we acquired the 198 room Crowne Plaza Milwaukee West hotel in Milwaukee, WI for a purchase price of \$30,235 , including capitalized acquisition costs of \$235 . We added this Crowne Plaza[®] branded hotel to our management agreement with IHG.

See Note 8 for further information regarding our management agreement with IHG for 102 hotels, or our IHG agreement.

In June 2019 , we entered the SMTA Transaction to acquire a net lease portfolio for \$2,400,000 in cash, excluding transaction costs and subject to customary adjustments and prorations. In addition to the \$2,400,000 purchase price, we have agreed to pay the prepayment penalties associated with the redemption of notes issued by certain subsidiaries of SMTA under their asset-backed securitization platform in order to extinguish the existing mortgage debt on the portfolio, which are estimated to be approximately \$78,000 . The portfolio consists of 770 service-oriented retail properties net leased to tenants in 22 different industries and 164 brands that include quick service and casual dining restaurants, movie theaters, health and fitness, automotive parts and services and other service-oriented and necessity-based industries across 43 states. We may use the

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proceeds from the \$2,000,000 term loan facility described in Note 6 , borrowings under our existing revolving credit facility, proceeds from certain asset sales, the issuance of new unsecured senior notes or other sources to finance the SMTA Transaction. The SMTA Transaction is subject to the approval by SMTA's shareholders, and each party's obligation to consummate the SMTA Transaction is subject to certain other customary conditions. We currently expect the SMTA Transaction to close during the third quarter of 2019.

On August 1, 2019 , we acquired a land parcel adjacent to our travel center located in Southington, CT for a purchase price of \$60 , excluding acquisition related costs. This land parcel has been added to the TA lease for that travel center.

Dispositions

In January 2019 , in a series of transactions, we sold 20 travel centers in 15 states to TA for \$308,200 . We recorded a gain of \$159,535 in the first quarter of 2019 as a result of these sales. See Notes 8 and 10 for further information regarding these transactions, our relationship and leases with TA.

Note 8. Management Agreements and Leases

As of June 30, 2019 , we owned 328 hotels and 179 travel centers, which were included in 13 operating agreements. We do not operate any of our properties.

As of June 30, 2019 , 326 of our hotels were leased to our TRSs and managed by independent hotel operating companies and two hotels were leased to third parties. As of June 30, 2019 , our hotel properties were managed by or leased to separate subsidiaries of Marriott International, Inc., or Marriott, IHG, Sonesta International Hotels Corporation, or Sonesta, Wyndham Hotels & Resorts, Inc., or Wyndham, Hyatt Hotels Corporation, or Hyatt, and Radisson Hospitality, Inc., or Radisson, under eight agreements. These hotel agreements have initial terms expiring between 2019 and 2038. Each of these agreements is for between one and 102 of our hotels. In general, the agreements contain renewal options for all, but not less than all, of the affected properties included in each agreement, and the renewal terms range between 20 to 60 years. Most of these agreements require the third party manager or tenant to: (1) make payments to us of minimum returns or minimum rents; (2) deposit a percentage of total hotel sales into FF&E reserves; and (3) for our managed hotels, make payments to our TRSs of additional returns to the extent of available cash flows after payment of operating expenses, funding of the FF&E reserves, payment of our minimum returns, payment of certain management fees and replenishment of security deposits or guarantees. Some of our managers or tenants or their affiliates have provided deposits or guarantees to secure their obligations to pay us.

Marriott No. 1 agreement . Our management agreement with Marriott for 53 hotels, or our Marriott No. 1 agreement, provides that, as of June 30, 2019 , we are to be paid an annual minimum return of \$71,589 to the extent that gross revenues of the hotels, after payment of hotel operating expenses and funding of the FF&E reserve, are sufficient to do so. Marriott's base and incentive management fees are only earned after we receive our minimum returns. We realized minimum returns of \$19,847 and \$18,536 during the three months ended June 30, 2019 and 2018 , respectively, and minimum returns of \$35,559 and \$34,619 during the six months ended June 30, 2019 and 2018 , respectively, under this agreement. We also realized additional returns of \$1,575 during both the three and six months ended June 30, 2019 and \$2,529 during both the three and six months ended June 30, 2018 , which represent our share of hotel cash flows in excess of the minimum returns due to us for these periods. We do not have any security deposits or guarantees for our minimum returns from the 53 hotels included in our Marriott No. 1 agreement. Accordingly, the minimum returns we receive from these hotels managed by Marriott are limited to the hotels' available cash flows after payment of operating expenses and funding of the FF&E reserve.

We funded \$14,527 and \$854 for capital improvements to certain of the hotels included in our Marriott No. 1 agreement during the six months ended June 30, 2019 and 2018 , respectively, which resulted in increases in our contractual annual minimum returns of \$1,453 and \$85 , respectively.

Marriott No. 234 agreement . Our management agreement with Marriott for 68 hotels, or our Marriott No. 234 agreement, provides that, as of June 30, 2019 , we are to be paid an annual minimum return of \$109,024 . We realized minimum returns of \$27,057 and \$26,717 during the three months ended June 30, 2019 and 2018 , respectively, and \$53,949 and \$53,427 during the six months ended June 30, 2019 and 2018 , respectively, under this agreement. Pursuant to our Marriott No. 234 agreement, Marriott has provided us with a security deposit to cover minimum return payment shortfalls, if any. Under this agreement, this security deposit may be replenished and increased up to \$64,700 from a share of hotel cash flows in excess of the minimum returns due to us. Marriott's base and incentive management fees are only earned after we receive our minimum returns. During the six months ended June 30, 2019 , our available security deposit was replenished by \$2,723 from a share of hotel cash flows

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in excess of the minimum returns due to us during the period. The available balance of this security deposit was \$35,434 as of June 30, 2019 . Pursuant to our Marriott No. 234 agreement, Marriott has also provided us with a limited guaranty which expires in 2019 for shortfalls up to 90% of our minimum returns, if and after the available security deposit has been depleted. The available balance of the guaranty was \$30,672 as of June 30, 2019 .

We funded \$18,600 and \$3,680 for capital improvements to certain of the hotels included in our Marriott No. 234 agreement during the six months ended June 30, 2019 and 2018 , respectively, which resulted in increases in our contractual annual minimum returns of \$1,674 and \$331 , respectively.

Marriott No. 5 agreement . We lease one hotel in Kauai, HI to Marriott which requires that, as of June 30, 2019 , we are paid annual minimum rents of \$10,518 . This lease is guaranteed by Marriott and we realized \$2,630 and \$2,580 of rent for this hotel during the three months ended June 30, 2019 and 2018 , respectively, and \$5,260 and \$5,160 during the six months ended June 30, 2019 and 2018 , respectively. The guaranty provided by Marriott with respect to this leased hotel is unlimited. Marriott has four renewal options for 15 years each. On August 31, 2016, Marriott notified us that it will not exercise its renewal option at the expiration of the current lease term ending on December 31, 2019 .

IHG agreement. Our IHG agreement provides that, as of June 30, 2019 , we are to be paid annual minimum returns and rents of \$207,411 . We realized minimum returns and rents of \$51,617 and \$47,371 during the three months ended June 30, 2019 and 2018 , respectively, and \$101,201 and \$94,686 during the six months ended June 30, 2019 and 2018 , respectively, under this agreement. We also realized additional returns under this agreement of \$1,720 during both the three and six months ended June 30, 2018 from our share of hotel cash flows in excess of the minimum returns and rents due to us for that period. We did not realize any additional returns during either the three or six months ended June 30, 2019 .

Pursuant to our IHG agreement, IHG has provided us with a security deposit to cover minimum payment shortfalls, if any. Under this agreement, IHG is required to maintain a minimum security deposit of \$37,000 and this security deposit may be replenished and increased up to \$100,000 from a share of future cash flows from the hotels in excess of our minimum returns and rents. During the six months ended June 30, 2019 , we reduced the available security deposit by \$11,897 to cover shortfalls in hotel cash flows available to pay the minimum returns and rents due to us for the period. The available balance of this security deposit was \$88,103 as of June 30, 2019 .

We did not fund any capital improvements to our IHG hotels during each of the six months ended June 30, 2019 and 2018 .

Sonesta agreement. As of June 30, 2019 , Sonesta managed 12 of our full service hotels and 39 of our limited service hotels pursuant to management agreements for each of the hotels, which we refer to collectively as our Sonesta agreement, and a pooling agreement, which combines those management agreements for purposes of calculating gross revenues, payment of hotel operating expenses, payment of fees and distributions and minimum returns due to us.

Our Sonesta agreement provides that we are paid a fixed annual minimum return equal to 8% of our invested capital, as defined therein, if gross revenues of the hotels, after payment of hotel operating expenses and management and related fees (other than Sonesta's incentive fee, if applicable), are sufficient to do so. Our fixed annual minimum return under our Sonesta agreement was \$129,017 as of June 30, 2019 . Our Sonesta agreement further provides that we are paid an additional return based upon operating profits, as defined therein, after payment of Sonesta's incentive fee, if applicable. We realized returns of \$28,005 and \$27,902 during the three months ended June 30, 2019 and 2018 , respectively, and \$42,165 and \$39,874 during the six months ended June 30, 2019 , and 2018 , respectively, under our Sonesta agreement. We do not have any security deposits or guarantees for our Sonesta hotels. Accordingly, the returns we receive from our Sonesta hotels are limited to the hotels' available cash flows after payment of operating expenses, including management and related fees.

Pursuant to our Sonesta agreement, we incurred management, reservation and system fees and reimbursement costs for certain guest loyalty, marketing program and third party reservation transmission fees of \$10,180 and \$9,483 for the three months ended June 30, 2019 and 2018 , respectively, and \$18,703 and \$16,808 for the six months ended June 30, 2019 and 2018 , respectively. In addition, we incurred procurement and construction supervision fees of \$581 and \$789 for the three months ended June 30, 2019 and 2018 , respectively, and \$986 and \$1,194 for the six months ended June 30, 2019 and 2018 , respectively, pursuant to our Sonesta agreement. These amounts are included in hotel operating expenses or have been capitalized, as appropriate, in our condensed consolidated financial statements.

Our Sonesta agreement does not require FF&E escrow deposits, but does require us to fund capital expenditures at our Sonesta hotels. We funded \$34,306 and \$36,875 for renovations and other capital improvements to certain hotels included in

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our Sonesta agreement during the six months ended June 30, 2019 and 2018, respectively, which resulted in increases in our contractual annual minimum returns of \$1,928 and \$2,218, respectively. The annual minimum returns due to us under our Sonesta agreement increase by 8% of the capital expenditure amounts we fund in excess of threshold amounts, as defined therein. We owed Sonesta \$4,374 and \$8,979 for capital expenditure and other reimbursements at June 30, 2019 and 2018, respectively. Amounts due from Sonesta are included in due from related persons and amounts owed to Sonesta are included in due to related persons in our condensed consolidated balance sheets.

See Note 10 for further information regarding our relationship, agreements and transactions with Sonesta.

Wyndham agreements. Our management agreement with Wyndham for 22 hotels, or our Wyndham agreement, provides that, as of June 30, 2019, we are to be paid annual minimum returns of \$27,973. Pursuant to our Wyndham agreement, Wyndham has provided us with a guaranty, which was limited to \$35,656, subject to an annual payment limit of \$17,828, and expires on July 28, 2020. This guaranty was depleted during 2017 and remained depleted as of June 30, 2019. This guaranty may be replenished from a share of future cash flows from these hotels in excess of our minimum returns. The Wyndham agreement provides that if the hotel cash flows available after payment of hotel operating expenses are less than the minimum returns due to us and if the guaranty is depleted, to avoid a default Wyndham is required to pay us the greater of the available hotel cash flows after payment of hotel operating expenses and 85% of the contractual amount due to us. If cash flows from our Wyndham managed hotels continue to be less than minimum returns, we cannot be sure as to whether Wyndham will continue to pay at least the greater of available hotel cash flows after payment of hotel operating expenses and 85% of the minimum returns due to us or if Wyndham will default on its payments. We realized returns of \$5,964 and \$5,862 during the three months ended June 30, 2019 and 2018, respectively, and \$11,873 and \$11,719 during the six months ended June 30, 2019 and 2018, respectively, which represents 85% of the minimum returns due for the period, under this agreement.

Our Wyndham agreement requires FF&E escrow deposits equal to 5% of total hotel sales for all hotels included in the agreement subject to available cash flows after payment of our minimum return. No FF&E escrow deposits were made during the six months ended June 30, 2019.

We funded \$2,278 and \$660 for capital improvements to certain of the hotels included in our Wyndham agreement during the six months ended June 30, 2019 and 2018, respectively, which resulted in increases in our contractual annual minimum returns of \$182 and \$53, respectively.

We currently expect to exit our relationship with Wyndham and to rebrand or sell our 22 hotels currently managed by Wyndham.

We lease 48 vacation units in one of our hotels to a subsidiary of Wyndham Destinations, Inc. (NYSE: WYND), or Destinations, which requires that, as of June 30, 2019, we are paid annual minimum rents of \$1,493. The guaranty provided by Destinations with respect to the Destinations lease for part of one hotel is unlimited. We recognized the contractual rents of \$454 during both the three months ended June 30, 2019 and 2018 and \$908 during both the six months ended June 30, 2019 and 2018 under our Destinations lease agreement. Rental income for the three months ended June 30, 2019 and 2018 for this lease includes \$80 and \$91, respectively, and \$160 and \$182 for the six months ended June 30, 2019 and 2018, respectively, of adjustments necessary to record rent on a straight line basis.

Hyatt agreement. Our management agreement with Hyatt for 22 hotels, or our Hyatt agreement, provides that, as of June 30, 2019, we are to be paid an annual minimum return of \$22,037. We realized minimum returns of \$5,509 during each of the three months ended June 30, 2019 and 2018 and minimum returns of \$11,019 during each of the six months ended June 30, 2019 and 2018 under this agreement. Pursuant to our Hyatt agreement, Hyatt has provided us with a guaranty, which is limited to \$50,000. During the six months ended June 30, 2019, the available guarantee was replenished by \$699 from a share of hotel cash flows in excess of the minimum returns due to us. The available balance of the guaranty was \$22,614 as of June 30, 2019.

Radisson agreement. Our management agreement with Radisson for nine hotels, or our Radisson agreement, provides that, as of June 30, 2019, we are to be paid an annual minimum return of \$20,292. We realized minimum returns of \$5,015 and \$3,493 during the three months ended June 30, 2019 and 2018, respectively, and \$9,846 and \$6,723 during the six months ended June 30, 2019 and 2018, respectively, under this agreement. Pursuant to our Radisson agreement, Radisson has provided us with a limited guaranty which, as a result of capital improvement amounts funded by us during the six months ended June 30, 2019, as described below, was increased \$1,371 to a total of \$47,371. During the six months ended June 30, 2019, the hotels under this agreement generated cash flows that were less than the minimum returns due to us for the period, and

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Radisson made \$1,998 of guaranty payments to cover the shortfall. The available balance of the guaranty was \$40,561 as of June 30, 2019 .

We funded \$17,143 for capital improvements at certain of the hotels included in our Radisson agreement during the six months ended June 30, 2019 , which resulted in increases in our contractual annual minimum returns of \$1,371 . We did not fund any capital improvements to the hotels included in our Radisson agreement during the six months ended June 30, 2018 .

TA leases. In January 2019 , we entered agreements with TA, pursuant to which:

- In January 2019 , we sold to TA 20 travel center properties, which TA previously leased from us, for a total purchase price of \$308,200 .
- Upon completing these sales, these travel center properties were removed from the TA leases and TA's annual minimum rent payable to us decreased by \$43,148 .
- Commencing on April 1, 2019 , TA paid us the first of 16 quarterly installments of approximately \$4,400 each (an aggregate of \$70,458) to fully satisfy and discharge its \$150,000 deferred rent obligation to us that otherwise would have become due in five installments between 2024 and 2030 .
- Commencing with the year ending December 31, 2020 , TA will be obligated to pay to us an additional amount of percentage rent equal to one-half percent (0.5%) of the excess of its annual non-fuel revenues at leased sites over the non-fuel revenues for each respective site for the year ending December 31, 2019 .
- The term of each TA lease was extended by three years .
- Certain of the 179 travel center properties that TA continues to lease from us were reallocated among the TA leases.

See Note 7 for further information regarding the effects of certain of our property dispositions on our leases with TA.

As of June 30, 2019 , we leased to TA a total of 179 travel centers under five leases that expire between 2029 and 2035 and require annual minimum returns of \$246,083 .

We recognized rental income from TA of \$62,680 and \$74,468 for the three months ended June 30, 2019 and 2018 , respectively, and \$125,756 and \$148,661 for the six months ended June 30, 2019 and 2018 , respectively. We reduced rental income by \$3,277 and \$4,491 for the three and six months ended June 30, 2019 , respectively, and increased rental income by \$3,046 and \$6,029 for the three and six months ended June 30, 2018 , respectively, to record the deferred rent obligations under our TA leases and the estimated future payments to us by TA for the cost of removing underground storage tanks on a straight line basis. As of June 30, 2019 and December 31, 2018 , we had receivables for current rent amounts owed to us by TA and straight line rent adjustments of \$75,939 and \$91,212 , respectively. These amounts are included in due from related persons in our condensed consolidated balance sheets.

Our TA leases do not require FF&E escrow deposits. However, TA is required to maintain the leased travel centers, including structural and non-structural components.

Under our TA leases, TA may request that we fund capital improvements in return for increases in TA's annual minimum rent equal to 8.5% of the amounts funded. We did not fund any capital improvements to our properties that we leased to TA during the six months ended June 30, 2019 . We funded \$28,836 of capital improvements to our properties that we leased to TA for the six months ended June 30, 2018 . As a result, TA's annual minimum rent payable to us increased by \$2,451 .

In addition to the rental income that we recognized during the three months ended June 30, 2019 and 2018 as described above, our TA leases require TA to pay us percentage rent based upon increases in certain sales. We determine percentage rent due under our TA leases annually and recognize any resulting amount as rental income when all contingencies are met. We had aggregate deferred percentage rent under our TA leases of \$958 and \$861 for the three months ended June 30, 2019 and 2018 , respectively, and \$2,027 and \$1,696 for the six months ended June 30, 2019 and 2018 , respectively.

See Note 10 for further information regarding our relationship with TA.

Additional lease information (as lessor) . As of June 30, 2019 , our leases with parties other than our TRSs provide for contractual minimum rents to be paid to us during the remaining current terms as follows:

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2019	\$	141,816
2020		273,098
2021		272,801
2022		271,222
2023		258,065
Thereafter		2,357,802
Total	\$	3,574,804

Additional lease information (as lessee) . As of January 1, 2019, 14 of our hotels and one of our travel centers were subject to ground leases where we are the lessee. In addition, our hotel operators enter various leases on our behalf in the normal course of business at our hotels, or our hotel operating leases. We calculated right of use assets and lease liabilities as the present value of the remaining lease payment obligations for our operating leases, which include the ground leases and hotel operating leases, over the remaining lease term using our estimated incremental borrowing rate. The right of use assets and related lease liabilities are included within other assets, net and accounts payable and other liabilities, respectively, in our condensed consolidated balance sheets.

At June 30, 2019 , our right of use assets and related lease liabilities totaled \$76,703 and \$77,023 , respectively, which represented our future obligations under our operating lease agreements. Our operating leases require minimum fixed rent payments, percentage rent payments based on a percentage of hotel revenues in excess of certain thresholds, or rent payments equal to the greater of a minimum fixed rent or percentage rent. Rental expense related to our operating leases of \$3,765 and \$6,993 for the three and six months ended June 30, 2019 , respectively, is included in hotel operating expenses within our condensed consolidated statements of comprehensive income. As of June 30, 2019 , our operating leases provide for contractual minimum rent payments to third parties during the remaining lease terms, as follows:

2019	\$	3,630
2020		6,896
2021		6,195
2022		5,694
2023		5,548
Thereafter		145,892
Total lease payments		173,855
Less: imputed interest		(96,832)
Present value of lease liabilities ⁽¹⁾	\$	77,023

- (1) The weighted average discount rate used to calculate the lease liability and the weighted average remaining term for our ground leases (assuming all extension options) and our hotel operating leases are approximately 5.49% and 32 years (range of 12 to 68 years) and 5.58% and 29 years (range of 1 month to 55 years), respectively.

As of June 30, 2019 , 14 of our travel centers are on land we leased partially or entirely from unrelated third parties. We are not required to record right of use assets and lease liabilities for these properties as we are not the primary obligor under the leases. The average remaining terms of the ground leases on these 14 travel centers was 14 years (range of three to 32 years) with rents averaging \$443 per year.

Generally, payments of ground lease obligations are made by our managers or tenants. However, if a manager or tenant did not perform obligations under a ground lease or did not renew any ground lease, we might have to perform obligations under the ground lease or renew the ground lease in order to protect our investment in the affected property.

Guarantees and security deposits generally. When we reduce the amounts of the security deposits we hold for any of our operating agreements for payment deficiencies, it does not result in additional cash flows to us of the deficiency amounts, but reduces the refunds due to the respective tenants or managers who have provided us with these security deposits upon expiration of the applicable operating agreement. The security deposits are non-interest bearing and are not held in escrow.

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Under these agreements, any amount of the security deposits which are applied to payment deficits may be replenished from a share of future cash flows from the applicable hotel operations pursuant to the terms of the applicable agreements.

Certain of our managed hotel portfolios had net operating results that were, in the aggregate, \$4,853 and \$1,434 less than the minimum returns due to us for the three months ended June 30, 2019 and 2018, respectively, and \$37,085 and \$22,113 less than the minimum returns due to us for the six months ended June 30, 2019 and 2018, respectively. When managers of these hotels are required to fund the shortfalls under the terms of our management agreements or their guarantees, we reflect such fundings (including security deposit applications) in our condensed consolidated statements of comprehensive income as a reduction of hotel operating expenses. There was no reduction of hotel operating expenses for the three months ended June 30, 2019 or 2018 and there were reductions of \$16,679 and \$3,278 for the six months ended June 30, 2019 and 2018, respectively. We had shortfalls at certain of our managed hotel portfolios not funded by the managers of these hotels under the terms of our management agreements of \$5,090 and \$2,284 for the three months ended June 30, 2019 and 2018, respectively, and \$23,797 and \$18,835 for the six months ended June 30, 2019 and 2018, respectively, which represent the unguaranteed portions of our minimum returns from our Sonesta and Wyndham agreements.

Certain of our managed hotel portfolios had net operating results that were, in the aggregate, \$21,102 and \$32,512 more than the minimum returns due to us for the three months ended June 30, 2019 and 2018, respectively, and \$10,494 and \$26,879 more than the minimum returns due to us for the six months ended June 30, 2019 and 2018, respectively. Certain of our guarantees and our security deposits may be replenished by a share of future cash flows from the applicable hotel operations in excess of the minimum returns due to us pursuant to the terms of the respective agreements. When our guarantees and security deposits are replenished by cash flows from hotel operations, we reflect such replenishments in our condensed consolidated statements of comprehensive income as an increase to hotel operating expenses. We had \$9,208 and \$16,593 of guaranty and security deposit replenishments for the three months ended June 30, 2019 and 2018, respectively, and \$3,422 and \$10,295 of guaranty and security deposit replenishments for the six months ended June 30, 2019 and 2018, respectively.

Note 9. Business and Property Management Agreements with RMR LLC

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

Pursuant to our business management agreement, we recognized net business management fees of \$9,661 and \$9,894 for the three months ended June 30, 2019 and 2018, respectively, and \$19,388 and \$19,618 for the six months ended June 30, 2019 and 2018, respectively. Based on our common share total return, as defined in our business management agreement, as of June 30, 2019, no incentive fees are included in the net business management fees we recognized for the three and six months ended June 30, 2019. The actual amount of annual incentive fees for 2019, if any, will be based on our common share total return, as defined in our business management agreement, for the three year period ending December 31, 2019, and will be payable in 2020. The net business management fees we recognized for the three and six months ended June 30, 2018 did not include any estimated incentive fees. In January 2019, we paid RMR LLC an incentive fee of \$53,635 for 2018. We include business management fee amounts in general and administrative expenses in our condensed consolidated statements of comprehensive income.

Pursuant to our property management agreement with RMR LLC, we recognized property management fees of \$27 and \$12 for the three months ended June 30, 2019 and 2018, respectively, and \$38 and \$25 for the six months ended June 30, 2019 and 2018, respectively. These fees are payable in connection with the management of the office building component of one of our hotels. These amounts are included in hotel operating expenses in our condensed consolidated statements of comprehensive income.

We are generally responsible for all our operating expenses, including certain expenses incurred or arranged by RMR LLC on our behalf. We are generally not responsible for payment of RMR LLC's employment, office or administrative expenses incurred to provide management services to us, except for the employment and related expenses of RMR LLC employees assigned to work exclusively or partly at the properties that are subject to the property management agreement, which is currently limited to the office building component of one of our hotels, our share of the wages, benefits and other related costs of RMR LLC's centralized accounting personnel, our share of RMR LLC's costs for providing our internal audit function, and as otherwise agreed. We reimbursed RMR LLC \$142 and \$99 for these expenses and costs for the three months ended June 30,

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2019 and 2018 , respectively, and \$342 and \$234 for the six months ended June 30, 2019 and 2018 , respectively. We included these amounts in hotel operating expenses and selling, general and administrative expenses, as applicable, in our condensed consolidated statements of comprehensive income.

Note 10. Related Person Transactions

We have relationships and historical and continuing transactions with TA, Sonesta, RMR LLC, The RMR Group Inc., or RMR Inc., AIC and others related to them, including other companies to which RMR LLC or its subsidiaries provide management services and some of which have trustees, directors or officers who are also our Trustees or officers.

TA . TA is our largest tenant and property operator, leasing 31% of our gross carrying value of real estate properties as of June 30, 2019 . We lease all of our travel centers to TA under the TA leases. We are also TA's largest shareholder; as of June 30, 2019 , we owned 3,420,000 common shares of TA, representing approximately 8.5% of TA's outstanding common shares. RMR LLC provides management services to both us and TA, and Adam D. Portnoy, the Chair of our Board of Trustees and one of our Managing Trustees, also serves as a managing director of TA. As of June 30, 2019 , RMR LLC owned 1,492,691 common shares of TA, representing approximately 3.7% of TA's outstanding common shares. On August 1, 2019, TA affected a one-for-five reverse stock split. The share amounts as of June 30, 2019 stated earlier in this paragraph are not adjusted to reflect that reverse stock split. See Note 8 for further information regarding our relationships, agreements and transactions with TA and Note 13 for further information regarding our investment in TA.

Sonesta. Sonesta is a private company owned in part by Adam Portnoy, one of our Managing Trustees. Mr. Portnoy, our other Managing Trustee and our Secretary are directors of Sonesta. As of June 30, 2019 , Sonesta managed 51 of our hotels pursuant to management and pooling agreements. See Note 8 for further information regarding our relationships, agreements and transactions with Sonesta.

Our Manager, RMR LLC. We have two agreements with RMR LLC to provide management services to us. See Note 9 for further information regarding our management agreements with RMR LLC.

RMR Inc. RMR LLC is a majority owned subsidiary of RMR Inc. and RMR Inc. is the managing member of RMR LLC. Adam Portnoy is the sole trustee, an officer and the controlling shareholder of ABP Trust, which is the controlling shareholder of RMR Inc., a managing director and the president and chief executive officer of RMR Inc. and an officer and employee of RMR LLC. John G. Murray, our other Managing Trustee and our President and Chief Executive Officer, also serves as an officer and employee of RMR LLC, and each of our other officers is also an officer and employee of RMR LLC, including Ethan S. Bornstein, the brother-in-law of Adam Portnoy.

As of June 30, 2019 , we owned 2,503,777 shares of class A common stock of RMR Inc. On July 1, 2019 , we sold all the shares of class A common stock of RMR Inc. we owned in an underwritten public offering at a price to the public of \$40.00 per share pursuant to an underwriting agreement among us, RMR Inc., certain other REITs managed by RMR LLC that also sold their class A common stock of RMR Inc. in the offering, and the underwriters named therein. We received net proceeds of \$93,892 from this sale, after deducting the underwriting discounts and commissions and before other offering expenses. See Note 13 for further information regarding our investment in RMR Inc.

AIC . We, ABP Trust, TA and four other companies to which RMR LLC provides management services currently own AIC, an Indiana insurance company, in equal amounts. We and the other AIC shareholders historically participated in a combined property insurance program arranged and reinsured in part by AIC. The policies under that program expired on June 30, 2019 , and we and the other AIC shareholders elected not to renew the AIC property insurance program; we have instead purchased standalone property insurance coverage with unrelated third party insurance providers.

As of June 30, 2019 and December 31, 2018 , our investment in AIC had a carrying value of \$9,310 and \$8,639 , respectively. These amounts are included in other assets in our condensed consolidated balance sheets. We recognized income of \$130 and \$7 for the three months ended June 30, 2019 and 2018 , respectively, and \$534 and \$51 for the six months ended June 30, 2019 and 2018 , respectively, related to our investment in AIC, which amounts are presented as equity in earnings of an investee in our condensed consolidated statements of comprehensive income. Our other comprehensive income (loss) includes our proportionate part of unrealized gains (losses) on fixed income securities that are owned by AIC related to our investment in AIC.

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For further information about these and certain other such relationships and certain other related person transactions, refer to our 2018 Annual Report.

Note 11. Income Taxes

We have elected to be taxed as a REIT under the United States Internal Revenue Code of 1986, as amended, or the IRC, and, as such, are generally not subject to federal and most state income taxation on our operating income provided we distribute our taxable income to our shareholders and meet certain organization and operating requirements. We are subject to income tax in Canada, Puerto Rico and certain states despite our qualification for taxation as a REIT. Further, we lease our managed hotels to our wholly owned TRSs that, unlike most of our subsidiaries, file a separate consolidated tax return and are subject to federal, state and foreign income taxes. Our consolidated income tax provision includes the income tax provision related to the operations of our TRSs and certain state and foreign income taxes incurred by us despite our qualification for taxation as a REIT.

During the three months ended June 30, 2019 , we recognized an income tax benefit of \$260 , which includes \$97 related to foreign taxes and \$163 related to state taxes. During the six months ended June 30, 2019 , we recognized income tax expense of \$799 , which includes \$218 of foreign taxes and \$581 of state taxes. During the three and six months ended June 30, 2018 , we recognized income tax expense of \$771 and \$1,242 , respectively, which includes \$211 and \$340 , respectively, of foreign taxes and \$560 and \$902 , respectively, of state taxes.

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Notes to Condensed Consolidated Financial Statements
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(Unaudited)

Note 12. Segment Information

We aggregate our hotels and travel centers into two reportable segments, hotel investments and travel center investments, based on their similar operating and economic characteristics.

	For the Three Months Ended June 30, 2019			
	Hotels	Travel Centers	Corporate	Consolidated
Revenues:				
Hotel operating revenues	\$ 541,668	\$ —	\$ —	\$ 541,668
Rental income	5,084	62,680	—	67,764
FF&E reserve income	1,130	—	—	1,130
Total revenues	547,882	62,680	—	610,562
Expenses:				
Hotel operating expenses	381,703	—	—	381,703
Depreciation and amortization	67,021	32,175	—	99,196
General and administrative	—	—	12,207	12,207
Total expenses	448,724	32,175	12,207	493,106
Dividend income	—	—	876	876
Unrealized losses on equity securities	—	—	(60,788)	(60,788)
Interest income	216	—	233	449
Interest expense	—	—	(49,601)	(49,601)
Income (loss) before income taxes and equity in earnings of an investee	99,374	30,505	(121,487)	8,392
Income tax benefit	—	—	260	260
Equity in earnings of an investee	—	—	130	130
Net income (loss)	\$ 99,374	\$ 30,505	\$ (121,097)	\$ 8,782
For the Six Months Ended June 30, 2019				
	Hotels	Travel Centers	Corporate	Consolidated
Revenues:				
Hotel operating revenues	\$ 997,053	\$ —	\$ —	\$ 997,053
Rental income	10,159	125,756	—	135,915
FF&E reserve income	2,502	—	—	2,502
Total revenues	1,009,714	125,756	—	1,135,470
Expenses:				
Hotel operating expenses	700,828	—	—	700,828
Depreciation and amortization	133,604	64,957	—	198,561
General and administrative	—	—	24,442	24,442
Total expenses	834,432	64,957	24,442	923,831
Gain on sale of real estate	—	159,535	—	159,535
Dividend income	—	—	1,752	1,752
Unrealized losses on equity securities	—	—	(39,811)	(39,811)
Interest income	427	—	659	1,086
Interest expense	—	—	(99,367)	(99,367)
Income (loss) before income taxes and equity in earnings of an investee	175,709	220,334	(161,209)	234,834
Income tax expense	—	—	(799)	(799)
Equity in earnings of an investee	—	—	534	534

Net income (loss)	\$ 175,709	\$ 220,334	\$ (161,474)	\$ 234,569
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As of June 30, 2019

	Hotels	Travel Centers	Corporate	Consolidated
Total assets	\$ 4,806,796	\$ 2,192,789	\$ 178,161	\$ 7,177,746

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For the Three Months Ended June 30, 2018				
	Hotels	Travel Centers	Corporate	Consolidated
Revenues:				
Hotel operating revenues	\$ 529,599	\$ —	\$ —	\$ 529,599
Rental income	6,550	74,468	—	81,018
FF&E reserve income	1,334	—	—	1,334
Total revenues	537,483	74,468	—	611,951
Expenses:				
Hotel operating expenses	374,081	—	—	374,081
Depreciation and amortization	62,953	36,731	—	99,684
General and administrative	—	—	13,121	13,121
Total expenses	437,034	36,731	13,121	486,886
Dividend income	—	—	626	626
Unrealized gains and losses on equity securities, net	—	—	20,940	20,940
Interest income	210	—	113	323
Interest expense	—	—	(48,741)	(48,741)
Loss on early extinguishment of debt	—	—	(160)	(160)
Income (loss) before income taxes and equity in earnings of an investee	100,659	37,737	(40,343)	98,053
Income tax expense	—	—	(771)	(771)
Equity in earnings of an investee	—	—	7	7
Net income (loss)	\$ 100,659	\$ 37,737	\$ (41,107)	\$ 97,289
For the Six Months Ended June 30, 2018				
	Hotels	Travel Centers	Corporate	Consolidated
Revenues:				
Hotel operating revenues	\$ 974,875	\$ —	\$ —	\$ 974,875
Rental income	14,350	148,661	—	163,011
FF&E reserve income	2,698	—	—	2,698
Total revenues	991,923	148,661	—	1,140,584
Expenses:				
Hotel operating expenses	689,063	—	—	689,063
Depreciation and amortization	125,399	73,902	—	199,301
General and administrative	—	—	24,855	24,855
Total expenses	814,462	73,902	24,855	913,219
Dividend income	—	—	1,252	1,252
Unrealized gains and losses on equity securities, net	—	—	45,895	45,895
Interest income	403	—	212	615
Interest expense	—	—	(96,281)	(96,281)
Loss on early extinguishment of debt	—	—	(160)	(160)
Income (loss) before income taxes and equity in earnings of an investee	177,864	74,759	(73,937)	178,686
Income tax expense	—	—	(1,242)	(1,242)
Equity in earnings of an investee	—	—	51	51
Net income (loss)	\$ 177,864	\$ 74,759	\$ (75,128)	\$ 177,495

As of December 31, 2018

	Hotels	Travel Centers	Corporate	Consolidated
Total assets	\$ 4,586,709	\$ 2,398,118	\$ 192,252	\$ 7,177,079

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Note 13. Fair Value of Assets and Liabilities

The table below presents certain of our assets and liabilities carried at fair value at June 30, 2019, categorized by the level of inputs, as defined in the fair value hierarchy under GAAP, used in the valuation of each asset or liability.

Description	Carrying Value at June 30, 2019	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)	
Recurring Fair Value Measurement Assets:					
Investment in TA ⁽¹⁾	\$ 12,380	\$ 12,380	\$ —	\$ —	
Investment in RMR Inc. ⁽²⁾	\$ 117,627	\$ 117,627	\$ —	\$ —	
Non-recurring Fair Value Measurement Liabilities:					
Other Liability ⁽²⁾	\$ (17,476)	\$ —	\$ (17,476)	\$ —	

(1) Our 3,420,000 common shares of TA, which are included in other assets in our condensed consolidated balance sheets, are reported at fair value which is based on quoted market prices (Level 1 inputs). Our historical cost basis for these shares is \$17,407 as of June 30, 2019. During the three and six months ended June 30, 2019, we recorded unrealized losses of \$1,676 and \$479, respectively, and during the three and six months ended June 30, 2018, we recorded unrealized losses of \$342 and \$2,052, respectively, to adjust the carrying value of our investment in TA shares to its fair value.

(2) Our 2,503,777 shares of class A common stock of RMR Inc. are included in other assets, net and had a fair value at June 30, 2019 of \$117,627, based on quoted market prices (Level 1 inputs as defined by the fair value hierarchy under GAAP). On June 26, 2019, we entered into a transaction to sell all of our shares of RMR Inc. class A common stock in an underwritten public offering at a price of \$40.00 per share. We completed that sale on July 1, 2019 in accordance with the terms of the underwriting agreement. See Note 10 for additional information regarding this sale. We have elected to account for the agreement to sell our shares of RMR Inc. class A common stock using the fair value option, based upon the difference between the contractual offering price (Level 2 inputs as defined in the fair value hierarchy under GAAP) and the fair value of the underlying assets at June 30, 2019. Our historical cost basis for these shares is \$66,374 as of June 30, 2019. During the three and six months ended June 30, 2019, we recorded unrealized losses of \$35,053 and \$15,273, respectively, to adjust our investment in RMR Inc. shares to its fair value. In addition, during the three and six months ended June 30, 2019, we recorded a loss of \$17,476 and estimated expenses of \$6,583 related to the agreement to sell our shares of RMR Inc. class A common stock, both of which are included in accounts payable and other liabilities in our condensed consolidated balance sheets and in unrealized gains and (losses) on equity securities, net in our condensed consolidated statements of comprehensive income.

In addition to the investment securities included in the table above, our financial instruments include our cash and cash equivalents, restricted cash, rents receivable, revolving credit facility, term loan, senior notes and security deposits. At June 30, 2019 and December 31, 2018, the fair values of these additional financial instruments approximated their carrying values in our condensed consolidated balance sheets due to their short term nature or floating interest rates, except as follows:

	June 30, 2019		December 31, 2018	
	Carrying Value ⁽¹⁾	Fair Value	Carrying Value ⁽¹⁾	Fair Value
Senior Unsecured Notes, due 2021 at 4.25%	\$ 397,659	\$ 404,246	\$ 396,938	\$ 404,582
Senior Unsecured Notes, due 2022 at 5.00%	496,215	524,240	495,609	510,658
Senior Unsecured Notes, due 2023 at 4.50%	499,350	517,670	499,268	503,295
Senior Unsecured Notes, due 2024 at 4.65%	348,092	360,607	347,890	349,741
Senior Unsecured Notes, due 2025 at 4.50%	346,087	350,137	345,743	341,114
Senior Unsecured Notes, due 2026 at 5.25%	342,519	358,549	341,955	354,060
Senior Unsecured Notes, due 2027 at 4.95%	394,271	403,314	393,893	391,660
Senior Unsecured Notes, due 2028 at 3.95%	390,184	376,436	389,610	361,232
Senior Unsecured Notes, due 2030 at 4.375%	387,956	382,804	387,389	367,110
Total financial liabilities	\$ 3,602,333	\$ 3,678,003	\$ 3,598,295	\$ 3,583,452

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(1) Carrying value includes unamortized discounts and premiums and issuance costs.

At June 30, 2019 and December 31, 2018 , we estimated the fair values of our senior notes using an average of the bid and ask price of our then outstanding issuances of senior notes (Level 2 inputs).

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

The following discussion should be read in conjunction with our condensed consolidated financial statements and notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q and with our 2018 Annual Report.

Overview (dollar amounts in thousands, except share amounts)

We are a REIT organized under the laws of the State of Maryland.

Management agreements and leases . At June 30, 2019 , we owned 328 hotels operated under eight agreements; 326 of these hotels are leased by us to our wholly owned TRSs and managed by hotel operating companies and two are leased to hotel operating companies. At June 30, 2019 , our 179 owned travel centers were leased to TA under five agreements. Our condensed consolidated statements of comprehensive income include operating revenues and expenses of our managed hotels and rental income from our leased hotels and travel centers.

Many of our operating agreements contain security features, such as guarantees and security deposits, which are intended to protect minimum returns and rents due to us in accordance with our agreements regardless of property performance. However, the effectiveness of various security features to provide us uninterrupted receipt of minimum returns and rents is not assured, especially if economic conditions generally decline for a prolonged period. Also, certain of the guarantees that we hold are limited in amount and duration and do not provide for payment of the entire amount of the applicable minimum returns. If our tenants, managers or guarantors do not earn or pay the minimum returns and rents due to us, our cash flows will decline and we may be unable to repay our debt, fund our debt service obligations, pay distributions to our shareholders or the amounts of our distributions may decline.

Comparable hotels data . We present revenue per available room, or RevPAR, average daily rate, or ADR and occupancy for the periods presented on a comparable basis to facilitate comparisons between periods. We generally define comparable hotels as those that were owned by us and were open and operating for the entire periods being compared. For each of the three and six months ended June 30, 2019 and 2018 , we excluded six hotels from our comparable results. Five of these hotels were not owned for the entire periods and one was closed for a major renovation during part of the periods presented.

Hotel operations . During the three and six months ended June 30, 2019 , the U.S. hotel industry generally realized increases in ADR and RevPAR, while occupancy was flat compared to the same period in 2018 . During the three months ended June 30, 2019 , our 322 comparable hotels that we owned continuously since April 1, 2018 produced aggregate year over year decreases in ADR, occupancy and RevPAR. During the six months ended June 30, 2019 , our 322 comparable hotels that we owned continuously since January 1, 2018 produced aggregate year over year decreases in ADR, occupancy and RevPAR. We believe these results are, in part, due to the disruption and displacement at certain of our hotels undergoing renovations, increased competition from new hotel room supply in certain markets and decreased business activity in areas where some of our hotels are located.

For the three months ended June 30, 2019 compared to the same period in 2018 for our 322 comparable hotels: ADR decreased 1.2% to \$130.37 ; occupancy decreased 0.7 percentage points to 77.3% ; and RevPAR decreased 2.1% to \$100.78 .

For the three months ended June 30, 2019 compared to the same period in 2018 for all our 328 hotels: ADR decreased 1.3% to \$131.94 ; occupancy decreased 0.9 percentage points to 77.2% ; and RevPAR decreased 2.4% to \$101.86 .

For the six months ended June 30, 2019 compared to the same period in 2018 for our 322 comparable hotels: ADR decreased 0.1% to \$129.26 ; occupancy decreased 1.8 percentage points to 72.3% ; and RevPAR decreased 2.5% to \$93.45 .

For the six months ended June 30, 2019 compared to the same period in 2018 for all our 328 hotels: ADR decreased 0.3% to \$131.03 ; occupancy decreased 1.9 percentage points to 72.3% ; and RevPAR decreased 2.8% to \$94.73 .

Additional details of our hotel operating agreements and agreements with TA are set forth in Notes 8 and 10 to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q and in the table and notes thereto on pages 33 through 35 below.

Results of Operations (dollar amounts in thousands, except share amounts)

Three Months Ended June 30, 2019 Compared to the Three Months Ended June 30, 2018

	For the Three Months Ended June 30,			
	2019	2018	Increase (Decrease)	% Increase (Decrease)
Revenues:				
Hotel operating revenues	\$ 541,668	\$ 529,599	\$ 12,069	2.3 %
Rental income - hotels	5,084	6,550	(1,466)	(22.4)%
Rental income - travel centers	62,680	74,468	(11,788)	(15.8)%
Total rental income	67,764	81,018	(13,254)	(16.4)%
FF&E reserve income	1,130	1,334	(204)	(15.3)%
Expenses:				
Hotel operating expenses	381,703	374,081	7,622	2.0 %
Depreciation and amortization - hotels	67,021	62,953	4,068	6.5 %
Depreciation and amortization - travel centers	32,175	36,731	(4,556)	(12.4)%
Total depreciation and amortization	99,196	99,684	(488)	(0.5)%
General and administrative	12,207	13,121	(914)	(7.0)%
Dividend income	876	626	250	39.9 %
Unrealized gains and (losses) on equity securities, net	(60,788)	20,940	(81,728)	(390.3)%
Interest income	449	323	126	39.0 %
Interest expense	(49,601)	(48,741)	(860)	1.8 %
Loss on early extinguishment of debt	—	(160)	160	(100.0)%
Income before income taxes and equity earnings of an investee	8,392	98,053	(89,661)	(91.4)%
Income tax benefit (expense)	260	(771)	1,031	(133.7)%
Equity in earnings of an investee	130	7	123	1,757.1 %
Net income	\$ 8,782	\$ 97,289	\$ (88,507)	(91.0)%
Weighted average shares outstanding (basic)	164,284	164,205	79	n/m
Weighted average shares outstanding (diluted)	164,326	164,243	83	0.1 %
Net income per common share (basic and diluted)	\$ 0.05	\$ 0.59	\$ (0.54)	(91.5)%

References to changes in the income and expense categories below relate to the comparison of consolidated results for the three months ended June 30, 2019, compared to the three months ended June 30, 2018.

Hotel operating revenues. The increase in hotel operating revenues is a result of our hotel acquisitions since April 1, 2018 (\$18,828), increased revenues at certain of our managed hotels due to increases in ADR and higher occupancies (\$14,490) and the conversion of one hotel from a leased to managed property during the 2018 period (\$4,191), partially offset by decreased revenues at certain of our managed hotels primarily as a result of lower occupancies (\$15,270) and decreased revenues at certain of our other managed hotels undergoing renovations during all or part of the 2019 period resulting primarily from lower occupancies (\$10,170). Additional operating statistics of our hotels are included in the table on page 36.

Rental income - hotels. The decrease in rental income - hotels is primarily the result of the conversion of one hotel from a leased to managed property during the 2018 period (\$777) and a previously deferred gain from a historical lease default becoming fully amortized in 2018 (\$738), partially offset by contractual rent increases under certain of our hotel leases (\$49). Rental income - hotels for the 2019 and 2018 periods includes \$87 and \$98, respectively, of adjustments to record rent on a straight line basis.

Rental income - travel centers. The decrease in rental income - travel centers is a result of the sale of 20 travel centers to TA and our lease amendments with TA in January 2019 (\$12,699), partially offset by increases in the minimum rents due to us for improvements we purchased at certain of our travel centers since April 1, 2018 (\$911). See Notes 7 and 8 to the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for more

information regarding these transactions. We reduced rental income by \$3,277 in the 2019 period and increased rental income by \$3,046 in the 2018 period to record scheduled rent increases under our TA leases, the deferred rent obligations payable to us under our TA leases and the estimated future payments to us under our TA leases for the cost of removing underground storage tanks on a straight line basis.

FF&E reserve income. FF&E reserve income represents amounts paid by certain of our hotel tenants into restricted accounts owned by us to accumulate funds for future capital expenditures. The terms of our hotel leases require these amounts to be calculated as a percentage of total sales at our hotels. We do not report the amounts, if any, which are escrowed as FF&E reserves for our managed hotels as FF&E reserve income. The decrease in FF&E reserve income is the result of decreased sales at certain of our leased hotels in the 2019 period.

Hotel operating expenses. The increase in hotel operating expenses is a result of our hotel acquisitions since April 1, 2018 (\$11,174), an increase in wage and benefit costs, sales and marketing expenses and other operating costs at certain of our managed hotels resulting primarily from higher occupancies and general price increases (\$3,629) and the conversion of one hotel from a leased to managed property during the 2018 period (\$3,235), partially offset by a decrease in the amount of guaranty and security deposit replenishment under certain of our hotel management agreements (\$7,385), operating expense decreases at certain managed hotels undergoing renovations during all or part of the 2019 period resulting primarily from lower occupancies (\$2,790), and a decrease in real estate taxes at certain of our hotels (\$241). Certain guarantees and security deposits which have been applied to past payment deficits may be replenished from a share of subsequent cash flows from the applicable hotel operations pursuant to the terms of the respective operating agreements. When our guarantees and our security deposits are replenished by cash flows from hotel operations, we reflect such replenishments in our condensed consolidated statements of comprehensive income as an increase to hotel operating expenses. Hotel operating expenses were increased by \$9,208 and \$16,593 during the three months ended June 30, 2019 and 2018, respectively, as a result of such replenishments.

Depreciation and amortization - hotels. The increase in depreciation and amortization - hotels is a result of the depreciation and amortization of improvements acquired with funds from our FF&E reserves or directly funded by us since April 1, 2018 (\$5,762) and our hotel acquisitions since April 1, 2018 (\$1,766), partially offset by certain of our depreciable assets becoming fully depreciated since April 1, 2018 (\$3,460).

Depreciation and amortization - travel centers. The decrease in depreciation and amortization - travel centers is a result of our travel center dispositions since April 1, 2018 (\$2,781) and certain of our depreciable assets becoming fully depreciated since April 1, 2018 (\$2,578), partially offset by the depreciation and amortization of travel center improvements we purchased since April 1, 2018 (\$803).

General and administrative. The decrease in general and administrative costs is primarily due to decreases in professional service expenses and business management fees.

Dividend income. Dividend income represents the dividends we received from our investment in RMR Inc.

Unrealized gains and (losses) on equity securities, net. Unrealized gains and losses on equity securities, net represent the adjustment required to adjust the carrying value of our investments in RMR Inc. and TA common shares to their fair value as of June 30, 2019 and June 30, 2018.

Interest income. The increase in interest income is due to higher average cash balances during the 2019 period.

Interest expense. The increase in interest expense is due to higher average outstanding borrowings and weighted average interest rate in the 2019 period.

Loss on early extinguishment of debt. We recorded a loss of \$160 on early extinguishment of debt in the 2018 period in connection with amending our revolving credit facility and term loan.

Income tax benefit (expense). We recognized an income tax benefit during the 2019 period compared to income tax expense in the 2018 period primarily due to a decrease in the amount of state and foreign sourced income subject to income taxes.

Equity in earnings of an investee. Equity in earnings of an investee represents our proportionate share of the earnings of AIC.

Net income. Our net income and net income per common share (basic and diluted) each decreased in the 2019 period compared to the 2018 period primarily due to the revenue and expense changes discussed above.

Six Months Ended June 30, 2019 Compared to the Six Months Ended June 30, 2018

	For the Six Months Ended June 30,			
	2019	2018	Increase (Decrease)	% Increase (Decrease)
Revenues:				
Hotel operating revenues	\$ 997,053	\$ 974,875	\$ 22,178	2.3 %
Rental income - hotels	10,159	14,350	(4,191)	(29.2)%
Rental income - travel centers	125,756	148,661	(22,905)	(15.4)%
Total rental income	135,915	163,011	(27,096)	(16.6)%
FF&E reserve income	2,502	2,698	(196)	(7.3)%
Expenses:				
Hotel operating expenses	700,828	689,063	11,765	1.7 %
Depreciation and amortization - hotels	133,604	125,399	8,205	6.5 %
Depreciation and amortization - travel centers	64,957	73,902	(8,945)	(12.1)%
Total depreciation and amortization	198,561	199,301	(740)	(0.4)%
General and administrative	24,442	24,855	(413)	(1.7)%
Gain on sale of real estate	159,535	—	159,535	n/m
Dividend income	1,752	1,252	500	39.9 %
Unrealized gains and (losses) on equity securities, net	(39,811)	45,895	(85,706)	(186.7)%
Interest income	1,086	615	471	76.6 %
Interest expense	(99,367)	(96,281)	(3,086)	3.2 %
Loss on early extinguishment of debt	—	(160)	160	(100.0)%
Income before income taxes and equity earnings of an investee	234,834	178,686	56,148	31.4 %
Income tax expense	(799)	(1,242)	443	(35.7)%
Equity in earnings of an investee	534	51	483	947.1 %
Net income	\$ 234,569	\$ 177,495	\$ 57,074	32.2 %
Weighted average shares outstanding (basic)	164,281	164,202	79	n/m
Weighted average shares outstanding (diluted)	164,324	164,226	98	0.1 %
Net income per common share (basic and diluted)	\$ 1.43	\$ 1.08	\$ 0.35	32.4 %

References to changes in the income and expense categories below relate to the comparison of consolidated results for the six months ended June 30, 2019 , compared to the six months ended June 30, 2018 .

Hotel operating revenues. The increase in hotel operating revenues is a result of our hotel acquisitions since January 1, 2018 (\$31,130), increased revenues at certain of our managed hotels due to increases in ADR and higher occupancies (\$24,416) and the conversion of one hotel from a leased to managed property during the 2018 period (\$16,372), partially offset by decreased revenues at certain of our other managed hotels undergoing renovations during all or part of the 2019 period resulting primarily from lower occupancies (\$25,630) and decreased revenues at certain of our other managed hotels primarily as a result of lower occupancies (\$24,110). Additional operating statistics of our hotels are included in the table on page 36 .

Rental income - hotels. The decrease in rental income - hotels is primarily a result of the conversion of one hotel from a leased to managed property during the 2018 period (\$2,764) and a previously deferred gain from a historical lease default becoming fully amortized in 2018 (\$1,476), partially offset by contractual rent increases under certain of our hotel leases (\$49). Rental income - hotels for the 2019 and 2018 periods includes \$169 and \$194, respectively, of adjustments to record rent on a straight line basis.

Rental income - travel centers. The decrease in rental income - travel centers is a result of the sale of 20 travel centers to TA and our lease amendments with TA in January 2019 (\$25,004), partially offset by increases in the minimum rents due to us for improvements we purchased at certain of our travel centers since January 1, 2018 (\$2,099). See Notes 7 and 8 to the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information regarding these transactions. We reduced rental income by \$4,491 in the 2019 period and increased rental income

by \$6,029 in the 2018 period to record scheduled rent increases under our TA leases, the deferred rent obligations payable to us under our TA leases and the estimated future payments to us under our TA leases for the cost of removing underground storage tanks on a straight line basis.

FF&E reserve income. The decrease in FF&E reserve income is the result of decreased sales at certain of our leased hotels in the 2019 period.

Hotel operating expenses. The increase in hotel operating expenses is a result of our hotel acquisitions since January 1, 2018 (\$20,560), the conversion of one hotel from a leased to managed property during the 2018 period (\$12,767), an increase in wage and benefit costs, sales and marketing expenses and other operating costs at certain of our managed hotels resulting primarily from higher occupancies and general price increases (\$4,528) and an increase in real estate taxes at certain of our hotels (\$998), partially offset by an increase in the amount of guaranty and security deposit utilization under certain of our hotel management agreements (\$13,401), a decrease in the amount of guaranty and security deposit replenishment under certain of our hotel management agreements (\$6,873) and operating expense decreases at certain managed hotels undergoing renovations during all or part of the 2019 period resulting primarily from lower occupancies (\$6,814). Hotel operating expenses were increased by \$3,422 and \$10,295 during the six months ended June 30, 2019 and 2018, respectively, as a result of replenishment of security deposits and guarantees under certain of our hotel management agreements. When our guarantees and security deposits are utilized to cover shortfalls of hotels' cash flows from the minimum payments due to us, we reflect such utilizations in our condensed consolidated statements of comprehensive income as a decrease to hotel operating expenses. Hotel operating expenses were decreased by \$16,679 and \$3,278 during the six months ended June 30, 2019 and 2018, respectively, as a result of such utilization.

Depreciation and amortization - hotels. The increase in depreciation and amortization - hotels is a result of the depreciation and amortization of improvements acquired with funds from our FF&E reserves or directly funded by us since January 1, 2018 (\$12,679) and our hotel acquisitions since January 1, 2018 (\$3,105), partially offset by certain of our depreciable assets becoming fully depreciated since January 1, 2018 (\$7,579).

Depreciation and amortization - travel centers. The decrease in depreciation and amortization - travel centers is a result of our travel center dispositions since January 1, 2018 (\$5,593) and certain of our depreciable assets becoming fully depreciated since January 1, 2018 (\$4,061), partially offset by the depreciation and amortization of travel center improvements we purchased since January 1, 2018 (\$709).

General and administrative. The decrease in general and administrative costs is primarily due to decreases in professional service expenses and business management fees.

Gain on sale of real estate. We recorded a \$159,535 gain on sale of real estate in the 2019 period in connection with the sales of 20 travel centers.

Dividend income. Dividend income represents the dividends we received from our investment in RMR Inc.

Unrealized gains and (losses) on equity securities, net. Unrealized gains and losses on equity securities, net represent the adjustment required to adjust the carrying value of our investments in RMR Inc. and TA common shares to their fair value as of June 30, 2019 and June 30, 2018.

Interest income. The increase in interest income is due to higher average cash balances during the 2019 period.

Interest expense. The increase in interest expense is due to higher average outstanding borrowings and weighted average interest rate in the 2019 period.

Loss on early extinguishment of debt. We recorded a loss of \$160 on early extinguishment of debt in the 2018 period in connection with amending our revolving credit facility and term loan.

Income tax expense. We recognized lower income taxes during the 2019 period primarily due to a decrease in the amount of state and foreign sourced income subject to income taxes.

Equity in earnings of an investee. Equity in earnings of an investee represents our proportionate share of the earnings of AIC.

Net income. Our net income and net income per common share (basic and diluted) each increased in the 2019 period compared to the 2018 period primarily due to the revenue and expense changes discussed above.

Liquidity and Capital Resources (dollar amounts in thousands, except share amounts)

Our Managers and Tenants

As of June 30, 2019, 327 of our hotels (including one leased hotel) were included in seven combination portfolio agreements and one of our hotels was leased and not included in a portfolio; and all 328 hotels were managed by or leased to hotel operating companies. Our 179 travel centers are leased under five portfolio agreements. All costs of operating and maintaining our properties are paid by the hotel managers as agents for us or by our tenants for their own account. Our hotel managers and tenants derive their funding for property operating expenses and for returns and rents due to us generally from property operating revenues and, to the extent that these parties themselves fund our minimum returns and rents, from their separate resources. Our hotel managers and tenants include Marriott, IHG, Sonesta, Wyndham, Hyatt and Radisson. Our travel centers are leased to TA.

We define coverage for each of our hotel management agreements or leases as total property level revenues minus all property level expenses and FF&E reserve escrows which are not subordinated to the minimum returns or rents due to us divided by the minimum returns or rents due to us. More detail regarding coverage, guarantees and other features of our hotel operating agreements is presented in the tables and related notes on pages 33 through 35. For the twelve months ended June 30, 2019, six of our eight hotel operating agreements, representing 50% of our total annual minimum returns and minimum rents, generated coverage of less than 1.0x (with a range from 0.59x to 0.97x).

We define coverage for our travel center leases as property level revenues minus all property level expenses divided by the minimum rents due to us, excluding payments of previously deferred rents. For the twelve months ended June 30, 2019, the operating results from our 179 properties in our five travel center leases generated combined coverage of 1.84x. Because a large percentage of TA's business is conducted at properties leased from us, property level rent coverage may not be an appropriate way to evaluate TA's ability to pay rents due to us. We believe property level rent coverage is nonetheless one useful indicator of the performance and value of our properties as we believe it is what an operator interested to acquire these properties or the leaseholds might use to evaluate the contribution of these properties to their earnings before corporate level expenses.

Three hundred eighty-one (381) of our properties, representing 73% of our aggregate annual minimum returns and rents as of June 30, 2019, are operated under 10 management arrangements or leases which are subject to full or limited guarantees or are secured by a security deposit which we control. These guarantees may provide us with continued payments if the property level cash flows fail to equal or exceed guaranteed amounts due to us. Some of our managers and tenants, or their affiliates, may also supplement cash flows from our properties in order to make payments to us and preserve their rights to continue operating our properties even if they are not required to do so by guarantees or security deposits. Guarantee payments, security deposit applications or supplemental payments to us, if any, made under any of our management agreements or leases do not subject us to repayment obligations, but, under some of our agreements, the manager or tenant may recover these guarantee or supplemental payments and the security deposits may be replenished from subsequent cash flows from our properties after our future minimum returns and rents are paid.

When cash flows from our hotels under certain of our agreements are less than the minimum returns or rents contractually due to us, we have utilized the applicable security features in our agreements to cover some of these shortfalls. However, several of the guarantees and all the security deposits we hold are for limited amounts, are for limited durations and may be exhausted or expire, especially if our hotel renovation and rebranding activities do not result in improved operating results at these hotels. Accordingly, the effectiveness of our various security features to provide uninterrupted payments to us is not assured. If any of our hotel managers, tenants or guarantors default in their payment obligations to us, our cash flows will decline and we may become unable to continue to pay distributions to our shareholders or the amount of the distributions may decline. In particular, Wyndham's guarantee of the minimum returns due from our hotels which are managed by Wyndham was depleted during 2017 and remained depleted as of June 30, 2019. The Wyndham agreement provides that if the hotel cash flows available after payment of hotel operating expenses are less than the minimum returns due to us and the guaranty has been depleted, to avoid default Wyndham is required to pay us the greater of the available hotel cash flows after payment of hotel operating expenses and 85% of the contractual amount due. During the three and six months ended June 30, 2019, Wyndham paid 85% of the minimum returns due under the management agreement, which payments were an aggregate of \$1,046 and \$2,088, respectively, less than the minimum returns due for those periods. If cash flows from our Wyndham managed hotels continue to be less than minimum returns, we cannot be sure as to whether Wyndham will continue to pay at least the greater of available hotel cash flows after payment of hotel operating expenses and 85% of the minimum returns due to us, or if Wyndham will default on its payments. We currently expect to exit our relationship with Wyndham and to rebrand or sell our 22 hotels currently managed by Wyndham.

Marriott has notified us that they will not renew the lease for the Kauai Marriott under our Marriott No. 5 agreement, which expires December 31, 2019. We are in negotiations with Marriott regarding this hotel, but we can provide no assurance that we and Marriott will reach an agreement regarding the Kauai Marriott or what its terms may be. If we and Marriott are unable to reach an agreement, we will evaluate alternatives for this hotel, which may include rebranding or selling it.

Our Operating Liquidity and Capital Resources

Our principal sources of funds to meet operating and capital expenses, debt service obligations and distributions to our shareholders are minimum returns from our managed hotels, minimum rents from our leased hotels and travel centers and borrowings under our revolving credit facility. We receive minimum returns and rents from our managers and tenants monthly. We may receive additional returns, percentage rents and our share of the operating profits of our managed hotels after payment of management fees and other deductions, if any, either monthly or quarterly, and these amounts are usually subject to annual reconciliations. 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 twelve months and for the foreseeable future thereafter. However, as a result of economic conditions or otherwise, our managers and tenants may become unable or unwilling to pay minimum returns and rents to us when due, and, as a result, our cash flows and net income would decline and we may need to reduce the amount of, or even eliminate, our distributions to common shareholders.

Changes in our cash flows for the six months ended June 30, 2019 compared to the same period in 2018 were as follows: (1) cash flows provided by operating activities decreased from \$263,377 in 2018 to \$239,898 in 2019 ; (2) cash flows from investing activities changed from \$200,113 of cash used in investing activities in 2018 to \$531 of cash provided by investing activities in 2019 ; and (3) cash flows used in financing activities increased from \$70,932 in 2018 to \$262,952 in 2019 .

The decrease in cash flows provided by operating activities for the six months ended June 30, 2019 as compared to the prior year period is due primarily to a decrease in minimum rents paid to us in the 2019 period under our travel center leases, higher interest payments in the 2019 period and an increase in security deposit utilization in the 2019 period, partially offset by a decrease in incentive business management fees paid to RMR LLC in the 2019 period and an increase in the minimum returns and rents paid to us in the 2019 period due to our acquisitions and funding of improvements to our hotels since January 1, 2018. The decrease in cash flows used in investing activities for the six months ended June 30, 2019 as compared to the prior year is primarily due to the proceeds received from our sale of 20 travel centers in the 2019 period, partially offset by an increase in real estate acquisition activity in the 2019 period and an increase in our capital improvement fundings in the 2019 period. The increase in cash used in financing activities for the six months ended June 30, 2019 as compared to the prior year period is primarily due to the issuance of notes in the 2018 period, partially offset by lower net repayments in the 2019 period under our revolving credit facility compared to the 2018 period.

We maintain our qualification for taxation as a REIT under the IRC by meeting certain requirements. As a REIT, we do not expect to pay federal income taxes on the majority of our income; however, the income realized by our TRSs in excess of the rent they pay to us is subject to U.S. federal income tax at corporate tax rates. In addition, the income we receive from our hotels in Canada and Puerto Rico is subject to taxes in those jurisdictions and we are subject to taxes in certain states where we have properties despite our qualification for taxation as a REIT.

Our Investment and Financing Liquidity and Capital Resources

Various percentages of total sales at some of our hotels are escrowed as FF&E reserves to fund future capital improvements. During the six months ended June 30, 2019 , our hotel managers and tenants deposited \$32,819 to these accounts and spent \$88,150 from the FF&E reserve escrow accounts to renovate and refurbish our hotels. As of June 30, 2019 , there was \$37,792 on deposit in these escrow accounts, which was held directly by us and is reflected in our condensed consolidated balance sheets as restricted cash.

Our hotel operating agreements generally provide that, if necessary, we may provide our managers and tenants with funding for capital improvements to our hotels in excess of amounts otherwise available in escrowed FF&E reserves or when no FF&E reserves are available. To the extent we make such additional fundings, our annual minimum returns or rents generally increase by a percentage of the amount we fund. During the six months ended June 30, 2019 , we funded \$86,854 for capital improvements in excess of FF&E reserve fundings available from hotel operations to our hotels as follows:

- During the six months ended June 30, 2019 , we funded \$14,527 for capital improvements to certain hotels under our Marriott No. 1 agreement using cash on hand and borrowings under our revolving credit facility. We currently expect to fund approximately \$2,500 for capital improvements under this agreement during the last six months of 2019 using cash on hand or borrowings under our revolving credit facility. As we fund these improvements, the contractual minimum returns payable to us increase.

- During the six months ended June 30, 2019 , we funded \$18,600 for capital improvements to certain hotels under our Marriott No. 234 agreement using cash on hand and borrowings under our revolving credit facility. We currently expect to fund approximately \$19,400 for capital improvements under this agreement during the last six months of 2019 using cash on hand or borrowings under our revolving credit facility. As we fund these improvements, the contractual minimum returns payable to us increase.
- We did not fund any capital improvements to hotels under our IHG agreement during the six months ended June 30, 2019 . We currently expect to fund approximately \$66,100 during the last six months of 2019 for capital improvements under this agreement using cash on hand or borrowings under our revolving credit facility. As we fund these improvements, the contractual minimum returns payable to us increase.
- Our Sonesta agreement does not require FF&E escrow deposits. Under our Sonesta agreement, we are required to fund capital expenditures made at our hotels. During the six months ended June 30, 2019 , we funded \$34,306 for capital improvements to certain hotels included in our Sonesta agreement using cash on hand and borrowings under our revolving credit facility. We currently expect to fund approximately \$76,200 during the last six months of 2019 and \$27,000 during 2020 for capital improvements under this agreement using cash on hand or borrowings under our revolving credit facility. As we fund these improvements, the contractual minimum returns payable to us increase to the extent amounts funded exceed threshold amounts, as defined in our Sonesta agreement.
- Our Wyndham agreement requires FF&E escrow deposits only if there are excess cash flows after payment of our minimum returns. No FF&E escrow deposits were required during the six months ended June 30, 2019 . During the six months ended June 30, 2019 , we funded \$2,278 for capital improvements to certain hotels included in our Wyndham agreement using cash on hand and borrowings under our revolving credit facility. We currently expect to fund approximately \$1,700 for capital improvements under this agreement during the last six months of 2019 using cash on hand or borrowings under our revolving credit facility. As we fund these improvements, the contractual minimum returns payable to us increase.
- During the six months ended June 30, 2019 , we funded \$17,143 for capital improvements to certain hotels under our Radisson agreement using cash on hand and borrowings under our revolving credit facility. We currently expect to fund approximately \$10,400 during the last six months of 2019 and \$500 during 2020 for capital improvements under this agreement using cash on hand or borrowings under our revolving credit facility. As we fund these improvements, the contractual minimum returns payable to us will increase.

Our travel center leases with TA do not require FF&E escrow deposits. However, TA is required to maintain the leased travel centers, including structural and non-structural components. Under all of our TA leases, TA may request that we purchase qualifying capital improvements to the leased facilities in return for minimum rent increases. We did not fund any capital improvements to properties under these lease provisions during the six months ended June 30, 2019 and currently do not expect TA to request we fund any capital improvements during the remainder of 2019 . TA is not obligated to request and we are not obligated to purchase any such improvements.

In January 2019 , in a series of transactions, we sold 20 travel centers in 15 states to TA for \$308,200 . We used a portion of the proceeds from these sales to repay borrowings under our revolving credit facility and for general business purposes, including hotel acquisitions.

On February 21, 2019 , we paid a regular quarterly distribution to our common shareholders of record on January 28, 2019 of \$0.53 per share, or \$87,154 . On May 16, 2019 , we paid a regular quarterly distribution to our common shareholders of record on April 29, 2019 of \$0.54 per share, or \$88,798 . On July 18, 2019 , we declared a regular quarterly distribution to common shareholders of record on July 29, 2019 of \$0.54 per share, or \$88,803 . We expect to pay this amount on or about August 15, 2019 using cash on hand and borrowings under our revolving credit facility.

On February 22, 2019 , we acquired the 335 room Hotel Palomar in Washington, D.C. for a purchase price of \$141,450 , excluding capitalized acquisition costs of \$2,292 , using proceeds from our sale of the travel centers described above.

On May 7, 2019 , we acquired the 198 room Crowne Plaza Milwaukee West hotel in Milwaukee, WI for a purchase price of \$30,000 , excluding capitalized acquisition costs of \$235 , using proceeds from our sale of the travel centers described above.

On June 2, 2019 , we entered the SMTA Transaction to acquire a net lease portfolio for \$2,400,000 in cash, excluding transaction costs and subject to customary adjustments and prorations. In addition to the \$2,400,000 purchase price, we have agreed to pay the prepayment penalties associated with the redemption of notes issued by certain subsidiaries of SMTA under their asset-backed securitization platform in order to extinguish the existing mortgage debt on the portfolio, which are

estimated to be approximately \$78,000 . The portfolio consists of 770 service-oriented retail properties net leased to tenants in 22 different industries and 164 brands that include quick service and casual dining restaurants, movie theaters, health and fitness, automotive parts and services and other service-oriented and necessity-based industries across 43 states. We may use the proceeds from the \$2,000,000 term loan facility described in Note 6 to our condensed consolidated financial statements included in Part 1, Item 1 of this Quarterly Report on Form 10-Q, borrowings under our existing revolving credit facility, proceeds from certain asset sales, the issuance of new unsecured senior notes or other sources to finance the SMTA Transaction. The SMTA Transaction is subject to the approval by SMTA's shareholders, and each party's obligation to consummate the SMTA Transaction is subject to certain other customary conditions. We currently expect the SMTA Transaction to close during the third quarter of 2019; however, some of the closing conditions may be delayed or may not be satisfied; accordingly, the SMTA Transaction may not close during the third quarter of 2019 or at all, or the terms of the SMTA Transaction may change. For more information regarding the SMTA Transaction and our financing activities, see Notes 6 and 7 to our condensed consolidated financial statements included in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

We currently intend to continue to expand our investments by primarily acquiring additional hotels and other single tenant, net leased service-oriented based properties and we expect to use the extensive nationwide resources of RMR LLC to locate, acquire and manage such properties. One of our goals in acquiring single tenant, net leased service-oriented based properties is to further diversify our sources of rents and returns with the intention of improving the security of our cash flows. Another of our goals is to purchase properties that produce rents, less property operating expenses, that are greater than our capital costs to acquire the properties and, accordingly, allow us to increase distributions to our shareholders over time. We expect that most of our acquisition efforts will focus on hotel and net leased service-oriented based properties; however, we may consider acquiring other types of properties.

We have commenced marketing certain assets as part of our previously announced plan to sell approximately \$500,000 of the assets we will acquire in the SMTA Transaction and approximately \$300,000 of other assets to reduce leverage following the SMTA Transaction. We are currently in discussions with Marriott to, amongst other things, potentially sell certain hotels and expect to rebrand or sell certain hotels currently managed by Wyndham.

On July 1, 2019 , we sold all the shares of class A common stock of RMR Inc. we owned in an underwritten public offering at a price to the public of \$40.00 per share pursuant to an underwriting agreement among us, RMR Inc., certain other REITs managed by RMR LLC that also sold their class A common stock of RMR Inc. in the offering and the underwriters named therein. We received net proceeds of \$93,892 from this sale, after deducting the underwriting discounts and commissions and before other offering expenses, which we used to repay borrowings under our revolving credit facility. The net proceeds of this sale also serve to effectively reduce the commitment amount under our \$2,000,000 term loan facility dollar for dollar. For more information regarding the sale of our shares of class A common stock of RMR Inc., see Notes 10 and 13 to our condensed consolidated financial statements included in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

On August 1, 2019 , we acquired a land parcel adjacent to our travel center located in Southington, CT for a purchase price of \$60 , excluding acquisition related costs, using cash on hand. This land parcel has been added to the TA lease for that travel center.

In order to fund acquisitions and to meet cash needs that may result from our desire or need to make distributions or pay operating or capital expenses, we maintain a \$1,000,000 revolving credit facility and \$400,000 term loan which are governed by a credit agreement with a syndicate of institutional lenders. The maturity date of our revolving credit facility is July 15, 2022 , and, subject to the payment of an extension fee and meeting certain other conditions, we have an option to extend the maturity date of this facility for two additional six month periods. We are required to pay interest at the rate of LIBOR plus a premium, which was 100 basis points per annum at June 30, 2019 , on the amount outstanding under our revolving credit facility. We also pay a facility fee on the total amount of lending commitments under our revolving credit facility, which was 20 basis points per annum at June 30, 2019 . Both the interest rate premium and the facility fee are subject to adjustment based upon changes to our credit ratings. We can borrow, repay and reborrow funds available under our revolving credit facility until maturity, and no principal repayment is due until maturity. As of June 30, 2019 , the annual interest rate payable on borrowings under our revolving credit facility was 3.37% . As of June 30, 2019 , we had \$90,000 outstanding and \$910,000 available to borrow under our revolving credit facility. As of August 8, 2019 , we had no amounts outstanding and \$1,000,000 available to borrow under our revolving credit facility.

Our term loan, which matures on July 15, 2023 , is prepayable without penalty at any time. We are required to pay interest on the amount outstanding under our term loan at the rate of LIBOR plus a premium, which was 110 basis points per annum at June 30, 2019 . The interest rate premium is subject to adjustment based upon changes to our credit ratings. As of June 30, 2019 , the annual interest rate for the amount outstanding under our term loan was 3.54% .

Our credit agreement also includes a feature under which the maximum borrowing availability may be increased to up to \$2,300,000 on a combined basis in certain circumstances.

Our term debt maturities (other than our revolving credit facility and term loan) as of June 30, 2019 were as follows: \$400,000 in 2021 , \$500,000 in 2022 , \$500,000 in 2023 , \$350,000 in 2024 , \$350,000 in 2025 , \$350,000 in 2026 , \$400,000 in 2027 , \$400,000 in 2028 and \$400,000 in 2030 .

None of our unsecured debt obligations require principal or sinking fund payments prior to their maturity dates.

We currently expect to use cash on hand, the cash flows from our operations, borrowings under our revolving credit facility, net proceeds from any asset sales and net proceeds of offerings of equity or debt securities to fund our future debt maturities, operations, capital expenditures, distributions to our shareholders, property acquisitions and other general business purposes.

When significant amounts are outstanding for an extended period of time under our revolving credit facility, or the maturities of our indebtedness approach, we currently expect to explore refinancing alternatives. Such alternatives may include incurring additional debt, issuing new equity securities and the sale of properties. We 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 may also seek to participate in joint ventures or other arrangements that may provide us additional sources of financing. Although we have not historically done so, we may also assume mortgage debt on properties we may acquire or obtain mortgage financing on our existing properties.

While we believe we will have access to various types of financings, including debt or equity, to fund our future acquisitions and to pay our debts and other obligations, we cannot be sure that we will be able to complete any debt or equity offerings or other types of financings or that our cost of any future public or private financings will not increase.

Our ability to complete, and the costs associated with, future debt transactions depends primarily upon credit market conditions and our then creditworthiness. We have no control over market conditions. Our credit ratings depend upon evaluations by credit rating agencies of our business practices and plans, including our ability to maintain our earnings, to stagger our debt maturities and to balance our use of debt and equity capital so that our financial performance and leverage ratios afford us flexibility to withstand any reasonably anticipated adverse changes. Similarly, our ability to raise equity capital in the future will depend primarily upon equity capital market conditions and our ability to conduct our business to maintain and grow our operating cash flows. We intend to conduct our business activities in a manner which will afford us reasonable access to capital for investment and financing activities, but we cannot be sure that we will be able to successfully carry out that intention.

Off Balance Sheet Arrangements

As of June 30, 2019 , 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

Our debt obligations at June 30, 2019 consisted of outstanding borrowings under our \$1,000,000 revolving credit facility, our \$400,000 term loan and \$3,650,000 of publicly issued term debt. Our publicly issued term debt is governed by our indentures and related supplements. These indentures and related supplements and our credit agreement contain covenants that generally restrict our ability to incur debts, including debts secured by mortgages on our properties, in excess of calculated amounts, and require us to maintain various financial ratios and our credit agreement restricts our ability to make distributions under certain circumstances. Our credit agreement and our unsecured 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 LLC ceasing to act as our business manager. As of June 30, 2019 , we believe we were in compliance with all of the covenants under our indentures and their supplements and our credit agreement.

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

Our public debt indentures and their supplements contain cross default provisions to any other debt of \$20,000 or more (\$50,000 or more in the case of our indenture entered into in February 2016 and its supplements). Similarly, our credit agreement has cross default provisions to other indebtedness that is recourse of \$25,000 or more and indebtedness that is non-recourse of \$75,000 or more.

Management Agreements, Leases and Operating Statistics (dollar amounts in thousands)

As of June 30, 2019, 327 of our hotels (including one leased hotel) were included in seven portfolio agreements and one hotel was not included in a portfolio and was leased. As of June 30, 2019, our hotels were managed by or leased to separate affiliates of Marriott, IHG, Sonesta, Wyndham, Hyatt and Radisson under eight agreements. Our 179 travel centers are leased to and operated by TA under five portfolio agreements.

The table and related notes below through page 36 summarize significant terms of our leases and management agreements as of June 30, 2019. These tables also include statistics reported to us or derived from information reported to us by our managers and tenants. These statistics include coverage of our minimum returns or minimum rents and occupancy, ADR and RevPAR for our hotel properties. We consider these statistics and the management agreement or lease security features also presented in the tables and related notes on the following pages to be important measures of our managers' and tenants' success in operating our properties and their ability to continue to pay us. However, this third party reported information is not a direct measure of our financial performance and we have not independently verified the operating data.

Operating Agreement Reference Name	Number of Properties	Number of Rooms or Suites (Hotels) / Land Acreage (Travel Centers)	Investment ⁽¹⁾	Annual Minimum Return/Rent ⁽²⁾	Rent / Return Coverage ⁽³⁾			
					Three Months Ended June 30,		Twelve Months Ended June 30,	
					2019	2018	2019	2018
Marriott (No. 1) ⁽⁴⁾	53	7,609	\$ 720,834	\$ 71,589	1.44x	1.52x	1.18x	1.23x
Marriott (No. 234) ⁽⁵⁾	68	9,120	1,030,994	109,024	1.22x	1.30x	1.06x	1.11x
Marriott (No. 5) ⁽⁶⁾	1	356	90,078	10,518	0.96x	1.19x	0.97x	1.07x
Subtotal / Average Marriott	122	17,085	1,841,906	191,131	1.29x	1.37x	1.10x	1.16x
IHG ⁽⁷⁾	102	16,887	2,267,462	207,411	1.09x	1.29x	0.97x	1.13x
Sonesta ⁽⁸⁾	51	8,862	1,730,121	129,017	0.87x	0.93x	0.62x	0.71x
Wyndham ⁽⁹⁾	22	3,583	398,960	29,466	0.90x	0.98x	0.59x	0.79x
Hyatt ⁽¹⁰⁾	22	2,724	301,942	22,037	1.20x	1.43x	0.95x	1.13x
Radisson ⁽¹¹⁾	9	1,939	287,249	20,292	1.13x	1.32x	0.93x	1.15x
Subtotal / Average Hotels	328	51,080	6,827,640	599,354	1.10x	1.23x	0.92x	1.03x
TA (No. 1) ⁽¹²⁾	36	747	668,375	49,018	1.99x	1.88x	1.88x	1.81x
TA (No. 2) ⁽¹²⁾	36	879	626,390	44,663	1.91x	1.88x	1.84x	1.77x
TA (No. 3) ⁽¹²⁾	35	885	578,630	42,404	1.90x	1.88x	1.82x	1.77x
TA (No. 4) ⁽¹²⁾	37	930	594,794	48,381	1.98x	1.93x	1.90x	1.82x
TA (No. 5) ⁽¹²⁾	35	1,039	834,559	61,617	1.80x	1.92x	1.75x	1.79x
Subtotal / Average TA	179	4,480	3,302,748	246,083	1.91x	1.90x	1.84x	1.79x
Total / Average	507	51,080 / 4,480	\$ 10,130,388	\$ 845,437	1.34x	1.43x	1.19x	1.26x

- (1) Represents the historical cost of our properties plus capital improvements funded by us less impairment writedowns, if any, and excludes capital improvements made from FF&E reserves funded from hotel operations which do not result in increases in minimum returns or rents.
- (2) Each of our management agreements or leases provides for payment to us of an annual minimum return or rent, respectively. Certain of these minimum payment amounts are secured by full or limited guarantees or security deposits as more fully described below. In addition, certain of our hotel management agreements provide for payment to us of additional amounts to the extent of available cash flows as defined in the management agreement. Payments of these additional amounts are not guaranteed or secured by deposits. Annualized minimum rent amounts represent cash rent amounts due to us and exclude adjustments necessary to record rent on a straight line basis and payments by TA of previously deferred rent.
- (3) We define coverage as combined total property level revenues minus all property level expenses and FF&E reserve escrows which are not subordinated to minimum returns or rents due to us (which data is provided to us by our managers or tenants), divided by the minimum returns or rents due to us. Coverage amounts for our IHG, Sonesta and Radisson agreements include data for periods prior to our ownership of certain properties. Coverage amounts for our Sonesta agreement include data for one hotel prior to when it was managed by Sonesta. Coverage amounts for our Radisson agreement and TA leases exclude data for certain properties we sold during the periods presented. Coverage amounts for our TA leases exclude payments of previously deferred rent.
- (4) We lease 53 Courtyard by Marriott [®] branded hotels in 24 states to one of our TRSs. The hotels are managed by a subsidiary of Marriott under a combination management agreement which expires in 2024; Marriott has two renewal options for 12 years each for all, but not less than all, of the hotels.

We have no security deposit or guarantee from Marriott for these 53 hotels. Accordingly, payment by Marriott of the minimum return due to us under this management agreement is limited to the hotels' available cash flows after payment of operating expenses and funding of the FF&E reserve. In addition to our minimum return, this agreement provides for payment to us of 50% of the hotels' available cash flows after payment of hotel operating expenses, funding of the required FF&E reserve, payment of our minimum return and payment of certain management fees.

- (5) We lease 68 of our Marriott® branded hotels (one full service Marriott®, 35 Residence Inn by Marriott®, 18 Courtyard by Marriott®, 12 TownePlace Suites by Marriott® and two SpringHill Suites by Marriott® hotels) in 22 states to one of our TRSs. The hotels are managed by subsidiaries of Marriott under a combination management agreement which expires in 2025; Marriott has two renewal options for 10 years each for all, but not less than all, of the hotels.

We originally held a security deposit of \$64,700 under this agreement to cover payment shortfalls of our minimum return. As of June 30, 2019, the available balance of this security deposit was \$35,434. This security deposit may be replenished from a share of the hotels' available cash flows in excess of our minimum return and certain management fees. Marriott has also provided us with a \$40,000 limited guaranty to cover payment shortfalls up to 90% of our minimum return after the available security deposit balance has been depleted. This limited guaranty expires in 2019. As of June 30, 2019, the available Marriott guaranty was \$30,672.

In addition to our minimum return, this agreement provides for payment to us of 62.5% of the hotels' available cash flows after payment of hotel operating expenses, funding of the required FF&E reserve, payment of our minimum return, payment of certain management fees and replenishment of the security deposit. This additional return amount is not guaranteed or secured by the security deposit.

- (6) We lease one Marriott® branded hotel in Kauai, HI to a subsidiary of Marriott under a lease that expires in 2019. Marriott has four renewal options for 15 years each. On August 31, 2016, Marriott notified us that it will not exercise its renewal option at the expiration of the current lease term ending on December 31, 2019. This lease is guaranteed by Marriott and provides for increases in the annual minimum rent payable to us based on changes in the consumer price index.
- (7) We lease 101 IHG branded hotels (20 Staybridge Suites®, 61 Candlewood Suites®, two InterContinental®, 11 Crowne Plaza®, four Kimpton® Hotels & Restaurants and three Holiday Inn®) in 30 states in the U.S., the District of Columbia and Ontario, Canada to one of our TRSs. These 101 hotels are managed by subsidiaries of IHG under a combination management agreement. We lease one additional InterContinental® branded hotel in Puerto Rico to a subsidiary of IHG. The annual minimum return amount presented in the table on page 33 includes \$7,908 of minimum rent related to the leased Puerto Rico hotel. The management agreement and the lease expire in 2036; IHG has two renewal options for 15 years each for all, but not less than all, of the hotels.

As of June 30, 2019, we held a security deposit of \$88,103 under this agreement to cover payment shortfalls of our minimum return. This security deposit, if utilized, may be replenished and increased up to \$100,000 from the hotels' available cash flows in excess of our minimum return and certain management fees. Under this agreement, IHG is required to maintain a minimum security deposit of \$37,000.

In addition to our minimum return, this management agreement provides for an annual additional return payment to us of \$12,067 from the hotels' available cash flows after payment of hotel operating expenses, funding of the required FF&E reserve, if any, payment of our minimum return, payment of certain management fees and replenishment and expansion of the security deposit. In addition, the agreement provides for payment to us of 50% of the hotels' available cash flows after payment to us of the annual additional return amount. These additional return amounts are not guaranteed or secured by the security deposit we hold.

- (8) We lease our 51 Sonesta branded hotels (six Royal Sonesta® Hotels, six Sonesta Hotels & Resorts® and 39 Sonesta ES Suites® hotels) in 26 states to one of our TRSs. The hotels are managed by Sonesta under a combination management agreement which expires in 2037; Sonesta has two renewal options for 15 years each for all, but not less than all, of the hotels.

We have no security deposit or guaranty from Sonesta. Accordingly, payment by Sonesta of the minimum return due to us under this management agreement is limited to the hotels' available cash flows after the payment of operating expenses, including certain management fees, and we are financially responsible for operating cash flows deficits, if any.

In addition to our minimum return, this management agreement provides for payment to us of 80% of the hotels' available cash flows after payment of hotel operating expenses, management fees to Sonesta, our minimum return, an imputed FF&E reserve to us and reimbursement of operating loss or working capital advances, if any.

- (9) We lease our 22 Wyndham branded hotels (six Wyndham Hotels and Resorts® and 16 Hawthorn Suites® hotels) in 14 states to one of our TRSs. The hotels are managed by subsidiaries of Wyndham under a combination management agreement which expires in 2038; Wyndham has two renewal options for 15 years each for all, but not less than all, of the hotels.

We have a limited guaranty of \$35,656 under the management agreement to cover payment shortfalls of our minimum return, subject to an annual payment limit of \$17,828. This guaranty expires in 2020. As of June 30, 2019, the Wyndham guaranty was depleted. This guaranty may be replenished from the hotels' available cash flows in excess of our minimum return. This agreement provides that if the hotel cash flows available after payment of hotel operating expenses are less than the minimum returns due to us and if the guaranty is depleted, to avoid a default, Wyndham is required to pay us the greater of the available hotel cash flows after payment of hotel operating expenses and 85% of our minimum return.

In addition to our minimum return, this management agreement provides for payment to us of 50% of the hotels' available cash flows after payment of hotel operating expenses, payment of our minimum return, funding of the FF&E reserve, if any, payment of certain management fees and reimbursement of any Wyndham guaranty advances. This additional return amount is not guaranteed.

We lease 48 vacation units in one of the hotels to Destinations under a lease that expires in 2037; Destinations has two renewal options for 15 years each for all, but not less than all, of the vacation units. The lease is guaranteed by Destinations and provides for rent increases of 3% per annum. The annual minimum return amount presented in the table on page 33 includes \$1,493 of minimum rent related to the Destinations lease.

- (10) We lease our 22 Hyatt Place[®] branded hotels in 14 states to one of our TRSs. The hotels are managed by a subsidiary of Hyatt under a combination management agreement that expires in 2030; Hyatt has two renewal options for 15 years each for all, but not less than all, of the hotels.

We have a limited guaranty of \$50,000 under this agreement to cover payment shortfalls of our minimum return. As of June 30, 2019, the available Hyatt guaranty was \$22,614. The guaranty is limited in amount but does not expire in time and may be replenished from a share of the hotels' available cash flows in excess of our minimum return.

In addition to our minimum return, this management agreement provides for payment to us of 50% of the hotels' available cash flows after payment of operating expenses, funding the required FF&E reserve, payment of our minimum return and reimbursement to Hyatt of working capital and guaranty advances, if any. This additional return is not guaranteed.

- (11) We lease our nine Radisson branded hotels (four Radisson[®] Hotels & Resorts, four Country Inns & Suites[®] by Radisson and one Radisson Blu[®] hotel) in six states to one of our TRSs and these hotels are managed by a subsidiary of Radisson under a combination management agreement which expires in 2035 and Radisson has two 15 year renewal options for all, but not less than all, of the hotels.

We have a limited guaranty of \$47,371 under this agreement to cover payment shortfalls of our minimum return. As of June 30, 2019, the available Radisson guaranty was \$40,561. The guaranty is limited in amount but does not expire in time and may be replenished from a share of the hotels' available cash flows in excess of our minimum return. Also, this guaranty cap may be increased if we fund excess renovation costs under our agreement with Radisson.

In addition to our minimum return, this management agreement provides for payment to us of 50% of the hotels' available cash flows after payment of operating expenses, funding the required FF&E reserve, payment of our minimum return and reimbursement to Radisson of working capital and guaranty advances, if any. This additional return is not guaranteed.

- (12) *TA No. 1:* We lease 36 travel centers (32 TravelCenters of America[®] branded travel centers and four Petro Stopping Centers[®] branded travel centers) in 26 states to a subsidiary of TA under a lease that expires in 2032. TA has two renewal options for 15 years each for all, but not less than all, of these travel centers. In addition to the payment of our minimum rent, this lease provides for payment to us of percentage rent based on increases in total non-fuel revenues over base year levels (3% of non-fuel revenues above 2015 non-fuel revenues). Commencing in 2020, this lease provides for payment of an additional half percent (0.5%) of non-fuel revenues above 2019 non-fuel base year revenues. TA's remaining deferred rent obligation of \$13,289 is being paid in quarterly installments of \$886 through January 31, 2023.

TA No. 2: We lease 36 travel centers (34 TravelCenters of America[®] branded travel centers and two Petro Stopping Centers[®] branded travel centers) in 24 states to a subsidiary of TA under a lease that expires in 2031. TA has two renewal options for 15 years each for all, but not less than all, of these travel centers. In addition to the payment of our minimum rent, this lease provides for payment to us of percentage rent based on increases in total non-fuel revenues over base year levels (3% of non-fuel revenues above 2015 non-fuel revenues). Commencing in 2020, this lease provides for payment of an additional half percent (0.5%) of non-fuel revenues above 2019 non-fuel base year revenues. TA's remaining deferred rent obligation of \$12,044 is being paid in quarterly installments of \$803 through January 31, 2023.

TA No. 3: We lease 35 travel centers (33 TravelCenters of America[®] branded travel centers and two Petro Stopping Centers[®] branded travel centers) in 26 states to a subsidiary of TA under a lease that expires in 2029. TA has two renewal options for 15 years each for all, but not less than all, of these travel centers. In addition to the payment of our minimum rent, this lease provides for payment to us of percentage rent based on increases in total non-fuel revenues over base year levels (3% of non-fuel revenues above 2015 non-fuel revenues). Commencing in 2020, this lease provides for payment of an additional half percent (0.5%) of non-fuel revenues above 2019 non-fuel base year revenues. TA's remaining deferred rent obligation of \$11,815 is being paid in quarterly installments of \$788 through January 31, 2023.

TA No. 4: We lease 37 travel centers (35 TravelCenters of America[®] branded travel centers and two Petro Stopping Centers[®] branded travel centers) in 27 states to a subsidiary of TA under a lease that expires in 2033. TA has two renewal options for 15 years each for all, but not less than all, of these travel centers. In addition to the payment of our minimum rent, this lease provides for payment to us of percentage rent based on increases in total non-fuel revenues over base year levels (3% of non-fuel revenues above 2015 non-fuel revenues). Commencing in 2020, this lease provides for payment of an additional half percent (0.5%) of non-fuel revenues above 2019 non-fuel base year revenues. TA's remaining deferred rent obligation of \$12,151 is being paid in quarterly installments of \$810 through January 31, 2023.

TA No. 5: We lease 35 Petro Stopping Centers[®] branded travel centers in 23 states to a subsidiary of TA under a lease that expires in 2035. TA has two renewal options for 15 years each for all, but not less than all, of these travel centers. In addition to the payment of our minimum rent, this lease provides for payment to us of percentage rent based on increases in total non-fuel revenues over base year levels (3% of non-fuel revenues above 2012 non-fuel revenues). Commencing in 2020, this lease provides for payment of an additional half percent (0.5%) of non-fuel revenues above 2019 non-fuel base year revenues. TA's remaining deferred rent obligation of \$16,755 is being paid in quarterly installments of \$1,117 through January 31, 2023.

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The following tables summarize the operating statistics, including ADR, occupancy and RevPAR reported to us by our hotel managers or tenants by management agreement or lease for the periods indicated. All operating data presented are based upon the operating results provided by our managers and tenants for the indicated periods. We have not independently verified our managers' or tenants' operating data.

	No. of Hotels	No. of Rooms / Suites	Three Months Ended June 30,			Six Months Ended June 30,		
			2019	2018	Change	2019	2018	Change
ADR								
Marriott (No. 1)	53	7,609	\$ 135.73	\$ 132.85	2.2%	\$ 135.14	\$ 131.93	2.4%
Marriott (No. 234)	68	9,120	135.22	135.26	—%	135.53	133.69	1.4%
Marriott (No. 5)	1	356	295.59	290.83	1.6%	303.31	285.60	6.2%
Subtotal / Average Marriott	122	17,085	139.22	138.04	0.9%	139.68	137.02	1.9%
IHG ⁽¹⁾	102	16,887	123.27	128.21	(3.9%)	122.88	126.12	(2.6%)
Sonesta ⁽¹⁾⁽²⁾	51	8,862	154.21	154.75	(0.3%)	151.33	150.77	0.4%
Wyndham	22	3,583	101.19	104.93	(3.6%)	96.00	99.64	(3.7%)
Hyatt	22	2,724	110.52	115.16	(4.0%)	111.68	114.31	(2.3%)
Radisson ⁽¹⁾	9	1,939	137.14	134.70	1.8%	133.74	130.70	2.3%
All Hotels Total / Average	328	51,080	\$ 131.94	\$ 133.68	(1.3%)	\$ 131.03	\$ 131.40	(0.3%)
OCCUPANCY								
Marriott (No. 1)	53	7,609	73.0%	75.0%	-2.0 pts	66.6%	68.9%	-2.3 pts
Marriott (No. 234)	68	9,120	78.3%	80.1%	-1.8 pts	73.6%	75.9%	-2.3 pts
Marriott (No. 5)	1	356	86.1%	91.8%	-5.7 pts	87.2%	94.1%	-6.9 pts
Subtotal / Average Marriott	122	17,085	76.1%	78.1%	-2.0 pts	70.8%	73.2%	-2.4 pts
IHG ⁽¹⁾	102	16,887	80.6%	82.5%	-1.9 pts	76.6%	79.0%	-2.4 pts
Sonesta ⁽¹⁾⁽²⁾	51	8,862	73.1%	71.2%	1.9 pts	68.1%	67.6%	0.5 pts
Wyndham	22	3,583	72.8%	71.7%	1.1 pts	66.8%	68.2%	-1.4 pts
Hyatt	22	2,724	82.8%	84.3%	-1.5 pts	78.7%	80.8%	-2.1 pts
Radisson ⁽¹⁾	9	1,939	75.2%	74.5%	0.7 pts	69.3%	74.2%	-4.9 pts
All Hotels Total / Average	328	51,080	77.2%	78.1%	-0.9 pts	72.3%	74.2%	-1.9 pts
RevPAR								
Marriott (No. 1)	53	7,609	\$ 99.08	\$ 99.64	(0.6%)	\$ 90.00	\$ 90.90	(1.0%)
Marriott (No. 234)	68	9,120	105.88	108.34	(2.3%)	99.75	101.47	(1.7%)
Marriott (No. 5)	1	356	254.50	266.98	(4.7%)	264.49	268.75	(1.6%)
Subtotal / Average Marriott	122	17,085	105.95	107.81	(1.7%)	98.89	100.30	(1.4%)
IHG ⁽¹⁾	102	16,887	99.36	105.77	(6.1%)	94.13	99.63	(5.5%)
Sonesta ⁽¹⁾⁽²⁾	51	8,862	112.73	110.18	2.3%	103.06	101.92	1.1%
Wyndham	22	3,583	73.67	75.23	(2.1%)	64.13	67.95	(5.6%)
Hyatt	22	2,724	91.51	97.08	(5.7%)	87.89	92.36	(4.8%)
Radisson ⁽¹⁾	9	1,939	103.13	100.35	2.8%	92.68	96.98	(4.4%)
All Hotels Total / Average	328	51,080	\$ 101.86	\$ 104.40	(2.4%)	\$ 94.73	\$ 97.50	(2.8%)

(1) Operating data includes data for certain hotels for periods prior to when we acquired them.

(2) Operating data includes data for one hotel prior to when it was managed by Sonesta.

Related Person Transactions

We have relationships and historical and continuing transactions with RMR LLC, RMR Inc. and others related to them. For example: we have no employees and the personnel and various services we require to operate our business are provided to us by RMR LLC pursuant to our business and property management agreements with RMR LLC; RMR Inc. is the managing member of RMR LLC; Adam Portnoy, the Chair of our Board of Trustees and one of our Managing Trustees, is the sole trustee, an officer and the controlling shareholder of ABP Trust, which is the controlling shareholder of RMR Inc., a managing director,

president and chief executive officer of RMR Inc. and an officer and employee of RMR LLC; John Murray, our other Managing Trustee and our President and Chief Executive Officer, also serves as an executive officer of RMR LLC; and, until July 1, 2019, we owned shares of class A common stock of RMR Inc. We also have relationships and historical and continuing transactions with other companies to which RMR LLC or its subsidiaries provide management services and which may have trustees, directors and officers who are also trustees, directors or officers of us, RMR LLC or RMR Inc., including: TA, which is our former subsidiary and largest tenant and of which we are the largest shareholder; and Sonesta, which is one of our hotel managers and is owned in part by Adam Portnoy.

For further information about these and other such relationships and related person transactions, see Notes 7, 8, 9 and 10 to the Notes to Condensed

Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, our 2018 Annual Report, our definitive Proxy Statement for our 2019 Annual Meeting of Shareholders and our other filings with the Securities and Exchange Commission, or SEC. In addition, see the section captioned “Risk Factors” of our 2018 Annual Report for a description of risks that may arise as a result of these and other related person transactions and relationships. Our filings with the SEC and copies of certain of our agreements with these related persons, including our business and property management agreements with RMR LLC and our various agreements with TA and Sonesta, are available as exhibits to our filings with the SEC and accessible at the SEC’s website, www.sec.gov. We may engage in additional transactions with related persons, including businesses to which RMR LLC or its subsidiaries provide management services.

Non-GAAP Financial Measures

We present certain “non-GAAP financial measures” within the meaning of applicable SEC rules, including 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 as indicators of our operating performance or as measures of our liquidity. These measures should be considered in conjunction with net income as presented in our condensed consolidated statements of income. We consider these non-GAAP measures to be appropriate supplemental measures of operating performance for a REIT, along with net income. 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.

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, calculated in accordance with GAAP, excluding any gain or loss on sale of properties and loss on impairment of real estate assets, if any, plus real estate depreciation and amortization, less any unrealized gains and losses on equity securities, as well as certain other adjustments currently not applicable to us. In calculating Normalized FFO, we adjust for the item 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 distribution rate as a percentage of the trading price of our common shares, or dividend yield, and to the dividend yield of other REITs, our expectation of our future capital requirements and operating performance and our expected needs for and availability of cash to pay our obligations. Other real estate companies and REITs may calculate FFO and Normalized FFO differently than we do.

Our calculations of FFO and Normalized FFO for the three and six months ended June 30, 2019 and 2018 and reconciliations of net income, the most directly comparable financial measure under GAAP reported in our condensed consolidated financial statements, to those amounts appear in the following table (amounts in thousands, except per share amounts).

		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
		2019	2018	2019	2018
Net income		\$ 8,782	\$ 97,289	\$ 234,569	\$ 177,495
Add					
(Less):	Depreciation and amortization expense	99,196	99,684	198,561	199,301
	Gain on sale of real estate ⁽¹⁾	—	—	(159,535)	—
	Unrealized (gains) and losses on equity securities, net ⁽²⁾	60,788	(20,940)	39,811	(45,895)
FFO		168,766	176,033	313,406	330,901
Add:	Loss on early extinguishment of debt ⁽³⁾	—	160	—	160
Normalized FFO		\$ 168,766	\$ 176,193	\$ 313,406	\$ 331,061
	Weighted average shares outstanding (basic)	164,284	164,205	164,281	164,202
	Weighted average shares outstanding (diluted) ⁽⁴⁾	164,326	164,243	164,324	164,226
Basic and diluted per common share amounts:					
	Net income	\$ 0.05	\$ 0.59	\$ 1.43	\$ 1.08
	FFO and Normalized FFO	\$ 1.03	\$ 1.07	\$ 1.91	\$ 2.02
	Distributions declared per share	\$ 0.54	\$ 0.53	\$ 1.07	\$ 1.05

(1) We recorded a \$159,535 gain on sale of real estate during the three months ended March 31, 2019 in connection with the sales of 20 travel centers.

(2) Unrealized gains and losses on equity securities, net represent the adjustment required to adjust the carrying value of our investments in RMR Inc. and TA common shares to their fair value as of the end of the period.

(3) We recorded a loss of \$160 on early extinguishment of debt in the three months ended June 30, 2018 in connection with amending our revolving credit facility and term loan.

(4) Represents weighted average common shares adjusted to reflect the potential dilution of unvested share awards.

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

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, 2018. Other than as described below, we do not currently foresee any significant changes in our exposure to fluctuations in interest rates or in how we manage this exposure in the near future.

Fixed Rate Debt

At June 30, 2019, our outstanding publicly tradable debt consisted of nine issues of fixed rate, senior notes:

Principal Balance	Annual Interest Rate	Annual Interest Expense	Maturity	Interest Payments Due
\$ 400,000	4.250%	\$ 17,000	2021	Semi-Annually
500,000	5.000%	25,000	2022	Semi-Annually
500,000	4.500%	22,500	2023	Semi-Annually
350,000	4.650%	16,275	2024	Semi-Annually
350,000	4.500%	15,750	2025	Semi-Annually
350,000	5.250%	18,375	2026	Semi-Annually
400,000	4.950%	19,800	2027	Semi-Annually
400,000	3.950%	15,800	2028	Semi-Annually
400,000	4.375%	17,500	2030	Semi-Annually
<u>\$ 3,650,000</u>		<u>\$ 168,000</u>		

No principal repayments are due under these notes until maturity. Because these notes require interest at fixed rates, changes in market interest rates during the term of these debts will not affect our interest obligations. If these notes were refinanced at interest rates which are one percentage point higher than the rates shown above, our per annum interest cost would increase by approximately \$36,500. Changes in market interest rates would affect the fair value of our fixed rate debt obligations; increases in market interest rates decrease the fair value of our fixed rate debt while decreases in market interest rates increase the fair value of our fixed rate debt. Based on the balances outstanding at June 30, 2019 and discounted cash flows 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 change in interest rates would change the fair value of those debt obligations by approximately \$167,968.

Each of these fixed rate unsecured debt arrangements allows us to make repayments earlier than the stated maturity date. We are generally allowed to make prepayments only at a premium equal to a make whole amount, as defined, which is generally designed to preserve a stated yield to the noteholder. Also, we have in the past repurchased and retired some of our outstanding debts and we may do so again in the future. These prepayment rights and our ability to repurchase and retire outstanding debt may afford us opportunities to mitigate the risks of refinancing our debts at their maturities at higher rates by refinancing prior to maturity.

Floating Rate Debt

At June 30, 2019, our floating rate debt consisted of \$90,000 outstanding under our \$1,000,000 revolving credit facility and our \$400,000 term loan. The maturity date of our revolving credit facility is July 15, 2022, and subject to our meeting certain conditions, including our payment of an extension fee, we have an option to extend the stated maturity date of the facility for two additional six month periods. The maturity date of our term loan is July 15, 2023. No principal repayments are required under our revolving credit facility prior to maturity, and repayments may be made and redrawn subject to conditions at any time without penalty. No principal prepayments are required under our term loan prior to maturity and we can repay principal amounts outstanding under the term loan subject to conditions at any time without penalty, but after amounts outstanding under our term loan are repaid, amounts may not be redrawn. Borrowings under our revolving credit facility and term loan are in U.S. dollars and require annual interest to be paid at the rate of LIBOR plus premiums that are subject to adjustment based upon changes to our credit ratings. Accordingly, we are vulnerable to changes in U.S. dollar based short term interest rates, specifically LIBOR. In addition, upon renewal or refinancing of our revolving credit facility or our term loan, we are vulnerable to increases in interest rate premiums due to market conditions or our perceived credit characteristics. Generally, a change in interest rates would not affect the value of this 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, 2019 :

	Impact of Increase in Interest Rates				Annual Per Share Impact ⁽²⁾
	Interest Rate Per Year ⁽¹⁾	Outstanding Debt	Total Interest Expense Per Year		
At June 30, 2019	3.51%	\$ 490,000	\$ 17,199	\$	0.10
One percentage point increase	4.51%	\$ 490,000	\$ 22,099	\$	0.13

(1) Weighted average based on the interest rates and the respective outstanding borrowings as of June 30, 2019 .

(2) Based on diluted weighted average common shares outstanding for the six months ended June 30, 2019 .

The following table presents the impact a one percentage point increase in interest rates would have on our annual floating rate interest expense at June 30, 2019 if we were fully drawn on our revolving credit facility and our \$400,000 term loan remained outstanding:

	Impact of Increase in Interest Rates				Annual Per Share Impact ⁽²⁾
	Interest Rate Per Year ⁽¹⁾	Outstanding Debt	Total Interest Expense Per Year		
At June 30, 2019	3.42%	\$ 1,400,000	\$ 47,880	\$	0.29
One percentage point increase	4.42%	\$ 1,400,000	\$ 61,880	\$	0.38

(1) Weighted average based on the interest rates and the respective outstanding borrowings (assuming fully drawn) as of June 30, 2019 .

(2) Based on diluted weighted average common shares outstanding for the six months ended June 30, 2019 .

The foregoing tables show the impact of an immediate increase in floating interest rates as of June 30, 2019 . 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 amounts under our revolving credit facility and term loan or other floating rate debt, if any. Although we have no present plans to do so, we may in the future enter into hedge arrangements from time to time to mitigate our exposure to changes in interest rates.

LIBOR Phase Out

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

Item 4. Controls and Procedures

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

There have been no changes in our internal control over financial reporting during the quarter ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Warning Concerning Forward-Looking Statements

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

- Our hotel managers’ or tenants’ abilities to pay the contractual amounts of returns or rents due to us,
- Our sales and acquisition of properties,
- Our ability to compete for acquisitions effectively,
- Our policies and plans regarding investments, financings and dispositions,
- Our ability to pay distributions to our shareholders and to sustain the amount of such distributions,
- Our ability to raise debt or equity capital,
- Our ability to appropriately balance our use of debt and equity capital,
- Our intent to make improvements to certain of our properties and the success of our hotel renovations,
- Our ability to engage and retain qualified managers and tenants for our hotels and travel centers on satisfactory terms,
- The future availability of borrowings under our revolving credit facility,
- Our ability to pay interest on and principal of our debt,
- Our credit ratings,
- The ability of TA to pay current and deferred rent amounts and other obligations due to us,
- Our expectation that we benefit from our relationships with RMR Inc.,
- Our qualification for taxation as a REIT,
- Changes in federal or state tax laws, and
- Other matters.

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

- The impact of conditions in the economy and the capital markets on us and our managers and tenants,

- Competition within the real estate, hotel, transportation and travel center industries, particularly in those markets in which our properties are located,
- Compliance with, and changes to, federal, state and local laws and regulations, accounting rules, tax laws and similar matters,
- Limitations imposed on our business and our ability to satisfy complex rules in order for us to maintain our qualification for taxation as a REIT for U.S. federal income tax purposes,
- Acts of terrorism, outbreaks of so called pandemics or other manmade or natural disasters beyond our control, and
- Actual and potential conflicts of interest with our related parties, including our managing trustees, TA, Sonesta, RMR Inc., RMR LLC and others affiliated with them.

For example:

- Our ability to make future distributions to our shareholders and to make payments of principal and interest on our indebtedness depends upon a number of factors, including our future earnings, the capital costs we incur to maintain our properties and our working capital requirements. We may be unable to pay our debt obligations or to increase or maintain our current rate of distributions on our common shares and future distributions may be reduced or eliminated,
- The security deposits which we hold are not in segregated cash accounts or otherwise separate from our other assets and liabilities. Accordingly, when we record income by reducing our security deposit liabilities, we do not receive any additional cash payment. Because we do not receive any additional cash payment as we apply security deposits to cover payment shortfalls, the failure of our managers or tenants to pay minimum returns or rents due to us may reduce our cash flows and our ability to pay distributions to shareholders,
- As of June 30, 2019, approximately 73% of our aggregate annual minimum returns and rents were secured by guarantees or security deposits from our managers and tenants. This may imply that these minimum returns and rents will be paid. In fact, certain of these guarantees and security deposits are limited in amount and duration and all the guarantees are subject to the guarantors' abilities and willingness to pay. We cannot be sure of the future financial performance of our properties and whether such performance will cover our minimum returns and rents, whether the guarantees or security deposits will be adequate to cover future shortfalls in the minimum returns or rents due to us which they guarantee or secure, or regarding our managers', tenants' or guarantors' future actions if and when the guarantees and security deposits expire or are depleted or their abilities or willingness to pay minimum returns and rents owed to us. Moreover, the security deposits we hold are not segregated from our other assets and, although the application of security deposits to cover payment shortfalls will result in us recording income, it will not result in us receiving additional cash. The balance of our annual minimum returns and rents as of June 30, 2019 was not secured by guarantees or security deposits,
- We have no guarantees or security deposits for the minimum returns due to us from our Marriott No. 1 or our Sonesta agreement and the guaranty from Wyndham has been depleted. Accordingly, we may receive amounts that are less than the contractual minimum returns stated in these agreements. If cash flows from our Wyndham managed hotels continue to be less than minimum returns, we cannot be sure as to whether Wyndham will continue to pay at least the greater of available hotel cash flows after payment of hotel operating expenses and 85% of the minimum returns due to us or if Wyndham will default on its payments,
- We have recently renovated certain hotels and are currently renovating additional hotels. We currently expect to fund approximately \$176.3 million during the last six months of 2019 and \$27.5 million in 2020 for renovations and other capital improvement costs at certain of our hotels. The cost of capital projects associated with such renovations may be greater than we currently anticipate. Operating results at our hotels may decline as a result of having rooms out of service or other disruptions during renovations. Also, while our funding of these capital projects will cause our contractual minimum returns to increase, the hotels' operating results may not increase or may not increase to the extent that the minimum returns increase. Accordingly, coverage of our minimum returns at these hotels may remain depressed for an extended period,
- Although we currently do not expect to purchase from TA during 2019 any capital improvements it may make to the travel centers we lease to TA, that may change and we may purchase capital improvements from TA during 2019 at, above or below amounts we have historically purchased from TA,

- Hotel room demand and trucking activity are often reflections of the general economic activity in the country and in the geographic areas where our properties are located. If economic activity declines, hotel room demand and trucking activity may decline and the operating results of our hotels and travel centers may decline, the financial results of our hotel managers and our tenants, including TA, may suffer and these managers and tenants may be unable to pay our returns or rents. Also, depressed operating results from our properties for extended periods may result in the operators of some or all of our hotels and our travel centers becoming unable or unwilling to meet their obligations or their guarantees and security deposits we hold may be exhausted,
- Hotel and other competitive forms of temporary lodging supply (for example, Airbnb) have been increasing and may affect our hotel operators' ability to grow ADR and occupancy, and ADR and occupancy could decline due to increased competition which may cause our hotel operators to become unable to pay our returns or rents,
- If the current level of commercial activity in the country declines, if the price of diesel fuel increases significantly, if fuel conservation measures are increased, if freight business is directed away from trucking, if TA is unable to effectively compete or operate its business, if fuel efficiencies, the use of alternative fuels or transportation technologies reduce the demand for products and services TA sells or for various other reasons, TA may become unable to pay current and deferred rents due to us,
- Our ability to grow our business and increase our distributions depends in large part upon our ability to buy properties that generate returns or can be leased for rents which exceed our operating and capital costs. We may be unable to identify properties that we want to acquire and we may fail to reach agreement with the sellers and complete the purchases of any properties we do want to acquire. In addition, any properties we may acquire may not generate returns or rents which exceed our operating and capital costs,
- We believe that our portfolio agreements include diverse groups of properties. Our portfolio agreements may not increase the security of our cash flows or increase the likelihood our agreements will be renewed as we expect,
- We expect that most of our acquisition efforts will focus on hotel and net leased service-oriented based properties; however, the focus of our acquisition efforts may include other types of properties,
- Contingencies in our acquisition and sale agreements may not be satisfied and any expected acquisitions and sales and any related management or lease arrangements we expect to enter may not occur, may be delayed or the terms of such transactions or arrangements may change,
- At June 30, 2019, we had \$15.7 million of cash and cash equivalents, \$910.0 million available under our \$1.0 billion revolving credit facility and security deposits and guarantees covering some of our minimum returns and rents. These statements may imply that we have abundant working capital and liquidity. However, our managers and tenants may not be able to fund minimum returns and rents due to us from operating our properties or from other resources; in the past and currently, certain of our tenants and hotel managers have in fact not paid the minimum amounts due to us from their operations of our leased or managed properties. Also, certain of the security deposits and guarantees we have to cover any such shortfalls are limited in amount and duration, and any security deposits we apply for such shortfalls do not result in additional cash flows to us. Our properties require, and we have agreed to provide, significant funding for capital improvements, renovations and other matters. Accordingly, we may not have sufficient working capital or liquidity,
- We may be unable to repay our debt obligations when they become due,
- We intend to conduct our business activities in a manner that will afford us reasonable access to capital for investment and financing activities. However, we may not succeed in this regard and we may not have reasonable access to capital,
- Continued availability of borrowings under our revolving credit facility is subject to our satisfying certain financial covenants and other credit facility conditions that we may be unable to satisfy,
- Actual costs under our revolving credit facility or other floating rate debt will be higher than LIBOR plus a premium because of fees and expenses associated with such debt,
- The maximum borrowing availability under our revolving credit facility and term loan may be increased to up to \$2.3 billion on a combined basis in certain circumstances; however, increasing the maximum borrowing availability under our revolving credit facility and term loan is subject to our obtaining additional commitments from lenders, which may not occur,

- The premiums used to determine the interest rate payable on our revolving credit facility and term loan and the facility fee payable on our revolving credit facility are based on our credit ratings. Changes in our credit ratings may cause the interest and fees we pay to increase,
- We have the option to extend the maturity date of our revolving credit facility upon payment of a fee and meeting other conditions; however, the applicable conditions may not be met,
- The business and property management agreements between us and RMR LLC have continuing 20 year terms. However, those agreements permit early termination in certain circumstances. Accordingly, we cannot be sure that these agreements will remain in effect for continuing 20 year terms,
- We believe that our relationships with our related parties, including RMR LLC, RMR Inc., TA, Sonesta and others affiliated with them may benefit us and provide us with competitive advantages in operating and growing our business. However, the advantages we believe we may realize from these relationships may not materialize,
- Marriott, has notified us that it does not intend to extend its lease for our resort hotel on Kauai, Hawaii when that lease expires on December 31, 2019. We are in negotiations with Marriott regarding this hotel and other hotels managed by Marriott. If we and Marriott are unable to reach agreement, we will evaluate alternatives for the Kauai hotel, which may include rebranding or selling the hotel. These statements may imply that Marriott will not operate the Kauai hotel in the future or that we may have other alternatives for this hotel that may be more beneficial to maintaining Marriott as the operator of that hotel if we are unable to reach agreement with Marriott. At this time we cannot predict how our negotiations with Marriott will impact the future of the Kauai hotel or our disposition plans for certain hotels. For example, the Kauai hotel may continue to be operated by Marriott on different contract terms than the current lease, we may identify a different operator for this hotel or the cash flows which we receive from our ownership of this hotel may be different than the rent we now receive. Also, although the current lease expires on December 31, 2019, we and Marriott may agree upon a different termination date. Our discussions with Marriott are ongoing and we cannot be certain we will achieve our goals or reach any agreements at all with Marriott and our disposition plans may change or we may sell more or less assets than we currently intend or none at all. There can be no assurance we can find buyers for our properties or sell them at attractive prices,
- We currently expect to exit our relationship with Wyndham and to rebrand or sell our 22 hotels currently managed by Wyndham. There can be no assurance that rebranding any of these hotels will result in improved performance. In fact, rebranding hotels will result in short term disruption to operations. In addition, we cannot be sure we will be able to sell any of these hotels and any sales we may complete may be at prices less than we expect and less than net book value. We may incur losses in connection with any sales of these hotels or as a result of any plan to sell these hotels,
- We have agreed to acquire a net lease portfolio from SMTA and expect the SMTA Transaction to close during the third quarter of 2019. The consummation of the SMTA Transaction is subject to customary conditions, including approval by the affirmative vote of a majority of the common shares of beneficial interest of SMTA entitled to vote on the matter. We cannot be sure that such conditions will be satisfied. Accordingly, the SMTA Transaction may not close during the third quarter of 2019 or at all, or the terms of the SMTA Transaction may change,
- We expect to refinance the term loan we plan to obtain in connection with the SMTA Transaction with a combination of longer-term unsecured senior notes, borrowings under our existing credit facility, the sale of assets following closing of the SMTA Transaction or other sources. We may not be able to raise a sufficient amount of debt, or at attractive prices, or at all, or sell the assets we may seek to sell and at acceptable prices, and our leverage and interest costs may increase above amounts we currently expect, and
- We estimate the debt prepayment penalties associated with the redemption of notes issued by certain subsidiaries of SMTA under their asset-backed securitization platform that we agreed to pay in order to extinguish the SMTA subsidiaries' existing mortgage debt on the portfolio to be approximately \$78.0 million . This is an estimate based on interest rate assumptions and timing of closing which could increase or decrease the prepayment penalty amount. The actual amount of these prepayment penalties may be more or less than this estimate.

Currently unexpected results could occur due to many different circumstances, some of which are beyond our control, such as acts of terrorism, natural disasters, changes in our managers' or tenants' revenues or expenses, changes in our managers' or tenants' financial conditions, the market demand for hotel rooms or fuel or changes in capital markets or the economy generally.

The information contained in this Quarterly Report on Form 10-Q and in our 2018 Annual Report or in our other filings with the SEC, including under the caption “Risk Factors”, or incorporated herein or therein, identifies other important factors that could cause differences from our forward-looking statements. Our filings with the SEC are available on the SEC’s website at www.sec.gov.

You should not place undue reliance upon our forward-looking statements.

Except as required by law, we do not intend to update or change any forward-looking statements as a result of new information, future events or otherwise.

Statement Concerning Limited Liability

The Amended and Restated Declaration of Trust establishing Hospitality Properties Trust, dated August 21, 1995, as amended and supplemented, as filed with the State Department of Assessments and Taxation of Maryland, provides that no trustee, officer, shareholder, employee or agent of Hospitality Properties Trust shall be held to any personal liability, jointly or severally, for any obligation of, or claim against, Hospitality Properties Trust. All persons dealing with Hospitality Properties Trust in any way shall look only to the assets of Hospitality Properties Trust for the payment of any sum or the performance of any obligation.

Part II Other Information

Item 1A. Risk Factors

Our business faces many risks, a number of which are described under the caption “Risk Factors” in our 2018 Annual Report. The SMTA Transaction may subject us to additional risks that are described below. The risks described in our 2018 Annual Report and below may not be the only risks we face. Other risks of which we are not yet aware, or that we currently believe are not material, may also materially and adversely impact our business operations or financial results. If any of the events or circumstances described in the risk factors contained in our 2018 Annual Report or described below occurs, our business, financial condition or results of operations could be adversely impacted and the value of an investment in our securities could decline. Investors and prospective investors should consider the risks described in our 2018 Annual Report and below, and the information contained under the caption “Warning Concerning Forward-Looking Statements” and elsewhere in this Quarterly Report on Form 10-Q before deciding whether to invest in our securities.

Risks Relating to the Completion and Pendency of the SMTA Transaction

The SMTA Transaction is subject to conditions, including certain conditions that may not be satisfied, or completed on a timely basis, if at all.

The completion of the SMTA Transaction is subject to conditions, including the approval by SMTA's shareholders. These conditions make the completion, and the timing of the completion, of the SMTA Transaction uncertain. Also, we or SMTA may terminate the SMTA Transaction in certain circumstances if the SMTA Transaction is not completed by December 31, 2019, subject to applicable termination and other fees.

If the SMTA Transaction is not completed, we may be adversely affected and subject to a number of risks, including the following:

- we may be required to pay some or all of our costs relating to the SMTA Transaction, such as legal, accounting and financial advisory fees, whether or not the SMTA Transaction is completed, and
- the time and attention committed by our management to matters relating to the SMTA Transaction could otherwise have been devoted to pursuing other opportunities.

The pendency of the SMTA Transaction could adversely affect our business and operations or the business and operations at the properties we are acquiring from SMTA.

During the pendency of the SMTA Transaction, some tenants may delay or defer decisions related to their business dealings with us and SMTA, which could negatively impact the revenues, earnings, cash flows or expenses of us, regardless of whether the SMTA Transaction is completed.

Lawsuits may be commenced seeking to enjoin or prevent the SMTA Transaction or seeking other relief which may delay or prevent the completion of the SMTA Transaction and result in us incurring substantial costs.

Public company acquisition transactions are often subject to lawsuits initiated by plaintiff's counsel seeking to enjoin or prevent the transaction or obtain other relief, including payment of fees and other costs by the defendants. We, our Trustees, officers and advisors and SMTA, its trustees, officers and advisors may become subject to similar litigation with respect to the SMTA Transaction. We and any other defendant may incur substantial costs defending any such lawsuit, including the distraction of management's attention, even if such lawsuits are without merit or unsuccessful. We cannot be sure what the outcome of any such lawsuits would be. If a plaintiff was successful in obtaining an injunction prohibiting the parties from completing the SMTA Transaction or in obtaining other relief, the completion of the SMTA Transaction may be prevented or delayed or its terms could change. Our bylaws provide that a party to such a lawsuit, where we are a named defendant, may require that such claims be resolved by arbitration. Plaintiffs may also challenge such arbitration provisions, which may result in additional costs and distractions.

Risks Related to us after Completion of the SMTA Transaction

Our Normalized FFO per share may not increase as a result of the SMTA Transaction.

We believe the SMTA Transaction will increase our Normalized FFO per share in 2020 on an annualized basis assuming that debt incurred with this transaction is refinanced with longer term debt at current market rates, borrowings under our existing revolving credit facility or other sources and after expected asset sales. Any unexpected event, including, but not

limited to, our inability to finance the transaction on expected terms, performance of the SMTA portfolio below our expectations and below target asset sale proceeds, may lead to a decrease in Normalized FFO per share. Furthermore, our existing business is subject to various risks, including risks beyond our control. As a result, even if the SMTA portfolio performs as we expect, we obtain financing on terms that are consistent with our expectations and we receive our targeted proceeds on asset sales, our Normalized FFO may not increase following the SMTA Transaction and it could decline.

We may not realize other benefits from the SMTA Transaction.

We believe the SMTA Transaction will provide us with a more secure financial profile, increased scale and greater diversity in tenant base, property type and geography. Any unexpected event, including, but not limited to, our inability to finance the transaction on attractive terms or poor performance of the SMTA portfolio may adversely effect us.

The SMTA properties will significantly increase our property portfolio and will result in our operating in industries that are new to us, and we may not successfully integrate or operate these properties and we expect to incur additional costs.

The SMTA Transaction involves the acquisition of 770 properties. We and RMR LLC will be required to devote significant management time and attention to integrating and operating these properties. Unexpected difficulties or delays may arise during this integration process, including, for example, difficulties or delays in transitioning the management or financial and tax reporting functions with respect to all, or some of, the acquired properties. Similarly, we will incur additional costs to lease these properties, which may exceed the amounts we expect. Historically, our property management agreement with RMR LLC has been limited to the office building component of one of our hotels. The SMTA properties will be added to the property management agreement upon closing the SMTA Transaction, resulting in a significant increase in the scope of property management services RMR LLC will provide to us and our costs for property management services. Also, any unexpected transition and integration difficulties and any increased costs may reduce, delay or eliminate the benefits we expect to realize from the SMTA Transaction.

Following the SMTA Transaction, we will have an expanded portfolio and operations in industries that are new to us and in which we have limited or no experience. Our future success will depend, in part, upon our ability to: adapt to operating and competing in new industries; attract and retain tenants in these new markets at rents that we expect; integrate new operations into our existing business in an efficient and timely manner; successfully manage our operations and costs; avoid this new operation negatively impacting the performance of our existing business; and maintain necessary internal controls. We cannot be sure that we will be able to increase future cash flows or property level rent coverage, maintain current rents and occupancy at the SMTA properties, that we will realize any expected benefits from the SMTA Transaction, particularly with respect to the properties in new industries in which we have limited or no experience, or that the SMTA Transaction will not negatively impact the performance of our existing business.

We may be subject to unknown or contingent liabilities related to the SMTA properties for which we may have no recourse against SMTA.

The SMTA properties may be subject to unknown or contingent liabilities, including environmental liabilities, for which we may have no recourse against SMTA. The amount of liabilities associated with the SMTA properties may exceed our expectations. We do not believe that it is possible to understand fully a property before it is owned and operated for a reasonable period of time, and, notwithstanding pre-acquisition due diligence, we could acquire a property that contains undisclosed defects in design or construction or which was not properly operated.

Risks Relating to Our Indebtedness

If our committed debt financing is not available, we may be required to obtain alternative financing for the SMTA Transaction on terms which are materially less favorable to us.

In connection with the SMTA Transaction, we obtained commitments from financial institutions, pursuant to a commitment letter to make available to us a senior unsecured term loan facility, under which we may borrow up to \$2.0 billion, or the Term Loan. We also have a \$1.0 billion unsecured revolving credit facility, under which no amounts were outstanding and \$1.0 billion was available for borrowing as of August 8, 2019, that is available for general business purposes, including acquisitions. We intend to finance the SMTA Transaction and the fees, expenses and costs incurred in connection with the SMTA Transaction with our revolving credit facility and the Term Loan. Funds under the commitment letter and our unsecured revolving credit facility are not guaranteed to be available to us as of the closing of the SMTA Transaction. The obligations of lenders under the commitment letter and our unsecured revolving credit facility are subject to certain conditions, which may or may not be satisfied as of the closing of the SMTA Transaction. The availability of these funds to us is not a condition to our obligation to complete the SMTA Transaction. In the event any of these funds are not available or are available in less than the full amount

anticipated, we will be required to seek alternative financing, which may not be available on acceptable terms, in a timely manner or at all.

In connection with the SMTA Transaction, we expect to incur significant additional indebtedness.

In connection with the SMTA Transaction, we expect to incur significant additional indebtedness. This increased indebtedness could adversely affect us for numerous reasons, including by:

- increasing our vulnerability to general adverse economic and business conditions;
- increasing the costs to us of incurring additional debt;
- increasing our exposure to floating interest rates;
- limiting our ability to compete with other companies that are not as highly leveraged, as we may be less capable of responding to adverse economic and industry conditions;
- restricting us from making strategic acquisitions, developing properties or exploiting business opportunities;
- restricting the way in which we conduct our business because of financial and operating covenants in the agreements governing our existing and future indebtedness;
- exposing us to potential events of default (if not cured or waived) under covenants contained in debt instruments that could have a material adverse effect on our business, financial condition and operating results;
- limiting our ability to react to changing market conditions in our industry;
- limiting our ability to obtain additional financing to fund future acquisitions, working capital, capital expenditures and other general business requirements;
- requiring the use of a substantial portion of our cash flow from operations for the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund working capital, acquisitions, capital expenditures, distributions to our shareholders and general operating requirements; and
- limiting our flexibility in planning for, or reacting to, changes in our business.

If we are unable to finance the SMTA Transaction with longer term debt at current market rates, borrowings under our existing revolving credit facility or other sources on expected terms, our anticipated costs of financing the SMTA Transaction could materially increase.

We plan to seek longer term senior unsecured debt financing, borrowings under our existing revolving credit facility or other sources to refinance the debt incurred in connection with the SMTA Transaction and to pay the prepayment penalties to extinguish mortgage debt on the SMTA portfolio. If we do not obtain and maintain an investment grade rating for our senior debt, the cost of this financing may increase and its terms may be less favorable to us. If we are not able to obtain longer term debt financing of the SMTA Transaction timely and on favorable terms, we may be required to pay fees and seek alternative financing, such as secured borrowing or a sale of equity securities, and our available cash flow to fund working capital, capital expenditures, acquisitions and other business activities may be reduced. In such event, the alternative financing may be more expensive and the benefits expected to be received by us in the SMTA Transaction could be reduced or eliminated.

To reduce debt levels following the closing of the SMTA Transaction, we intend to sell \$500 million of the acquired assets and approximately \$300 million of other assets. We may not achieve our asset disposition plan, which may limit our ability to reduce leverage and adversely affect our credit profile.

We have identified approximately \$800 million of assets, \$300 million of which we currently own and \$500 million of which are included in the SMTA portfolio, to be sold following the consummation of the SMTA Transaction. Our estimated value for the SMTA properties is based on our knowledge of the properties, local markets and multiples on projected cash flows. This estimate involves multiple assumptions and judgments about future events that are inherently uncertain.

We cannot be sure that we will be able to find attractive sale opportunities or that any sale will be completed in a timely manner, if at all. Our ability to sell these or any of our other properties, and the prices we receive upon a sale, may be affected by many factors, and we may be unable to execute our strategy. In particular, these factors could arise from weakness in or the lack of an established market for a property, changes in the financial condition or prospects of prospective purchasers and the

tenants of the properties, the terms of the leases with tenants at the properties, the characteristics, quality and prospects of the properties, and the availability of financing to potential purchasers on reasonable terms, the number of prospective purchasers, the number of competing properties on the market, unfavorable local, national or international economic conditions, industry trends, and changes in laws, regulations or fiscal policies of jurisdictions in which the property is located. We may not succeed in selling properties that we have identified, or in the future identify, for sale, the terms of any such sales may not meet our expectations and we may incur losses in connection with these potential sales. If we are unable to realize proceeds from the sale of properties sufficient to allow us to reduce our leverage to a level we believe appropriate or which ratings agencies and possible financing sources believe appropriate, our credit ratings may be lowered, we may reduce our acquisition activity, we may reduce the amount we invest in our properties or pay for expenses and we may reduce the amount of distributions we pay to our shareholders.

Our credit ratings have been adversely affected by the SMTA Transaction.

Shortly after the SMTA Transaction was publicly announced, both Moody's and S&P published reviews of our credit ratings. S&P assigned a negative outlook to our ratings and Moody's expects it would downgrade us upon completion of the SMTA Transaction. These negative actions imply that our debt ratings may be downgraded to below "investment grade." If our credit ratings are downgraded, we may have difficulty accessing debt capital markets to meet our obligations or pursue business opportunities and the costs of any debt we do obtain may be increased. For example, the interest rates we are required to pay on our revolving credit facility and our other floating rate debt obligations will increase if our debt ratings are downgraded. We intend to sell some assets to reduce leverage and to take other actions which we believe may avoid our credit ratings being downgraded below investment grade; however, we can provide no assurance that these efforts will be successful in avoiding our credit ratings being downgraded below investment grade.

We may not be able to continue paying distributions at or above our current annualized distribution rate.

Our current annualized distribution rate is \$2.16 per common share. We may not be able to sustain our current distribution rate, or pay distributions at all, for various reasons, including that:

- Our ability to pay distributions may be adversely affected if any of the risks described herein or in our 2018 Annual Report, or other significant events, occur;
- Our declaration and payment of distributions is subject to compliance with restrictions contained in our revolving credit facility and term loan agreement and may be subject to restrictions governing future debt that we may incur, including the Term Loan and the terms of any bonds issued to finance or refinance the SMTA Transaction;
- We may desire to retain cash to obtain, maintain or improve our credit ratings, to reduce leverage or pursue other business opportunities; and
- We have no obligation to pay distributions, and each distribution is made at the discretion of our Board of Trustees and the payment of a distribution depends on various factors that our Board of Trustees at the time deems relevant, including among other things, 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 dividend yield and the dividend yield of other REITs, our expectation of our future capital requirements and operating performance and our expected needs for and availability of cash to pay our obligations.

For these reasons, among others, we may not be able to meet or sustain our current annualized distribution rate and we may cease making distributions.

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, 2019 :

Calendar Month	Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
April 2019	1,642	\$ 26.64	\$ —	\$ —
Total	1,642	\$ 26.64	\$ —	\$ —

- (1) These common share withholdings and purchases were made to satisfy the tax withholding and payment obligations of a former officer of RMR LLC in connection with the vesting of awards of our common shares. 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
2.1	Equity Purchase Agreement, dated as of June 2, 2019, by and among the Company, Spirit MTA REIT, SMTA Financing JV, LLC and Banner NewCo LLC*. (Incorporated by reference to the Company's Current Report on Form 8-K dated June 3, 2019.)
3.1	Composite Copy of Amended and Restated Declaration of Trust, dated as of August 21, 1995, as amended to date. (Filed herewith.)
3.2	Composite Copy of Amended and Restated Declaration of Trust, dated as of August 21, 1995, as amended to date. (marked copy) (Filed herewith.)
3.3	Amended and Restated Bylaws of the Company, adopted April 3, 2019. (Incorporated by reference to the Company's Current Report on Form 8-K dated April 3, 2019.)
4.1	Form of Common Share Certificate. (Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2013.)
4.2	Indenture, dated as of February 25, 1998, between the Company and State Street Bank and Trust Company. (Incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.)
4.3	Supplemental Indenture No. 14, dated as of August 16, 2012, between the Company and U.S. Bank National Association, relating to the Company's 5.000% Senior Notes due 2022, including form thereof. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012.)
4.4	Supplemental Indenture No. 15, dated as of June 6, 2013, between the Company and U.S. Bank National Association, relating to the Company's 4.500% Senior Notes due 2023, including form thereof. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.)
4.5	Authentication Order, dated January 13, 2017, from the Company to U.S. Bank National Association, relating to the Company's 4.500% Senior Notes due 2023. (Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.)
4.6	Supplemental Indenture No. 16, dated as of March 12, 2014, between the Company and U.S. Bank National Association, relating to the Company's 4.650% Senior Notes due 2024, including form thereof. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014.)
4.7	Supplemental Indenture No. 17, dated as of September 12, 2014, between the Company and U.S. Bank National Association, relating to the Company's 4.50% Senior Notes due 2025, including form thereof. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014.)
4.8	Indenture, dated as of February 3, 2016, between the Company and U.S. Bank National Association. (Incorporated by reference to the Company's Current Report on Form 8-K dated February 1, 2016.)

Exhibit Number	Description
4.9	First Supplemental Indenture, dated as of February 3, 2016, between the Company and U.S. Bank National Association, relating to the Company's 4.25% Senior Notes due 2021, including form thereof. (Incorporated by reference to the Company's Current Report on Form 8-K dated February 1, 2016.)
4.10	Second Supplemental Indenture, dated as of February 3, 2016, between the Company and U.S. Bank National Association, relating to the Company's 5.25% Senior Notes due 2026, including form thereof. (Incorporated by reference to the Company's Current Report on Form 8-K dated February 1, 2016.)
4.11	Third Supplemental Indenture, dated as of January 13, 2017, between the Company and U.S. Bank National Association, relating to the Company's 4.950% Senior Notes due 2027, including form thereof. (Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.)
4.12	Fourth Supplemental Indenture, dated as of October 26, 2017, between the Company and U.S. Bank National Association, relating to the Company's 3.950% Senior Notes due 2028, including form thereof. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017.)
4.13	Fifth Supplemental Indenture, dated as of February 2, 2018, between the Company and U.S. Bank National Association, relating to the Company's 4.375% Senior Notes due 2030, including form thereof. (Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2017.)
4.14	Registration Rights and Lock-Up Agreement, dated as of June 5, 2015, among the Company, ABP Trust (f/k/a Reit Management & Research Trust), Barry M. Portnoy and Adam D. Portnoy. (Incorporated by reference to the Company's Current Report on Form 8-K dated June 5, 2015.)
10.1	Summary of Trustee Compensation. (Incorporated by reference to the Company's Current Report on Form 8-K dated June 14, 2019.)
10.2	Fifth Amendment to Amended and Restated Lease Agreement No. 3, dated August 1, 2019, among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC. (Filed herewith.)
31.1	Rule 13a-14(a) Certification. (Filed herewith.)
31.2	Rule 13a-14(a) Certification. (Filed herewith.)
32.1	Section 1350 Certification. (Furnished herewith.)
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
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.

HOSPITALITY PROPERTIES TRUST

/s/ John G. Murray

John G. Murray

President and Chief Executive Officer

Dated: August 9, 2019

/s/ Brian E. Donley

Brian E. Donley

Chief Financial Officer and Treasurer

(Principal Financial and Accounting Officer)

Dated: August 9, 2019

HOSPITALITY PROPERTIES TRUST
COMPOSITE DECLARATION OF TRUST
INCORPORATING:

Declaration of Trust filed May 12, 1995
Articles of Amendment and Restatement filed August 21, 1995
Articles of Amendment filed June 2, 1997
Articles Supplementary filed May 16, 2000
Articles of Amendment filed May 24, 2006
Articles of Amendment filed March 5, 2007
Articles of Amendment filed May 16, 2007
Articles of Amendment filed April 15, 2010
Articles of Amendment filed April 15, 2010
Articles of Amendment filed January 18, 2012
Articles of Amendment filed June 10, 2014
Articles Supplementary filed April 20, 2017 ¹
Articles of Amendment filed June 13, 2019

¹ This Composite Declaration of Trust does not incorporate the following Articles Supplementary which establish various classes of Preferred Shares and include provisions relevant only to those issues: (i) Articles Supplementary filed June 2, 1997; (ii) Articles Supplementary filed April 8, 1999; (iii) Articles Supplementary filed December 9, 2002; (iv) Articles Supplementary filed February 16, 2007; (v) Articles Supplementary filed March 5, 2007; (vi) Articles Supplementary filed January 18, 2012; and (vii) Articles Supplementary filed June 10, 2014.

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HOSPITALITY PROPERTIES TRUST
COMPOSITE DECLARATION OF TRUST
INCORPORATING:

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² This Composite Declaration of Trust does not incorporate the following Articles Supplementary which establish various classes of Preferred Shares and include provisions relevant only to those issues: (i) Articles Supplementary filed June 2, 1997; (ii) Articles Supplementary filed April 8, 1999; (iii) Articles Supplementary filed December 9, 2002; (iv) Articles Supplementary filed February 16, 2007; (v) Articles Supplementary filed March 5, 2007; (vi) Articles Supplementary filed January 18, 2012; and (vii) Articles Supplementary filed June 10, 2014.

The Declaration of Hospitality Properties Trust, as filed with the Maryland Department of Assessments and Taxation on May 12, 1995 is hereby amended and restated as follows:

DECLARATION OF TRUST made as of the date set forth above by the undersigned Trustees.

WITNESSETH:

WHEREAS, the Trustees desire to create a trust for the principal purpose of investing in real property and interests therein; and

WHEREAS, the Trustees desire that such trust qualify as a “qualified REIT subsidiary” as long as it shall remain wholly owned by Health and Retirement Properties Trust (“HRP”) and, thereafter, as a “real estate investment trust” under the REIT Provisions of the Internal Revenue Code, and as a “real estate investment trust” under Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland; and

WHEREAS, in furtherance of such purpose the Trustees intend to acquire certain real property and interests therein and to hold, manage and dispose of all such property as Trustees in the manner hereinafter stated; and

WHEREAS, it is proposed that the beneficial interest in the Trust be divided into transferable Shares of Beneficial Interest, evidenced by certificates therefor, as hereinafter provided;

NOW, THEREFORE, it is hereby agreed and declared that the Trustees will hold any and all property of every type and description which they are acquiring or may hereafter acquire as Trustees, together with the proceeds thereof, in trust, to manage and dispose of the same for the benefit of the holders from time to time of the Shares of Beneficial Interest being issued and to be issued hereunder in the manner and subject to the stipulations contained herein.

ARTICLE I

THE TRUST; DEFINITIONS

1.1. Name. The name of the Trust created by this Declaration of Trust shall be “Hospitality Properties Trust” and so far as may be practicable the Trustees shall conduct the Trust’s activities, execute all documents and sue or be sued under that name, which name (and the word “Trust” wherever used in this Declaration of Trust, except where the context otherwise requires) shall refer to the Trustees collectively but not individually or personally nor to the officers, agents, employees or Shareholders of the Trust or of such Trustees. Under circumstances under which the Trustees determine that the use of such name is not practicable or under circumstances in which the Trustees are contractually bound to change that name, they may use such other designation or they may adopt another name under which the Trust may hold property or conduct its activities.

1.2. Places of Business. The Trust shall maintain an office in Maryland at The Prentice-Hall Corporation System, Maryland, 11 East Chase Street, Baltimore City, Maryland, 21202 or such other place in Maryland as the Trustees may determine from time to time. The Resident Agent of the Trust at such office shall be The Prentice-Hall Corporation System, Maryland. The Trust may change such Resident Agent from time to time as the Trustees shall determine. The Trust may have such other offices or places of business within or without the State of Maryland as the Trustees may from time to time determine.

1.3. Nature of Trust. The Trust shall be a real estate investment trust within the meaning of Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland. It is also intended that the Trust shall carry on a business as a “qualified REIT subsidiary” as described in the REIT Provisions of the Internal Revenue Code for so long as it is wholly owned by HRP and thereafter shall qualify and carry on business as a “real estate investment trust” as described therein. The Trust is not intended to be, shall not be deemed to be, and shall not be treated as a general partnership, limited partnership, joint venture, corporation or joint stock company (but nothing herein shall preclude the Trust from being treated for tax purposes as an association under the Internal Revenue Code); nor shall the Trustees or Shareholders or any of them for any purpose be, nor be deemed to be, nor be treated in any way whatsoever as, liable or responsible hereunder as partners or joint venturers. The relationship of the Shareholders to the Trustees shall be solely that of beneficiaries of the Trust in accordance with the rights conferred upon them by this Declaration.

1.4. Definitions. The terms defined in this Section 1.4, wherever used in this Declaration, shall, unless the context otherwise requires, have the respective meanings hereinafter specified. Whenever the singular number is used in this Declaration and when permitted by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa. Where applicable, calculations to be made pursuant to any such definition shall be made in accordance with generally accepted accounting principles as in effect from time to time except as otherwise provided in such definition.

(a) Advisor. “Advisor” shall mean HRPT Advisors, Inc., a Delaware corporation, or such other Person as the Trustees shall from time to time engage to supervise the operation of the Trust and to provide the Trust with a program of investments.

(b) Affiliate. “Affiliate” shall mean, as to any Person, (i) any other Person who, at the time of determination, is directly or indirectly controlling, controlled by or under common control with such Person, (ii) any other Person who, at such time, owns beneficially, directly or indirectly, five percent (5%) or more of the outstanding capital stock, shares or equity interests of such Person, or (iii) any Person who is at the time of determination an officer, director, employee, general partner or trustee of any such Person or of any Person who, at such time, is controlling, controlled by or under common control with such Person (excluding any trustee who is not otherwise an Affiliate of such Person).

(c) Annual Meeting of Shareholders. “Annual Meeting of Shareholders” shall mean the meeting described in the first sentence of Section 5.9.

(d) Annual Report. “Annual Report” shall have the meaning set forth in Section 5.11(a).

(e) Book Value. “Book Value” of an asset or assets shall mean the value of such asset or assets of the Trust on the books of the Trust, without deduction for depreciation or other asset valuation reserves and without deduction for mortgages or other security interests to which such asset or assets are subject, except that no asset shall be valued at more than its fair market value as determined by or under procedures adopted by the Trustees, and the underlying assets of a partnership, joint venture or other form of indirect ownership, to the extent of the Trust’s interest therein, shall be valued as if owned directly by the Trust.

(f) Bylaws. “Bylaws” shall have the meaning set forth in Section 3.3.

(g) Declaration. “Declaration” or “this Declaration” shall mean this Declaration of Trust, as amended, restated or modified from time to time. The use in this Declaration of “herein” and “hereunder” shall be deemed to refer to this Declaration and shall not be limited to the particular text, article or section in which such words appear.

(h) Independent Trustee. “Independent Trustee” shall mean a Trustee who is not then an officer of the Trust or an Affiliate of the Advisor.³

(i) Internal Revenue Code. “Internal Revenue Code” shall mean the Internal Revenue Code of 1986, as now enacted or hereafter amended, or successor statutes and applicable rules and regulations thereunder.

(j) Invested Assets. “Invested Assets” shall mean the Book Value of all the Real Estate Investments of the Trust.

(k) Mortgage Loans. “Mortgage Loans” shall mean notes, debentures, bonds and other evidences of indebtedness or obligations, whether negotiable or non-negotiable, which are secured or collateralized by Mortgages.

(l) Mortgages. “Mortgages” shall mean mortgages, deeds of trust or other security interests in Real Property.

³ This provision has been revised to reflect changes effectuated by the Articles of Amendment filed May 24, 2006.

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

(n) Real Estate Investment. “Real Estate Investment” shall mean any direct or indirect investment in any interest in Real Property or in any Mortgage Loan, or in any Person whose principal purpose is to make any such investment.

(o) Real Property. “Real Property” shall mean and include land, leasehold interests (including but not limited to interests of a lessor or lessee therein), rights and interests in land, and in any buildings, structures, improvements, furnishings and fixtures located on or used in connection with land or interests therein, but does not include investments in Mortgages, Mortgage Loans or interests therein.

(p) REIT. “REIT” shall mean a real estate investment trust as defined in the REIT Provisions of the Internal Revenue Code.

(q) REIT Provisions of the Internal Revenue Code. “REIT Provisions of the Internal Revenue Code” shall mean Parts II and III of Subchapter M of Chapter 1 of Subtitle A of the Internal Revenue Code or any successor provision.

(r) Securities. “Securities” shall mean any stock, shares, voting trust certificates, bonds, debentures, notes or other evidences of indebtedness or in general any instruments commonly known as “securities” or any certificates of interest, shares or participations in, temporary or interim certificates for, receipts for, guarantees of, or warrants, options or rights to subscribe to, purchase or acquire any of the foregoing.

(s) Shareholders. “Shareholders” shall mean as of any particular time all holders of record of outstanding Shares at such time.

(t) Shares. “Shares” or, as the context may require, “shares” shall mean the shares of beneficial interest of the Trust as described in Section 5.1 hereof.

(u) Trust. “Trust” shall mean the Trust created by this Declaration.

(v) Trustees. “Trustees” shall mean, as of any particular time, the original signatories hereto as long as they hold office hereunder and additional and successor Trustees, and shall not include the officers, employees or agents of the Trust or the Shareholders. Nothing herein shall be deemed to preclude the Trustees from also serving as officers, employees or agents of the Trust or owning Shares.

(w) Trust Estate. “Trust Estate” shall mean as of any particular time any and all property, real, personal or otherwise, tangible or intangible, which is transferred, conveyed or paid to or purchased by the Trust or Trustees and all rents, income, profits and gains therefrom and which at such time is owned or held by or for the Trust or the Trustees.

ARTICLE II

TRUSTEES

2.1. Number, Term of Office and Qualifications of Trustees.⁴

(a) The number of Trustees initially need not be more than one (1).

(i) The exact number of Trustees shall be five (5) until changed by a two-thirds (2/3) vote of the Trustees. Any vacancies in the Board of Trustees created thereby shall be filled by a majority of the Trustees

⁴ This provision has been revised to reflect changes effectuated by the Articles Supplementary filed May 16, 2000; and by the Articles of Amendment filed June 10, 2014, as superseded by the Articles Supplementary filed April 20, 2017.

then in office. The Board of Trustees has elected to be subject to Section 3-803 of the Maryland General Corporation Law. Pursuant to this election, the Board of Trustees is divided into three classes with the following terms: one Independent Trustee and one Managing Trustee in Class I with a term expiring at the Trust's 2017 Annual Meeting of Shareholders; one Independent Trustee in Class II with a term expiring at the Trust's 2018 Annual Meeting of Shareholders; and one Independent Trustee and one Managing Trustee in Class III with a term expiring at the Trust's 2019 Annual Meeting of Shareholders.

(ii) A majority of the Trustees holding office subject to the foregoing provisions of this paragraph (ii) shall at all times be Independent Trustees; provided, however, that upon a failure to comply with this requirement as a result of the creation of a vacancy which must be filled by an Independent Trustee, whether as a result of enlargement of the Board of Trustees or the resignation, removal or death of a Trustee who is an Independent Trustee, such requirement shall not be applicable for a period of ninety (90) days.

(b) The names and business addresses of the initial Trustees, who shall serve as Trustees until the first annual meeting of Shareholders (unless their terms shall be otherwise classified pursuant to Section 2.1(a)(ii)) and until their successors shall have been elected and qualified are as follows:

Name: Barry M. Portnoy
Address: Sullivan & Worcester
One Post Office Square
Boston, MA 02109

Name: Gerard M. Martin
Address: M & P Partners Limited Partnership
400 Centre Street
Newton, MA 02158

The initial Trustees shall be the signatories hereto. No reduction in the number of Trustees shall have the effect of removing any Trustee from office prior to the expiration of his term. Subject to the provisions of Section 2.3, each Trustee shall hold office until the election and qualification of his successor. There shall be no cumulative voting in the election of Trustees. A Trustee shall be an individual at least twenty-one (21) years of age who is not under legal disability. Unless otherwise required by law, no Trustee shall be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Trustees in their capacity as Trustees shall not be required to be Shareholders or to devote their entire time to the business and affairs of the Trust.

2.2. Compensation and Other Remuneration. The Trustees shall be entitled to receive such reasonable compensation for their services as Trustees as the Trustees may determine from time to time. The Trustees and Trust officers shall be entitled to receive remuneration for services rendered to the Trust in any other capacity. Subject to Sections 6.6 and 6.7, such services may include, without limitation, services as an officer of the Trust, legal, accounting or other professional services, or services as a broker, transfer agent or underwriter, whether performed by a Trustee or any Person affiliated with a Trustee.

2.3. Resignation, Removal and Death of Trustees. ⁵ A Trustee may resign at any time by giving written notice to the remaining Trustees at the principal office of the Trust. Such resignation shall take effect on the date specified in such notice, without need for prior accounting. A Trustee may be removed at any time with cause by the affirmative vote either of all the remaining Trustees or of the holders of Shares representing two-thirds of the total votes authorized to be cast by Shares then outstanding and entitled to vote thereon, voting as a single class. A Trustee judged incompetent or for whom a guardian or conservator has been appointed shall be deemed to have resigned as of the date of such adjudication or appointment. Upon the resignation or removal of any Trustee, or his otherwise ceasing to be a Trustee, he shall execute and deliver such documents as the remaining Trustees shall require for the conveyance of any Trust property held in his name, shall account to

⁵ This provision has been revised to reflect changes effectuated by the Articles Supplementary filed April 20, 2017.

the remaining Trustees as they require for all property which he holds as Trustee and shall thereupon be discharged as Trustee. Upon the incapacity or death of any Trustee, his legal representative shall perform the acts set forth in the preceding sentence and the discharge mentioned therein shall run to such legal representative and to the incapacitated Trustee or the estate of the deceased Trustee, as the case may be.

2.4. Vacancies.⁶ If any or all the Trustees cease to be Trustees hereunder, whether by reason of resignation, removal, incapacity, death or otherwise, such event shall not terminate the Trust or affect its continuity. Until vacancies are filled, the remaining Trustee or Trustees (even though fewer than three (3)) may exercise the powers of the Trustees hereunder. A vacancy that results from an increase in the size of the Board of Trustees or the death, resignation, or removal of a Trustee may be filled only by the affirmative vote of a majority of the remaining Trustee in office, even if the remaining Trustees do not constitute a quorum. Any director elected to fill a vacancy shall hold office for the remainder of the full term of the class of Trustees in which the vacancy occurred and until a successor is elected and qualifies. If at any time there shall be no Trustees in office, successor Trustees shall be elected by the Shareholders as provided in Section 5.9.

2.5. Successor and Additional Trustees. The right, title and interest of the Trustees in and to the Trust Estate shall also vest in successor and additional Trustees upon their qualification, and they shall thereupon have all the rights and obligations of Trustees hereunder. Such right, title and interest shall vest in the Trustees whether or not conveyancing documents have been executed and delivered pursuant to Section 2.3 or otherwise. Appropriate written evidence of the election and qualification of successor and additional Trustees shall be filed with the records of the Trust and in such other offices or places as the Trustees may deem necessary, appropriate or desirable.

2.6. Actions by Trustees. The Trustees may act with or without a meeting. A quorum for all meetings of the Trustees shall be a majority of the Trustees; provided, however, that, whenever pursuant to Section 6.7 or otherwise the vote of a majority of a particular group of Trustees is required at a meeting, a quorum for such meeting shall be a majority of the Trustees which shall include a majority of such group. Unless specifically provided otherwise in this Declaration, any action of the Trustees may be taken at a meeting by vote of a majority of the Trustees present (a quorum being present) or without a meeting by written consents of a majority of the Trustees, which consents shall be filed with the records of meetings of the Trustees. Any action or actions permitted to be taken by the Trustees in connection with the business of the Trust may be taken pursuant to authority granted by a meeting of the Trustees conducted by a telephone conference call, and the transaction of Trust business represented thereby shall be of the same authority and validity as if transacted at a meeting of the Trustees held in person or by written consent. The minutes of any Trustees' meeting held by telephone shall be prepared in the same manner as a meeting of the Trustees held in person. The acquisition or disposition of any investment (other than investments in short-term investment Securities described in Section 4.1) shall require the approval of a majority of Trustees, except as otherwise provided in Section 6.7. Any agreement, deed, mortgage, lease or other instrument or writing executed by one or more of the Trustees or by any authorized Person shall be valid and binding upon the Trustees and upon the Trust when authorized or ratified by action of the Trustees or as provided in the Bylaws.

With respect to the actions of the Trustees, Trustees who have, or are Affiliates of Persons who have, any direct or indirect interest in or connection with any matter being acted upon may be counted for all quorum purposes under this Section 2.6 and, subject to the provisions of Section 6.7, may vote on the matter as to which they or their Affiliates have such interest or connection.

2.7. Committees. The Trustees may appoint an audit committee and such other standing committees as the Trustees determine. Each standing committee shall consist of two (2) or more members; provided, however, that the Trustees may appoint a standing committee consisting of at least one Trustee and two non- Trustees. Each committee shall have such powers, duties and obligations as the Trustees may deem necessary or appropriate. The standing committees shall report their activities periodically to the Trustees.

ARTICLE III

TRUSTEES' POWERS

⁶ This provision has been revised to reflect changes effectuated by the Articles Supplementary filed May 16, 2000.

3.1. Power and Authority of Trustees. The Trustees, subject only to the specific limitations contained in this Declaration, shall have, without further or other authorization, and free from any power or control on the part of the Shareholders, full, absolute and exclusive power, control and authority over the Trust Estate and over the business and affairs of the Trust to the same extent as if the Trustees were the sole owners thereof in their own right, and may do all such acts and things as in their sole judgment and discretion are necessary for or incidental to or desirable for carrying out or conducting the business of the Trust. Any construction of this Declaration or any determination made in good faith by the Trustees as to the purposes of the Trust or the existence of any power or authority hereunder shall be conclusive. In construing the provisions of this Declaration, the presumption shall be in favor of the grant of powers and authority to the Trustees. The enumeration of any specific power or authority herein shall not be construed as limiting the aforesaid powers or the general powers or authority or any other specified power or authority conferred herein upon the Trustees.

3.2. Specific Powers and Authority. Subject only to the express limitations contained in this Declaration and in addition to any powers and authority conferred by this Declaration or which the Trustees may have by virtue of any present or future statute or rule or law, the Trustees without any action or consent by the Shareholders shall have and may exercise at any time and from time to time the following powers and authorities which may or may not be exercised by them in their sole judgment and discretion and in such manner and upon such terms and conditions as they may from time to time deem proper:

(a) to retain, invest and reinvest the capital or other funds of the Trust in, and to acquire, purchase, or own, real or personal property of any kind, whether tangible or intangible, wherever located in the world, and make commitments for such investments, all without regard to whether any such property is authorized by law for the investment of trust funds or produces or may produce income; to possess and exercise all the rights, powers and privileges appertaining to the ownership of the Trust Estate; and to increase the capital of the Trust at any time by the issuance of any additional authorized Shares or other Securities of the Trust for such consideration as they deem advisable;

(b) without limitation of the powers set forth in subsection (a) above, to invest in, purchase or otherwise acquire for such consideration as they deem proper, in cash or other property or through the issuance of shares or through the issuance of notes, debentures, bonds or other obligations of the Trust, and to hold for investment, the entire or any participating interests in any Mortgage Loans or interest in Real Property, including ownership of, or participations in the ownership of, or rights to acquire, equity interests in Real Property or in Persons owning, developing, improving, operating or managing Real Property, which interests may be acquired independently of or in connection with other investment activities of the Trust and, in the latter case, may include rights to receive additional payments based on gross income or rental or other income from the Real Property or improvements thereon; and to invest in loans secured by the pledge or transfer of Mortgage Loans;

(c) to sell, rent, lease, hire, exchange, release, partition, assign, mortgage, pledge, hypothecate, grant security interests in, encumber, negotiate, convey, transfer or otherwise dispose of any and all the Trust Estate by deeds (including deeds in lieu of foreclosure), trust deeds, assignments, bills of sale, transfers, leases, mortgages, financing statements, security agreements and other instruments for any of such purposes executed and delivered for and on behalf of the Trust or the Trustees by one or more of the Trustees or by a duly authorized officer, employee, agent or nominee of the Trust;

(d) to issue Shares, bonds, debentures, notes or other evidences of indebtedness, which may be secured or unsecured and may be subordinated to any indebtedness of the Trust, to such Persons for such cash, property or other consideration (including Securities issued or created by, or interests in, any Person) at such time or times and on such terms as the Trustees may deem advisable and to list any of the foregoing Securities issued by the Trust on any securities exchange and to purchase or otherwise acquire, hold, cancel, reissue, sell and transfer any of such Securities, and to cause the instruments evidencing such Securities to bear an actual or facsimile imprint of the seal of the Trust (if the Trustees shall have adopted such a seal) and to be signed by manual or facsimile signature or signatures (and to issue such Securities, whether or not any Person whose manual or facsimile signature shall be imprinted thereon shall have ceased to occupy the office with respect to which such signature was authorized), provided that, where only facsimile signatures for the Trust are used, the instrument shall be countersigned manually by a transfer agent, registrar or other authentication agent; and to issue any of such Securities of different types in combinations or units with such restrictions on the separate transferability thereof as the Trustees shall determine;

- (e) to enter into leases of real and personal property as lessor or lessee and to enter into contracts, obligations and other agreements for a term, and to invest in obligations having a term, extending beyond the term of office of the Trustees and beyond the possible termination of the Trust, or having a lesser term;
- (f) to borrow money and give negotiable or non negotiable instruments therefor; or guarantee, indemnify or act as surety with respect to payment or performance of obligations of third parties; to enter into other obligations on behalf of the Trust; and to assign, convey, transfer, mortgage, subordinate, pledge, grant security interest in, encumber or hypothecate the Trust Estate to secure any indebtedness of the Trust or any other of the foregoing obligations of the Trust;
- (g) to lend money, whether secured or unsecured;
- (h) to create reserve funds for any purpose;
- (i) to incur and pay out of the Trust Estate any charges or expenses, and to disburse any funds of the Trust, which charges, expenses or disbursements are, in the opinion of the Trustees, necessary or incidental to or desirable for the carrying out of any of the purposes of the Trust or conducting the business of the Trust, including without limitation taxes and other governmental levies, charges and assessments, of whatever kind or nature, imposed upon or against the Trustees in connection with the Trust or the Trust Estate or upon or against the Trust Estate or any part hereof, and for any of the purposes herein;
- (j) to deposit funds of the Trust in banks, trust companies, savings and loan associations and other depositories, whether or not such deposits will draw interest, the same to be subject to withdrawal on such terms and in such manner and by such Person or Persons (including any one or more Trustees or officers, employees or agents, of the Trust) as the Trustees may determine;
- (k) to possess and exercise all the rights, powers and privileges pertaining to the ownership of all or any Mortgages or Securities issued or created by, or interests in, any Person, forming part of the Trust Estate, to the same extent that an individual might do so, and, without limiting the generality of the foregoing, to vote or give any consent, request or notice, or waive any notice, either in person or by proxy or power of attorney, with or without power of substitution, to one or more Persons, which proxies and powers of attorney may be for meetings or action generally or for any particular meeting or action, and may include the exercise of discretionary powers;
- (l) to cause to be organized or assist in organizing any Person under the laws of any jurisdiction to acquire the Trust Estate or any part or parts thereof or to carry on any business in which the Trust shall directly or indirectly have any interest, and to sell, rent, lease, hire, convey, negotiate, assign, exchange or transfer the Trust Estate or any part or parts thereof to or with any such Person or any existing Person in exchange for the Securities thereof or otherwise, and to merge or consolidate the Trust with or into any Person or merge or consolidate any Person into the Trust, and to lend money to, subscribe for the Securities of, and enter into any contracts with, any Person in which the Trust holds or is about to acquire Securities or any other interest;
- (m) to enter into joint ventures, general or limited partnerships, participation or agency arrangements and any other lawful combinations or associations, and to act as a general or limited partner;
- (n) to elect, appoint, engage or employ such officers for the Trust as the Trustees may determine, who may be removed or discharged at the discretion of the Trustees, such officers to have such powers and duties, and to serve such terms, as may be prescribed by the Trustees or by the Bylaws; to engage or employ any Persons (including, subject to the provisions of Sections 6.6 and 6.7, any Trustee or officer, agent or employee of the Trust and any Person in which any Trustee, officer or agent is directly or indirectly interested or with which he is directly or indirectly connected) as agents, representatives, employees, or independent contractors (including without limitation real estate advisors, investment advisors, transfer agents, registrars, underwriters, accountants, attorneys at law, real estate agents, managers, appraisers, brokers, architects, engineers, construction managers, general contractors or otherwise) in one or more capacities, and to pay compensation from the Trust for services in as many capacities as such Person may be so engaged or employed; and to delegate any of the powers and duties of the Trustees to any one or more Trustees, agents, representatives, officers, employees, independent contractors or other Persons;

(o) to determine or cause to be determined from time to time the value of all or any part of the Trust Estate and of any services, Securities, property or other consideration to be furnished to or acquired by the Trust, and from time to time to revalue or cause to be revalued all or any part of the Trust Estate in accordance with such appraisals or other information as are, in the Trustees' sole judgment, necessary and/or satisfactory;

(p) to collect, sue for and receive all sums of money coming due to the Trust, and to engage in, intervene in, prosecute, join, defend, compromise, abandon or adjust, by arbitration or otherwise, any actions, suits, proceedings, disputes, claims, controversies, demands or other litigation relating to the Trust, the Trust Estate or the Trust's affairs, to enter into agreements therefor, whether or not any suit is commenced or claim accrued or asserted and, in advance of any controversy, to enter into agreements regarding arbitration, adjudication or settlement thereof;

(q) to renew, modify, release, compromise, extend, consolidate or cancel, in whole or in part, any obligation to or of the Trust or participate in any reorganization of obligors to the Trust;

(r) to self-insure or to purchase and pay for out of the Trust Estate insurance contracts and policies, including contracts of indemnity, insuring the Trust Estate against any and all risks and insuring the Trust and/or all or any of the Trustees, the Shareholders, or the officers, employees or agents of the Trust or Persons who may directly or indirectly control the Trust against any and all claims and liabilities of every nature asserted by any Person arising by reason of any action alleged to have been taken or omitted by the Trust or by the Trustees, Shareholders, officers, employees agents or controlling Persons whether or not the Trust would have the power to indemnify such Person or Persons against any such claim or liability;

(s) to cause legal title to any of the Trust Estate to be held by and/or in the name of the Trustees, or, except as prohibited by law, by and/or in the name of the Trust or one or more of the Trustees or any other Person, on such terms, in such manner and with such powers in such Person as the Trustees may determine, and with or without disclosure that the Trust or Trustees are interested therein;

(t) to adopt a fiscal year for the Trust, and from time to time to change such fiscal year;

(u) to adopt and use a seal (but the use of a seal shall not be required for the execution of instruments or obligations of the Trust);

(v) to the extent permitted by law, to indemnify or enter into agreements with respect to indemnification with any Person with which the Trust has dealings, including without limitation any broker/dealer, investment bank, investment advisor or independent contractor, to such extent as the Trustees shall determine;

(w) to confess judgment against the Trust;

(x) to discontinue the operations of the Trust;

(y) to repurchase or redeem Shares and other Securities issued by the Trust;

(z) to declare and pay dividends or distributions, consisting of cash, property or Securities, to the holders of Shares of the Trust out of any funds legally available therefor; and

(aa) to do all other such acts and things as are incident to the foregoing, and to exercise all powers which are necessary or useful to carry on the business of the Trust and to carry out the provisions of this Declaration.

3.3. Bylaws. The Trustees may make or adopt and from time to time amend or repeal Bylaws (the "Bylaws") not inconsistent with law or with this Declaration, containing provisions relating to the business of the Trust and the conduct of its affairs and in such Bylaws may define the duties of the officers, employees and agents of the Trust.

ARTICLE IV

INVESTMENT POLICY AND POLICIES WITH RESPECT TO CERTAIN DISTRIBUTIONS TO SHAREHOLDERS

4.1. Statement of Policy. It shall be the general objectives of the Trust (i) to provide current income for distribution to Shareholders through investments in income-producing hotels and hospitality-related facilities and other real estate investments and (ii) to provide Shareholders with the opportunity for additional returns from a percentage of gross revenues generated by the investment properties.

The Trust may make secured borrowings to make permitted additional Real Estate Investments and secured or unsecured borrowings for normal working capital needs, including the repair and maintenance of properties in which it has invested, tenant improvements and leasing commissions. The Trust may make such borrowings from third parties or from Affiliates of the Advisor. Interest and other financing charges or fees to be paid on loans from such Affiliates will not exceed the interest and other financing charges or fees which would be charged by third party financing institutions on comparable loans for the same purpose in the same geographic area.

To the extent that the Trust Estate has assets not otherwise invested in accordance with this Section 4.1, it shall be the policy of the Trustees to invest such assets in investments selected by the Trustees or the Advisor which are consistent with the Trust's intention to qualify as a REIT under the Internal Revenue Code.

It shall be the policy of the Trustees to make investments and to conduct the business of the Trust in such manner as to qualify as a REIT and to comply with the requirements of the Internal Revenue Code with respect to the composition of investments and the derivation of the income of a real estate investment trust as defined in the REIT Provisions of the Internal Revenue Code; provided, however, that no Trustee, officer, employee or agent of the Trust shall be liable for any act or omission resulting in the loss of tax benefits under the Internal Revenue Code, except for that arising from his own wilful misfeasance, bad faith, gross negligence or reckless disregard of duty.

4.2. Prohibited Investments and Activities. The Trustees shall not:

(a) engage in any undertaking or activity that would disqualify the Trust as a real estate investment trust under the provisions of the Internal Revenue Code as long as a real estate investment trust is accorded substantially the same treatment or benefits under the United States tax laws from time to time in effect as under Sections 856-860 of the Internal Revenue Code at the date of adoption of this Declaration; and/or

(b) use or apply land for farming, agriculture, horticulture or similar purposes in violation of Section 8-302(b) of the Corporations and Associations Article of the Annotated Code of Maryland.

4.3. Change in Investment Policies. The investment policies set out in this Article IV may be changed by a vote of a majority of the Trustees.

ARTICLE V

THE SHARES AND SHAREHOLDERS

5.1. Description of Shares.⁷ The interest of the Shareholders shall be divided into 300,000,000 shares of beneficial interest which shall be known collectively as "Shares", all of which shall be validly issued, fully paid and non-assessable by the Trust upon receipt of full consideration for which they have been issued or without additional consideration if issued by way of share dividend or share split. There shall be two classes of Shares: 200,000,000 shares of one such class shall be known as "Common Shares", \$.01 par value per share, and 100,000,000 shares of the other such class shall be known as "Preferred Shares". Each holder of Shares shall as a result thereof be deemed to have agreed to and be bound by the terms

⁷ This provision has been revised to reflect changes effectuated by the Articles of Amendment filed March 5, 2007, as superseded by the Articles of Amendment filed January 18, 2012; and by the Articles of Amendment filed June 2, 1997.

of this Declaration. The Shares may be issued for such consideration as the Trustees shall deem advisable. The Trustees are hereby expressly authorized at any time, and from time to time, to provide for issuance of Shares upon such terms and conditions and pursuant to such arrangements as the Trustees may determine. The Trustees are hereby expressly authorized at any time, and from time to time, without Shareholder approval, to amend this Declaration to increase or decrease the aggregate number of Shares or the number of Shares of any class that the Trust has the authority to issue.

The Trustees are hereby expressly authorized at any time, and from time to time, without Shareholder approval, to set (or change if such class has previously been established) the par value, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications, or terms, or conditions of redemption, of the Preferred Shares, and such Preferred Shares may further be divided by the Trustees into classes or series.

Except as otherwise determined by the Trustees with respect to any class or series of Preferred Shares, the holders of Shares shall be entitled to the rights and powers hereinafter set forth in this Section 5.1: The holders of Shares shall be entitled to receive, when and as declared from time to time by the Trustees out of any funds legally available for the purpose, such dividends or distributions as may be declared from time to time by the Trustees. In the event of the termination of the Trust pursuant to Section 7.1 or otherwise, or upon the distribution of its assets, the assets of the Trust available for payment and distribution to Shareholders shall be distributed ratably among the holders of Shares at the time outstanding in accordance with Section 7.2. All Shares shall have equal non-cumulative voting rights at the rate of one vote per Share, and equal dividend, distribution, liquidation and other rights, and shall have no preference, conversion, exchange, sinking fund or redemption rights. Absent a contrary written agreement of the Trust authorized by the Trustees, and notwithstanding any other determination by the Trustees with respect to any class or series of Preferred Shares, no holder of Shares or Preferred Shares shall be entitled as a matter of right to subscribe for or purchase any part of any new or additional issue of Shares of any class whatsoever of the Trust, or of securities convertible into any shares of any class whatsoever of the Trust, whether now or hereafter authorized and whether issued for cash or other consideration or by way of dividend.

5.2. Certificates. ⁸ At the election of the Trust, ownership of Shares may be evidenced by certificates in such form as the Trustees shall from time to time approve, specifying the number of Shares of the applicable class held by such Shareholder. Subject to Sections 5.6 and 5.14(c) hereof, such certificates shall be treated as negotiable and title thereto and to the Shares represented thereby shall be transferred by delivery thereof to the same extent in all respects as a stock certificate, and the Shares represented thereby, of a Maryland business corporation. Unless otherwise determined by the Trustees, such certificates shall be signed by the Chairman, if any, and the President and shall be countersigned by a transfer agent, and registered by a registrar if any, and such signatures may be facsimile signatures in accordance with Section 3.2(d) hereof. There shall be filed with each transfer agent a copy of the form of certificate so approved by the Trustees, certified by the Chairman, President, or Secretary, and such form shall continue to be used unless and until the Trustees approve some other form.

In furtherance of the provisions of Sections 5.1 and 5.14(c) hereof, each Certificate evidencing Shares shall contain a legend imprinted thereon to substantially the following effect or such other legend as the Trustees may from time to time adopt:

REFERENCE IS MADE TO THE DECLARATION OF TRUST OF THE TRUST FOR A STATEMENT OF ALL THE DESIGNATIONS, PREFERENCES, LIMITATIONS, AND RELATIVE RIGHTS OF EACH CLASS OR SERIES OF SHARES THAT THE TRUST IS AUTHORIZED TO ISSUE, THE VARIATIONS IN THE RELATIVE RIGHTS AND PREFERENCES OF ANY PREFERRED OR SPECIAL CLASS OF SHARES IN SERIES, TO THE EXTENT THEY HAVE BEEN FIXED AND DETERMINED, AND THE AUTHORITY OF THE TRUSTEES TO FIX AND DETERMINE THE RELATIVE RIGHTS AND PREFERENCES OF SUBSEQUENT SERIES. ANY SUCH STATEMENT SHALL BE FURNISHED WITHOUT CHARGE ON REQUEST TO THE TRUST AT ITS PRINCIPAL PLACE OF BUSINESS OR REGISTERED OFFICE.

IF NECESSARY TO EFFECT COMPLIANCE BY THE TRUST WITH REQUIREMENTS OF THE

⁸ This provision has been revised to reflect changes effectuated by the Articles of Amendment filed May 24, 2006.

INTERNAL REVENUE CODE RELATING TO REAL ESTATE INVESTMENT TRUSTS, THE PURPORTED TRANSFER OF THE SHARES EVIDENCED BY THIS CERTIFICATE MAY BE PROHIBITED AND OR INVALIDATED UPON THE TERMS AND CONDITIONS SET FORTH IN THE DECLARATION OF TRUST. THE TRUST WILL FURNISH A COPY OF SUCH TERMS AND CONDITIONS TO THE REGISTERED HOLDER OF THIS CERTIFICATE UPON REQUEST AND WITHOUT CHARGE.

5.3. Fractional Shares. In connection with any issuance of Shares, the Trustees may issue fractional Shares or may adopt provisions for the issuance of scrip including, without limitation, the time within which any such scrip must be surrendered for exchange into full Shares and the rights, if any, of holders of scrip upon the expiration of the time so fixed, the rights, if any, to receive proportional distributions, and the rights, if any, to redeem scrip for cash, or the Trustees may in their discretion, or if they see fit at the option of, each holder, provide in lieu of scrip for the adjustment of the fractions in cash. The provisions of Section 5.2 hereof relative to certificates for Shares shall apply so far as applicable to such scrip, except that such scrip may in the discretion of the Trustees be signed by a transfer agent alone.

5.4. Legal Ownership of Trust Estate. The legal ownership of the Trust Estate and the right to conduct the business of the Trust are vested exclusively in the Trustees (subject to Section 3.2(s)), and the Shareholders shall have no interest therein (other than beneficial interest in the Trust conferred by their Shares issued hereunder) and they shall have no right to compel any partition, division, dividend or distribution of the Trust or any of the Trust Estate.

5.5. Shares Deemed Personal Property. The Shares shall be personal property and shall confer upon the holders thereof only the interest and rights specifically set forth or provided for in this Declaration. The death, insolvency or incapacity of a Shareholder shall not dissolve or terminate the Trust or affect its continuity nor give his legal representative any rights whatsoever, whether against or in respect of other Shareholders, the Trustees or the Trust Estate or otherwise, except the sole right to demand and, subject to the provisions of this Declaration, the Bylaws and any requirements of law, to receive a new certificate for Shares registered in the name of such legal representative, in exchange for the certificate held by such Shareholder.

5.6. Share Record; Issuance and Transferability of Shares. Records shall be kept by or on behalf of and under the direction of the Trustees, which shall contain the names and addresses of the Shareholders, the number of Shares held by them respectively, and the numbers of the certificates representing the Shares, and in which there shall be recorded all transfers of Shares. The Trust, the Trustees and the officers, employees and agents of the Trust shall be entitled to deem the Persons in whose names certificates are registered on the records of the Trust to be the absolute owners of the Shares represented thereby for all purposes of the Trust; but nothing herein shall be deemed to preclude the Trustees or officers, employees or agents of the Trust from inquiring as to the actual ownership of Shares. Until a transfer is duly effected on the records of the Trust, the Trustees shall not be affected by any notice of such transfer, either actual or constructive.

Shares shall be transferable on the records of the Trust only by the record holder thereof or by his agent thereunto duly authorized in writing upon delivery to the Trustees or a transfer agent of the certificate or certificates therefor, properly endorsed or accompanied by duly executed instruments of transfer and accompanied by all necessary documentary stamps together with such evidence of the genuineness of each such endorsement, execution or authorization and of other matters as may reasonably be required by the Trustees or such transfer agent. Upon such delivery, the transfer shall be recorded in the records of the Trust and a new certificate for the Shares so transferred shall be issued to the transferee and in case of a transfer of only a part of the Shares represented by any certificate, a new certificate for the balance shall be issued to the transferor. Any Person becoming entitled to any Shares in consequence of the death of a Shareholder or otherwise by operation of law shall be recorded as the holder of such Shares and shall receive a new certificate therefor but only upon delivery to the Trustees or a transfer agent of instruments and other evidence required by the Trustees or the transfer agent to demonstrate such entitlement, the existing certificate for such Shares and such releases from applicable governmental authorities as may be required by the Trustees or transfer agent. In case of the loss, mutilation or destruction of any certificate for shares, the Trustees may issue or cause to be issued a replacement certificate on such terms and subject to such rules and regulations as the Trustees may from time to time prescribe. Nothing in this Declaration shall impose upon the Trustees or a transfer agent a duty, or limit their rights, to inquire into adverse claims.

5.7. Dividends or Distributions to Shareholders. Subject to Section 5.1, the Trustees may from time to time declare and pay to Shareholders such dividends or distributions in cash, property or assets of the Trust or Securities issued by the Trust, out of current or accumulated income, capital, capital gains, principal, interest, surplus, proceeds from the increase

or financing or refinancing of Trust obligations, or from the sale of portions of the Trust Estate or from any other source as the Trustees in their discretion shall determine. Shareholders shall have no right to any dividend or distribution unless and until declared by the Trustees. The Trustees shall furnish the Shareholders with a statement in writing advising as to the source of the funds so distributed not later than ninety (90) days after the close of the fiscal year in which the distribution was made.

5.8. Transfer Agent, Dividend Disbursing Agent and Registrar. The Trustees shall have power to employ one or more transfer agents, dividend disbursing agents and registrars (including the Advisor or its Affiliates) and to authorize them on behalf of the Trust to keep records to hold and to disburse any dividends or distributions and to have and perform, in respect of all original issues and transfers of Shares, dividends and distributions and reports and communications to Shareholders, the powers and duties usually had and performed by transfer agents, dividend disbursing agents and registrars of a Maryland business corporation.

5.9. Shareholders' Meetings.⁹ There shall be an annual meeting of the Shareholders, at such time and place as shall be determined by or in the manner prescribed in the Bylaws, at which the Trustees shall be elected and any other proper business may be conducted. The Annual Meeting of Shareholders shall be held no fewer than 30 days after delivery to the Shareholders of the Annual Report and within six (6) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 1995. Special meetings of Shareholders may only be called by a majority of the Trustees. If there shall be no Trustees, the officers of the Trust shall promptly call a special meeting of the Shareholders entitled to vote for the election of successor Trustees.

No business shall be transacted by the Shareholders at a special meeting other than business that is either (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Trustees (or any duly authorized committee thereof) or (ii) otherwise properly brought before the Shareholders by or at the direction of the Trustees.

The holders of Shares entitled to vote at the meeting representing a majority of the total number of votes authorized to be cast by Shares then outstanding and entitled to vote on any question present in person or by proxy shall constitute a quorum at any such meeting for action on such question. Any meeting may be adjourned from time to time by a majority of the votes properly cast upon the question, without regard to class, whether or not a quorum is present, and, except as otherwise provided in the Bylaws, the meeting may be reconvened without further notice. At any reconvened session of the meeting at which there shall be a quorum, any business may be transacted at the meeting as originally noticed.

Except as otherwise clearly indicated in this Declaration or the Bylaws, whenever any action is to be taken by the Shareholders, it shall be authorized by the affirmative vote of the holders of Shares representing a majority of the total number of votes authorized to be cast by shares then outstanding and entitled to vote thereon. At all elections of Trustees, voting by Shareholders shall be conducted under the non-cumulative method and the election of a Managing Trustee or an Independent Trustee in an uncontested election, which is an election in which the number of nominees for election equals (or is less than) the number to be elected at the meeting, shall be by the affirmative vote of Shares representing a majority of the total number of Share votes cast and the election of a Trustee in a contested election shall be by a plurality of the votes cast by Shares then outstanding and entitled to vote thereon.¹⁰

Whenever Shareholders are required or permitted to take any action by a vote at a meeting of Shareholders, at any time any of the outstanding Shares are held by a Person other than HRP, such action shall not be taken except by such a vote at such a meeting of Shareholders and the Shareholders shall have no power or right to take any action by executing written consents in lieu thereof.

5.10. Proxies. Whenever the vote or consent of a Shareholder entitled to vote is required or permitted under this Declaration, such vote or consent may be given either directly by such Shareholder or by a proxy in the form prescribed in, and subject to the provisions of, the Bylaws. The Trustees may solicit such proxies from the Shareholders or any of them entitled to vote in any matter requiring or permitting the Shareholders' vote or consent.

⁹ This provision has been revised to reflect changes effectuated by the Articles of Amendment filed April 15, 2010.

¹⁰ This provision has been revised to reflect changes effectuated by the Articles of Amendment filed June 13, 2019.

5.11. [*Reserved.*] ¹¹

5.12. Fixing Record Date. ¹² The Bylaws may provide for fixing or, in the absence of such provision, the Trustees may fix, in advance, a date as the record date for determining the Shareholders entitled to notice of or to vote at any meeting of Shareholders or to express consent to any proposal without a meeting or for the purpose of determining Shareholders entitled to receive payment of any dividend or distribution (whether before or after termination of the Trust) or any Annual Report or other communication from the Trustees, or for any other purpose.

5.13. Notice to Shareholders. Any notice of meeting or other notice, communication or report to any Shareholder shall be deemed duly delivered to such Shareholder when such notice, communication or report is deposited, with postage thereon prepaid, in the United States mail, addressed to such Shareholder at his address as it appears on the records of the Trust or is delivered in person to such Shareholder.

5.14. Shareholders' Disclosure; Restrictions on Share Transfer; Limitation on Holdings. At such time as any Person other than HRP shall hold any Shares of Beneficial Interest and thereafter:

(a) Every Shareholder shall upon demand disclose to the Trustees in writing such information with respect to direct and indirect ownership of any Shares as the Trustees deem necessary or appropriate, in their discretion, to comply with the REIT Provisions of the Internal Revenue Code, or to comply with the requirements of any taxing authority or governmental agency.

(b) Whenever in good faith the Trustees deem it reasonably necessary to protect the status of the Trust as a REIT under the Internal Revenue Code, they may require a statement or affidavit from each Shareholder or proposed transferee of Shares setting forth the number of Shares already owned, directly or indirectly, by such Shareholder or proposed transferee and any related Person specified in the form prescribed by the Trustees for that purpose. If, in the opinion of the Trustees, which shall be binding upon any Shareholder and any proposed transferee of Shares, but subject to subsection (i) of this Section 5.14, any proposed transfer of Shares would jeopardize the status of the Trust as a REIT under the Internal Revenue Code, the Trustees shall have the right, but not the duty, to refuse to permit such transfer.

(c) As a condition to the transfer (including, without limitation, any sale, transfer, gift, assignment, devise or other disposition of Shares, whether voluntary or involuntary, whether beneficially or of record, and whether effected constructively, by operation of law or otherwise) and/or registration of transfer of any Shares ("Excess Shares") which could in the opinion of the Trustees result in

(i) direct or indirect ownership (as hereafter defined) of Shares representing more than 9.8% in number, value or voting power of the total Shares outstanding becoming concentrated in the hands of one owner other than an Excepted Person (as such term is defined hereafter),

(ii) the outstanding Shares of the Trust being owned by fewer than one hundred (100) persons or

(iii) the Trust being "closely held" within the meaning of Section 856(h) of the Internal Revenue Code,

such potential owner (a "Proposed Transferee") shall file with the Trust the statement or affidavit described in subsection (b) of this Section 5.14 no later than the fifteenth (15th) day prior to any proposed transfer, registration of transfer or transaction which, if consummated, would have any of the results set forth above; provided, however, that the Trustees may waive such requirement of prior notice upon determination that such waiver is in the best interests of the Trust. Subject to the subsection (i) of this Section 5.14, the Trustees shall have the power and right (i) to refuse to transfer or issue Excess Shares or share certificates to any Proposed Transferee whose acquisition of such Excess Shares would, in the opinion of the Trustees, result in the direct or indirect beneficial ownership of any Excess Shares by a Person other than an Excepted Person and (ii) to treat such Excess Shares as having been transferred not to the Proposed Transferee but rather to a trustee, who shall

¹¹ This provision was deleted by the Articles of Amendment filed May 24, 2006.

¹² This provision has been revised to reflect changes effectuated by the Articles of Amendment filed April 15, 2010.

be designated by the Trustees but unaffiliated with either the Trust or the Proposed Transferee, for the benefit of one or more organizations described in Sections 170(b)(1)(a) and 170(c) of the Internal Revenue Code (each such organization being referred to herein as a “Charitable Beneficiary”) that have been designated by the Trustees. Any such trust shall be deemed to have been established by the Shareholder for the benefit of the Charitable Beneficiary on the day prior to the date of the purported transfer to the Proposed Transferee, which purported transfer shall be void ab initio and the Proposed Transferee shall be deemed never to have acquired any interest in or with respect to the Excess Shares purportedly transferred.

Any dividends paid or other distributions made with respect to any Excess Shares prior to the Trust discovering that such Excess Shares have been transferred into trust for the Charitable Beneficiary as set forth above shall be repaid and disgorged by the Proposed Transferee to the Trust and any dividend or other distribution declared but still unpaid or unmade shall be rescinded as void ab initio with respect to the Proposed Transferee. Any dividends or other distributions so repaid, disgorged or rescinded shall then be paid over to the trustee and held in trust for the Charitable Beneficiary. Any vote cast by the Proposed Transferee prior to the Trust discovering that such Excess Shares had been transferred to the trustee shall be rescinded as being void ab initio and the Proposed Transferee shall be deemed to have given an irrevocable proxy to the trustee to vote the Excess Shares held for the benefit of the Charitable Beneficiary.

All Excess Shares shall be deemed to be offered by the trustee for sale to the Trust or a Person or Persons designated by the Trust for a period of ninety (90) days following the receipt by the Trust of notice of the event that has caused the Excess Shares to be transferred into trust as set forth above at a price equal to the lesser of (i) the price that was paid for the Excess Shares by the Proposed Transferee and (ii) the market price of the Excess Shares on the date that the Trust or its designee accepts the trustee’s offer to sell.

At the direction of the Trust, the trustee of any such trust shall sell any Excess Shares held by the trust to a Person whose ownership of such shares will not, in the judgment of the Trustees, jeopardize the Trust’s status as a REIT (a “Permitted Transferee”). If such a transfer is made, the interests of the Charitable Beneficiary with respect to the Excess Shares shall cease and the proceeds of the sale to the Permitted Transferee shall be payable to the Proposed Transferee and to the Charitable Beneficiary as follows: The Proposed Transferee shall be entitled to receive the lesser of (i) the price paid by the Proposed Transferee for the Excess Shares or, if the Proposed Transferee did not give value for the Excess Shares, the market price of the Excess Shares on the day of the event that resulted in the Excess Shares being transferred into trust as set forth above, and (ii) the price received by the trustee from the sale of the Excess Shares. Any proceeds from the sale of Excess Shares in excess of the amount payable to the Proposed Transferee as set forth above shall be payable to the Charitable Beneficiary.

The following Persons are “Excepted Persons”: (i) HRP, (ii) HRPT Advisors, Inc., a Delaware corporation (“Advisors”), (iii) Affiliates of HRP or Advisors, (iv) Persons to whom HRP’s or Advisor’s share ownership is attributable or whose share ownership is attributable to HRP or Advisors and (v) other Persons approved by the Trustees, at their option and in their sole discretion; provided, however, that such approval shall not be granted to any Person (and shall not extend to any Person described in clause (iii) above) whose ownership of more than 9.8% (individually or by attribution) in number or value of the total Shares outstanding would result, directly, indirectly or as a result of attribution of ownership, in termination of the status of the Trust as a REIT under the Internal Revenue Code.

If the foregoing provisions shall be determined to be void or invalid by virtue of any legal decision, statute, rule or regulation, then the Proposed Transferee of such Excess Shares shall be deemed, at the option of the Trust, to have acted as agent on behalf of the Trust in acquiring such Excess Shares and to hold such Excess Shares on behalf of the Trust.

(d) Notwithstanding any other provision of this Declaration to the contrary, but subject to subsection (i) of this Section 5.14, any purported acquisition of shares of the Trust (whether such purported acquisition results from the direct or indirect acquisition or ownership (as hereafter defined) of Shares) which would result in the disqualification of the Trust as a REIT shall be null and void. Any such shares may be treated by the Trustees in the manner prescribed for Excess Shares in subsection (c) of this Section 5.14.

(e) Subject only to subsection (i) of this Section 5.14, nothing contained in this Section 5.14 or in any other provision of this Declaration shall limit the authority of the Trustees to take such other action as they deem necessary or advisable to protect the Trust and the interests of the Shareholders by preserving the Trust’s status as a REIT.

(f) If any provision of this Section 5.14 or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provision shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court. To the extent this Section 5.14 may be inconsistent with any other provision of this Declaration, this Section 5.14 shall be controlling.

(g) It shall be the policy of the Trustees to consult with the appropriate officials of any stock exchange on which the relevant Shares of the Trust are listed as far as reasonably possible in advance of the final exercise (at any time when the shares are listed on such exchange) of any powers granted by sections (b) or (c) of this Section 5.14.

(h) For purposes of this Declaration, Shares not owned directly shall be deemed to be owned indirectly by a Person if that Person or a group including that Person would be the beneficial owner of such shares, as defined as of May 1, 1995, in Rule 13d-3 under the Securities Exchange Act of 1934 and/or would be considered to own such shares by reason of the attribution rules of Section 544 or Section 856(h) of the Internal Revenue Code.

(i) Nothing in this Section 5.14 shall preclude the settlement of any transaction entered into through the facilities of the New York Stock Exchange.

5.15. Special Voting Provisions relating to Certain Business Combinations and Control Shares. The Trust elects not to be governed by the provisions of Subtitles 6 and 7 of Title 3 of the Corporations and Associations Article of the Annotated Code of Maryland.

ARTICLE VI

LIABILITY OF TRUSTEES, SHAREHOLDERS, OFFICERS, EMPLOYEES AND AGENTS, AND OTHER MATTERS

6.1. Limitation of Liability of Shareholders, Trustees, Officers, Employees and Agents for Obligations of the Trust. The Trustees and the officers, employees and agents (including the Advisor) of the Trust, in incurring any debts, liabilities or obligations or in taking or omitting any other actions for or in connection with the Trust, are, and shall be deemed to be, acting as trustees, officers, employees or agents of the Trust and not in their own individual capacities. Except as otherwise provided in Sections 6.3 hereof with respect to liability of Trustees or officers, agents or employees of the Trust to the Trust or to Shareholders, no Shareholder, Trustee or officer, employee or agent (including the Advisor) of the Trust shall be liable for any debt, claim, demand, judgment decree, liability or obligation of any kind (in tort, contract or otherwise) of, against or with respect to the Trust or arising out of any action taken or omitted for or on behalf of the Trust, and the Trust shall be solely liable therefor and resort shall be had solely to the Trust Estate for the payment or performance thereof, and no Shareholder, Trustee or officer, employee or agent (including the Advisor) of the Trust shall be subject to any personal liability whatsoever, in tort, contract or otherwise, to any other Person or Persons in connection with the Trust Estate or the affairs of the Trust (or any actions taken or omitted for or on behalf of the Trust), and all such other Persons shall look solely to the Trust Estate for satisfaction of claims of any nature arising in connection with the Trust Estate or the affairs of the Trust (or any action taken or omitted for or on behalf of the Trust).

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

6.3. Limitation of Liability of Trustees, Officers, Employees and Agents to the Trust and to Shareholders for Acts and Omissions. To the fullest extent permitted by Maryland statutory and decisional law, as amended or interpreted, no Trustee, officer, employee or agent of the Trust (a) shall be personally liable to the Trust or its Shareholders and (b) shall have any greater duties than those established by this Declaration of Trust or, in cases as to which such duties are not so established, than those to which the directors, officers, employees and agents of a Maryland business corporation are subject

from time to time. No amendment of this Declaration or repeal of any of its provisions shall limit or eliminate the limitation on liability provided to Trustees, officers, employees and agents of the Trust hereunder with respect to any act or omission occurring prior to such amendment or repeal.

6.4. Indemnification and Reimbursement of Trustees, Officers, Employees, Agents and Certain Other Persons.

(a) The Trust shall indemnify (i) its Trustees and officers, whether serving the Trust or at its request any other entity, to the full extent required or permitted by the General Laws of the State of Maryland now or hereafter in force, including the advance of expenses under the procedures and to the full extent permitted by law and (ii) other employees and agents to such extent as shall be authorized by the Trustees of the Trust or the Bylaws and be permitted by law. The foregoing rights of indemnification shall not be exclusive of any other rights to which those seeking indemnification may be entitled. The Trustees may take such action as is necessary to carry out these indemnification provisions and is expressly empowered to adopt, approve and amend from time to time such Bylaws, resolutions or contracts implementing such provisions or such further indemnification arrangements as may be permitted by law. No amendment of this Declaration of Trust or repeal of any of its provisions shall limit or eliminate the right to indemnification provided hereunder with respect to acts or omissions occurring prior to such amendment or repeal.

(b) Notwithstanding anything herein to the contrary, and to the fullest extent permitted by Maryland statutory or decisional law, as amended or interpreted, no Trustee or officer of the Trust shall be personally liable to the Trust or its shareholders for money damages. No amendment of this Declaration or repeal of any of its provisions shall limit or eliminate the limitation on liability provided to Trustees and officers hereunder with respect to any act or omission occurring prior to such amendment or repeal.

6.5. Indemnification and Reimbursement of Shareholders. Any Shareholder made a party to any action, suit or proceeding or against him a claim or liabilities asserted by reason of the fact that he, his testate or intestate was or is a Shareholder shall be indemnified and held harmless by the Trust against judgments, fines, amounts paid on account thereof (whether in settlement or otherwise) and reasonable expenses, including attorneys' fees, actually and reasonably incurred by him in connection with the defense of such action, suit, proceeding, claim or alleged liability or in connection with any appeal therein, whether or not the same proceeds to judgment or is settled or otherwise brought to a conclusion; provided, however, that such Shareholder gives prompt notice thereof, executes such documents and takes such action as will permit the Trust to conduct the defense or settlement thereof and cooperates therein. In the event that the assets of the Trust Estate are insufficient to satisfy the Trust's indemnity obligations hereunder, each Shareholder shall be entitled to such indemnification pro rata from the Trust Estate.

6.6. Right of Trustees, Officers, Employees and Agents to Own Shares or Other Property and to Engage in Other Business. Any Trustee or officer, employee or agent of the Trust may acquire, own, hold and dispose of Shares in the Trust, for his individual account, and may exercise all rights of a Shareholder to the same extent and in the same manner as if he were not a Trustee or officer, employee or agent of the Trust. Any Trustee or officer, employee or agent of the Trust may, in his personal capacity or in the capacity of trustee, officer, director, stockholder, partner, member, advisor or employee of any Person or otherwise, have business interests and engage in business activities similar to or in addition to those relating to the Trust, which interests and activities may be similar to and competitive with those of the Trust and may include the acquisition, syndication, holding, management, development, operation or disposition, for his own account, or for the account of such Person or others, of interests in Mortgages, interests in Real Property, or interests in Persons engaged in the real estate business.

Each Trustee, officer, employee and agent of the Trust shall be free of any obligation to present to the Trust any investment opportunity which comes to him in any capacity other than solely as Trustee, officer, employee or agent of the Trust even if such opportunity is of a character which, if presented to the Trust, could be taken by the Trust. Subject to the provisions of Section 6.8, any Trustee or officer, employee or agent of the Trust may be interested as trustee, officer, director, stockholder, partner, member, advisor or employee of, or otherwise have a direct or indirect interest in, any Person who may be engaged to render advice or services to the Trust, and may receive compensation from such Person as well as compensation as Trustee, officer, employee or agent or otherwise hereunder. None of these activities shall be deemed to conflict with his duties and powers as Trustee or officer, employee or agent of the Trust.

6.7. Transactions Between Trustees, Officers, Employees or Agents and the Trust. Except as otherwise

provided by this Declaration, and in the absence of fraud, a contract, act or other transaction between the Trust and any other Person in which the Trust is interested, shall be valid, and no Trustee or officer, employee or agent of the Trust shall have any liability as a result of entering into any such contract, act or transaction, even though (a) one or more of the Trustees or officers, employees or agents of the Trust are directly or indirectly interested in or connected with or are trustees, partners, directors, employees, officers or agents of such other Person, or (b) one or more of the Trustees or officers, employees or agents of the Trust individually or jointly with others, is a party or are parties to, or are directly or indirectly interested in or connected with, such contract, act or transaction; provided that in each such case (i) such interest or connection is disclosed or known to the Trustees and thereafter the Trustees authorize or ratify such contract, act or other transaction by affirmative vote of a majority of the Trustees who are not so interested or (ii) such interest or connection is disclosed or known to the Shareholders, and thereafter such contract, act or transaction is approved by Shareholders holding a majority of the Shares then outstanding and entitled to vote thereon.

Notwithstanding any other provision of this Declaration, the Trust may engage in a transaction with (a) any Trustee, officer, employee or agent of the Trust (acting in his individual capacity), (b) any director, trustee, partner, officer, employee or agent (acting in his individual capacity) of the Advisor or any other investment advisor of the Trust, (c) the Advisor or any other investment advisor of the Trust or (d) an Affiliate of any of the foregoing, provided that such transaction has, after disclosure of such affiliation, been approved or ratified by the affirmative vote of a majority of the Trustees not having any interest in such transaction and not Affiliates of any party to the transaction after a determination by them that such transaction is fair and reasonable to the Trust and the Shareholders.

This Section 6.7 shall not prevent any sale of Shares issued by the Trust for the public offering thereof in accordance with a registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933. The Trustees are not restricted by this Section 6.7 from forming a corporation, partnership, trust or other business association owned by any Trustee, officer, employee or agent or by their nominees for the purpose of holding title to property of the Trust or managing property of the Trust, provided that the Trustees make a determination that the creation of such entity for such purpose is in the best interest of the Trust.

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

6.9. Reliance. The Trustees and the officers, employees and agents of the Trust may consult with counsel (which may be a firm in which one or more of the Trustees or the officers, employees or agents of the Trust is or are members) and the advice or opinion of such counsel shall be full and complete personal protection to all the Trustees and the officers, employees and agents of the Trust in respect of any action taken or suffered by them in good faith and in reliance on or in accordance with such advice or opinion. In discharging their duties, Trustees or officers, employees or agents of the Trust, when acting in good faith, may rely upon financial statements of the Trust represented to them to fairly present the financial position or results of operations of the Trust by the chief financial officer of the Trust or the officer of the Trust having charge of its books of account, or stated in a written report by an independent certified public accountant fairly to present the financial position or results of operations of the Trust. The Trustees and the officers, employees and agents of the Trust may rely, and shall be personally protected in acting, upon any instrument or other document believed by them to be genuine.

ARTICLE VII

DURATION, AMENDMENT AND TERMINATION OF TRUST

7.1. Duration of Trust. The duration of the Trust shall be perpetual; provided, however, the Trust may be terminated at any time by the affirmative vote at a meeting of Shareholders of the holders of Shares representing two-thirds of the total number of Shares then outstanding and entitled to vote thereon.

7.2. Termination of Trust.

(a) Upon the termination of the Trust:

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

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

(iii) after paying or adequately providing for the payment of all liabilities, and upon receipt of such releases, indemnities and refunding agreements, as they deem necessary for their protection, the Trustees may distribute the remaining Trust Estate (in cash or in kind or partly each) among the Shareholders according to their respective rights.

(b) After termination of the Trust and distribution of the Trust Estate to the Shareholders as herein provided, the Trustees shall execute and lodge among the records of the Trust an instrument in writing setting forth the fact of such termination and such distribution, a copy of which instrument shall be filed with the Maryland Department of Assessments and Taxation, and the Trustees shall thereupon be discharged from all further liabilities and duties hereunder and the rights and interests of all Shareholders shall thereupon cease.

7.3. Amendment Procedure. This Declaration may be amended (except that the provisions governing the personal liability of the Shareholders, Trustees and of the officers, employees and agents of the Trust and the prohibition of assessments upon Shareholders may not be amended in any respect that could increase the personal liability of such Shareholders, Trustees or officers, employees and agents of the Trust) at a meeting of Shareholders by holders of Shares representing a majority (or, with respect to amendments of Article IV, the second paragraph of Section 5.1, Section 7.1 or this Section 7.3, and amendments inconsistent with Sections 2.1 and 5.14, at least two-thirds (2/3)) of the total number of votes authorized to be cast in respect of Shares then outstanding and entitled to vote thereon. The approval of a two-thirds (2/3) majority of the Trustees shall also be required for any such amendment. A two-thirds (2/3) majority of the Trustees may, after fifteen (15) days written notice to the Shareholders, also amend this Declaration without the vote or consent of Shareholders if in good faith they deem it necessary to conform this Declaration to the requirements of the REIT Provisions of the Internal Revenue Code, but the Trustees shall not be liable for failing to do so. Actions by the Trustees pursuant to Section 5.1 or pursuant to Section 8.6(a) that result in an amendment to this Declaration shall be effected without vote or consent of Shareholders.

7.4. Amendments Effective. Any amendment pursuant to any Section of this Declaration shall not become effective until it is duly filed with the Maryland Department of Assessments and Taxation.

7.5. Transfer to Successor. The Trustees, with the affirmative vote, at a meeting approving a plan for this purpose, of the holders of Shares representing two-thirds (2/3) of all votes cast at a meeting at which a quorum is present, may (a) cause the organization of a limited partnership, partnership, corporation, association, trust or other organization to take over the Trust Estate and carry on the affairs of the Trust, (b) merge the Trust into, or sell, convey and transfer the Trust Estate to, any such limited partnership, partnership, corporation, association, trust or organization in exchange for Securities thereof, or beneficial interests therein, and the assumption by such transferee of the liabilities of the Trust and (c) thereupon terminate this Declaration and deliver such shares, Securities or beneficial interests among the Shareholders in accordance with such plan.

ARTICLE VIII

MISCELLANEOUS

8.1. Applicable Law. This Declaration is executed and acknowledged by the Trustees with reference to the statutes and laws of the State of Maryland, and the rights of all parties and the construction and effect of every provision hereof shall be subject to and construed according to the statutes and laws of such State.

8.2. Index and Headings for Reference Only. The index and headings preceding the text, articles and sections hereof have been inserted for convenience and reference only and shall not be construed to affect the meaning, construction or effect of this Declaration.

8.3. Successors in Interest. This Declaration and the Bylaws shall be binding upon and inure to the benefit of the undersigned Trustees and their successors, assigns, heirs, distributees and legal representatives, and every Shareholder and his successors, assigns, heirs, distributees and legal representatives.

8.4. Inspection of Records. Trust records shall be available for inspection by Shareholders at the same time and in the same manner and to the extent that comparable records of a Maryland business corporation would be available for inspection by shareholders under the laws of the State of Maryland. Except as specifically provided for in this Declaration or in Title 8 of the Annotated Code of Maryland, Shareholders shall have no greater right than shareholders of a Maryland business corporation to require financial or other information from the Trust, Trustees or officers of the Trust. Any Federal or state securities administrator or the Maryland Department of Assessments and Taxation shall have the right, at reasonable times during business hours and for proper purposes, to inspect the books and records of the Trust.

8.5. Counterparts. This Declaration may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

8.6. Provisions of the Trust in Conflict with Law or Regulations; Severability.

(a) The provisions of this Declaration are severable, and if the Trustees shall determine, with the advice of counsel, that any one or more of such provisions (the "Conflicting Provisions") are in conflict with the REIT Provisions of the Internal Revenue Code, the Conflicting Provisions shall be deemed never to have constituted a part of the Declaration; provided, however, that such determination by the Trustees shall not affect or impair any of the remaining provisions of this Declaration or render invalid or improper any action taken or omitted (including but not limited to the election of Trustees) prior to such determination. An amendment in recordable form signed by a majority of the Trustees setting forth any such determination and reciting that it was duly adopted by the Trustees, or a copy of this Declaration, with the Conflicting Provisions removed pursuant to such a determination, in recordable form, signed by a majority of the Trustees, shall be conclusive evidence of such determination when filed with the Maryland Department of Assessments and Taxation. The Trustees shall not be liable for failure to make any determination under this Section 8.6(a). Nothing in this Section 8.6(a) shall in any way limit or affect the right of the Trustees to amend this Declaration as provided in Section 7.3.

(b) If any provision of this Declaration shall be held invalid or unenforceable, such invalidity or unenforceability shall attach only to such provision and shall not in any manner affect or render invalid or unenforceable any other provision of this Declaration, and this Declaration shall be carried out as if any such invalid or unenforceable provision were not contained herein.

8.7. Certifications. The following certifications shall be final and conclusive as to any Persons dealing with the Trust:

(a) a certification of a vacancy among the Trustees by reason of resignation, removal, increase in the number of Trustees, incapacity, death or otherwise, when made in writing by a majority of the remaining Trustees;

(b) a certification as to the individuals holding office as Trustees or officers at any particular time, when made in writing by the secretary of the Trust;

- (c) a certification that a copy of this Declaration or of the Bylaws is a true and correct copy thereof as then in force, when made in writing by the secretary of the Trust;
- (d) a certification as to any actions by Trustees, other than the above, when made in writing by the secretary of the Trust or by any Trustee.

These amendments do not affect the total number of common shares of beneficial interest, \$.01 par value ("Common Shares"), authorized or issued by the Trust. The amendment and restatement of the Declaration was authorized by the Board of Trustees of the Trust acting by unanimous written consent on August 18, 1995 and by at least two-thirds of the stockholders of the Trust by means of unanimous written consent obtained on August 18, 1995.

8.8. Indemnification of the Trust.¹³ Each shareholder will indemnify and hold harmless the Trust from and against all costs, expenses, penalties, fines and other amounts, including, without limitation, attorneys' and other professional fees, whether third party or internal, arising from such shareholder's violation of any provision of this Declaration or the Bylaws, including, without limitation, Section 5.14, and shall pay such sums to the Trust upon demand, together with interest on such amounts, which interest will accrue at the lesser of 15% per annum and the maximum amount permitted by law, from the date such costs or the like are incurred until the receipt of repayment by the Trust. Nothing in this Section shall create or increase the liability of any shareholders, trustees, officers, employees or agents of the Trust for actions taken on behalf of the Trust.

¹³ This provision was added by the Articles of Amendment filed May 16, 2007.

HOSPITALITY PROPERTIES TRUST
COMPOSITE DECLARATION OF TRUST
INCORPORATING:

Declaration of Trust filed May 12, 1995
Articles of Amendment and Restatement filed August 21, 1995
Articles of Amendment filed June 2, 1997
Articles Supplementary filed May 16, 2000
Articles of Amendment filed May 24, 2006
Articles of Amendment filed March 5, 2007
Articles of Amendment filed May 16, 2007
Articles of Amendment filed April 15, 2010
Articles of Amendment filed April 15, 2010
Articles of Amendment filed January 18, 2012
Articles of Amendment filed June 10, 2014
Articles Supplementary filed April 20, 2017 ¹
[Articles of Amendment filed June 13, 2019](#)

¹ This Composite Declaration of Trust does not incorporate the following Articles Supplementary which establish various classes of Preferred Shares and include provisions relevant only to those issues: (i) Articles Supplementary filed June 2, 1997; (ii) Articles Supplementary filed April 8, 1999; (iii) Articles Supplementary filed December 9, 2002; (iv) Articles Supplementary filed February 16, 2007; (v) Articles Supplementary filed March 5, 2007; (vi) Articles Supplementary filed January 18, 2012; and (vii) Articles Supplementary filed June 10, 2014.

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The Declaration of Hospitality Properties Trust, as filed with the Maryland Department of Assessments and Taxation on May 12, 1995 is hereby amended and restated as follows:

DECLARATION OF TRUST made as of the date set forth above by the undersigned Trustees.

WITNESSETH:

WHEREAS, the Trustees desire to create a trust for the principal purpose of investing in real property and interests therein; and

WHEREAS, the Trustees desire that such trust qualify as a "qualified REIT subsidiary" as long as it shall remain wholly owned by Health and Retirement Properties Trust ("HRP") and, thereafter, as a "real estate investment trust" under the REIT Provisions of the Internal Revenue Code, and as a "real estate investment trust" under Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland; and

WHEREAS, in furtherance of such purpose the Trustees intend to acquire certain real property and interests therein and to hold, manage and dispose of all such property as Trustees in the manner hereinafter stated; and

WHEREAS, it is proposed that the beneficial interest in the Trust be divided into transferable Shares of Beneficial Interest, evidenced by certificates therefor, as hereinafter provided;

NOW, THEREFORE, it is hereby agreed and declared that the Trustees will hold any and all property of every type and description which they are acquiring or may hereafter acquire as Trustees, together with the proceeds thereof, in trust, to manage and dispose of the same for the benefit of the holders from time to time of the Shares of Beneficial Interest being issued and to be issued hereunder in the manner and subject to the stipulations contained herein.

ARTICLE I

THE TRUST; DEFINITIONS

1.1. Name. The name of the Trust created by this Declaration of Trust shall be "Hospitality Properties Trust" and so far as may be practicable the Trustees shall conduct the Trust's activities, execute all documents and sue or be sued under that name, which name (and the word "Trust" wherever used in this Declaration of Trust, except where the context otherwise requires) shall refer to the Trustees collectively but not individually or personally nor to the officers, agents, employees or Shareholders of the Trust or of such Trustees. Under circumstances under which the Trustees determine that the use of such name is not practicable or under circumstances in which the Trustees are contractually bound to change that name, they may use such other designation or they may adopt another name under which the Trust may hold property or conduct its activities.

1.2. Places of Business. The Trust shall maintain an office in Maryland at The Prentice-Hall Corporation System, Maryland, 11 East Chase Street, Baltimore City, Maryland, 21202 or such other place in Maryland as the Trustees may determine from time to time. The Resident Agent of the Trust at such office shall be The Prentice-Hall Corporation System, Maryland. The Trust may change such Resident Agent from time to time as the Trustees shall determine. The Trust may have such other offices or places of business within or without the State of Maryland as the Trustees may from time to time determine.

1.3. Nature of Trust. The Trust shall be a real estate investment trust within the meaning of Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland. It is also intended that the Trust shall carry on a business as a "qualified REIT subsidiary" as described in the REIT Provisions of the Internal Revenue Code for so long as it is wholly owned by HRP and thereafter shall qualify and carry on business as a "real estate investment trust" as described therein. The Trust is not intended to be, shall not be deemed to be, and shall not be treated as a general partnership, limited partnership, joint venture, corporation or joint stock company (but nothing herein shall preclude the Trust from being treated for tax purposes as an association under the Internal Revenue Code); nor shall the Trustees or Shareholders or any of them for any purpose be, nor be deemed to be, nor be treated in any way whatsoever as, liable or responsible hereunder as partners or joint venturers. The relationship of the Shareholders to the Trustees shall be solely that of beneficiaries of the Trust in accordance with the rights conferred upon them by this Declaration.

1.4. Definitions. The terms defined in this Section 1.4, wherever used in this Declaration, shall, unless the context otherwise requires, have the respective meanings hereinafter specified. Whenever the singular number is used in this Declaration and when permitted by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa. Where applicable, calculations to be made pursuant to any such definition shall be made in accordance with generally accepted accounting principles as in effect from time to time except as otherwise provided in such definition.

(a) Advisor. “Advisor” shall mean HRPT Advisors, Inc., a Delaware corporation, or such other Person as the Trustees shall from time to time engage to supervise the operation of the Trust and to provide the Trust with a program of investments.

(b) Affiliate. “Affiliate” shall mean, as to any Person, (i) any other Person who, at the time of determination, is directly or indirectly controlling, controlled by or under common control with such Person, (ii) any other Person who, at such time, owns beneficially, directly or indirectly, five percent (5%) or more of the outstanding capital stock, shares or equity interests of such Person, or (iii) any Person who is at the time of determination an officer, director, employee, general partner or trustee of any such Person or of any Person who, at such time, is controlling, controlled by or under common control with such Person (excluding any trustee who is not otherwise an Affiliate of such Person).

(c) Annual Meeting of Shareholders. “Annual Meeting of Shareholders” shall mean the meeting described in the first sentence of Section 5.9.

(d) Annual Report. “Annual Report” shall have the meaning set forth in Section 5.11(a).

(e) Book Value. “Book Value” of an asset or assets shall mean the value of such asset or assets of the Trust on the books of the Trust, without deduction for depreciation or other asset valuation reserves and without deduction for mortgages or other security interests to which such asset or assets are subject, except that no asset shall be valued at more than its fair market value as determined by or under procedures adopted by the Trustees, and the underlying assets of a partnership, joint venture or other form of indirect ownership, to the extent of the Trust’s interest therein, shall be valued as if owned directly by the Trust.

(f) Bylaws. “Bylaws” shall have the meaning set forth in Section 3.3.

(g) Declaration. “Declaration” or “this Declaration” shall mean this Declaration of Trust, as amended, restated or modified from time to time. The use in this Declaration of “herein” and “hereunder” shall be deemed to refer to this Declaration and shall not be limited to the particular text, article or section in which such words appear.

(h) Independent Trustee. “Independent Trustee” shall mean a Trustee who is not then an officer of the Trust or an Affiliate of the Advisor.³

(i) Internal Revenue Code. “Internal Revenue Code” shall mean the Internal Revenue Code of 1986, as now enacted or hereafter amended, or successor statutes and applicable rules and regulations thereunder.

(j) Invested Assets. “Invested Assets” shall mean the Book Value of all the Real Estate Investments of the Trust.

(k) Mortgage Loans. “Mortgage Loans” shall mean notes, debentures, bonds and other evidences of indebtedness or obligations, whether negotiable or non-negotiable, which are secured or collateralized by Mortgages.

(l) Mortgages. “Mortgages” shall mean mortgages, deeds of trust or other security interests in Real Property.

³ This provision has been revised to reflect changes effectuated by the Articles of Amendment filed May 24, 2006.

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

(n) Real Estate Investment. "Real Estate Investment" shall mean any direct or indirect investment in any interest in Real Property or in any Mortgage Loan, or in any Person whose principal purpose is to make any such investment.

(o) Real Property. "Real Property" shall mean and include land, leasehold interests (including but not limited to interests of a lessor or lessee therein), rights and interests in land, and in any buildings, structures, improvements, furnishings and fixtures located on or used in connection with land or interests therein, but does not include investments in Mortgages, Mortgage Loans or interests therein.

(p) REIT. "REIT" shall mean a real estate investment trust as defined in the REIT Provisions of the Internal Revenue Code.

(q) REIT Provisions of the Internal Revenue Code. "REIT Provisions of the Internal Revenue Code" shall mean Parts II and III of Subchapter M of Chapter 1 of Subtitle A of the Internal Revenue Code or any successor provision.

(r) Securities. "Securities" shall mean any stock, shares, voting trust certificates, bonds, debentures, notes or other evidences of indebtedness or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in, temporary or interim certificates for, receipts for, guarantees of, or warrants, options or rights to subscribe to, purchase or acquire any of the foregoing.

(s) Shareholders. "Shareholders" shall mean as of any particular time all holders of record of outstanding Shares at such time.

(t) Shares. "Shares" or, as the context may require, "shares" shall mean the shares of beneficial interest of the Trust as described in Section 5.1 hereof.

(u) Trust. "Trust" shall mean the Trust created by this Declaration.

(v) Trustees. "Trustees" shall mean, as of any particular time, the original signatories hereto as long as they hold office hereunder and additional and successor Trustees, and shall not include the officers, employees or agents of the Trust or the Shareholders. Nothing herein shall be deemed to preclude the Trustees from also serving as officers, employees or agents of the Trust or owning Shares.

(w) Trust Estate. "Trust Estate" shall mean as of any particular time any and all property, real, personal or otherwise, tangible or intangible, which is transferred, conveyed or paid to or purchased by the Trust or Trustees and all rents, income, profits and gains therefrom and which at such time is owned or held by or for the Trust or the Trustees.

ARTICLE II

TRUSTEES

2.1. Number, Term of Office and Qualifications of Trustees.⁴

(a) The number of Trustees initially need not be more than one (1).

(i) The exact number of Trustees shall be five (5) until changed by a two-thirds (2/3) vote of the Trustees. Any vacancies in the Board of Trustees created thereby shall be filled by a majority of the Trustees

⁴ This provision has been revised to reflect changes effectuated by the Articles Supplementary filed May 16, 2000; and by the Articles of Amendment filed June 10, 2014, as superseded by the Articles Supplementary filed April 20, 2017.

then in office. The Board of Trustees has elected to be subject to Section 3-803 of the Maryland General Corporation Law. Pursuant to this election, the Board of Trustees is divided into three classes with the following terms: one Independent Trustee and one Managing Trustee in Class I with a term expiring at the Trust's 2017 Annual Meeting of Shareholders; one Independent Trustee in Class II with a term expiring at the Trust's 2018 Annual Meeting of Shareholders; and one Independent Trustee and one Managing Trustee in Class III with a term expiring at the Trust's 2019 Annual Meeting of Shareholders.

(ii) A majority of the Trustees holding office subject to the foregoing provisions of this paragraph (ii) shall at all times be Independent Trustees; provided, however, that upon a failure to comply with this requirement as a result of the creation of a vacancy which must be filled by an Independent Trustee, whether as a result of enlargement of the Board of Trustees or the resignation, removal or death of a Trustee who is an Independent Trustee, such requirement shall not be applicable for a period of ninety (90) days.

(b) The names and business addresses of the initial Trustees, who shall serve as Trustees until the first annual meeting of Shareholders (unless their terms shall be otherwise classified pursuant to Section 2.1(a)(ii)) and until their successors shall have been elected and qualified are as follows:

Name: Barry M. Portnoy
Address: Sullivan & Worcester
One Post Office Square
Boston, MA 02109

Name: Gerard M. Martin
Address: M & P Partners Limited Partnership
400 Centre Street
Newton, MA 02158

The initial Trustees shall be the signatories hereto. No reduction in the number of Trustees shall have the effect of removing any Trustee from office prior to the expiration of his term. Subject to the provisions of Section 2.3, each Trustee shall hold office until the election and qualification of his successor. There shall be no cumulative voting in the election of Trustees. A Trustee shall be an individual at least twenty-one (21) years of age who is not under legal disability. Unless otherwise required by law, no Trustee shall be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Trustees in their capacity as Trustees shall not be required to be Shareholders or to devote their entire time to the business and affairs of the Trust.

2.2. Compensation and Other Remuneration. The Trustees shall be entitled to receive such reasonable compensation for their services as Trustees as the Trustees may determine from time to time. The Trustees and Trust officers shall be entitled to receive remuneration for services rendered to the Trust in any other capacity. Subject to Sections 6.6 and 6.7, such services may include, without limitation, services as an officer of the Trust, legal, accounting or other professional services, or services as a broker, transfer agent or underwriter, whether performed by a Trustee or any Person affiliated with a Trustee.

2.3. Resignation, Removal and Death of Trustees.⁵ A Trustee may resign at any time by giving written notice to the remaining Trustees at the principal office of the Trust. Such resignation shall take effect on the date specified in such notice, without need for prior accounting. A Trustee may be removed at any time with cause by the affirmative vote either of all the remaining Trustees or of the holders of Shares representing two-thirds of the total votes authorized to be cast by Shares then outstanding and entitled to vote thereon, voting as a single class. A Trustee judged incompetent or for whom a guardian or conservator has been appointed shall be deemed to have resigned as of the date of such adjudication or appointment. Upon the resignation or removal of any Trustee, or his otherwise ceasing to be a Trustee, he shall execute and deliver such documents as the remaining Trustees shall require for the conveyance of any Trust property held in his name, shall account to

⁵ This provision has been revised to reflect changes effectuated by the Articles Supplementary filed April 20, 2017.

the remaining Trustees as they require for all property which he holds as Trustee and shall thereupon be discharged as Trustee. Upon the incapacity or death of any Trustee, his legal representative shall perform the acts set forth in the preceding sentence and the discharge mentioned therein shall run to such legal representative and to the incapacitated Trustee or the estate of the deceased Trustee, as the case may be.

2.4. Vacancies.⁶ If any or all the Trustees cease to be Trustees hereunder, whether by reason of resignation, removal, incapacity, death or otherwise, such event shall not terminate the Trust or affect its continuity. Until vacancies are filled, the remaining Trustee or Trustees (even though fewer than three (3)) may exercise the powers of the Trustees hereunder. A vacancy that results from an increase in the size of the Board of Trustees or the death, resignation, or removal of a Trustee may be filled only by the affirmative vote of a majority of the remaining Trustee in office, even if the remaining Trustees do not constitute a quorum. Any director elected to fill a vacancy shall hold office for the remainder of the full term of the class of Trustees in which the vacancy occurred and until a successor is elected and qualifies. If at any time there shall be no Trustees in office, successor Trustees shall be elected by the Shareholders as provided in Section 5.9.

2.5. Successor and Additional Trustees. The right, title and interest of the Trustees in and to the Trust Estate shall also vest in successor and additional Trustees upon their qualification, and they shall thereupon have all the rights and obligations of Trustees hereunder. Such right, title and interest shall vest in the Trustees whether or not conveyancing documents have been executed and delivered pursuant to Section 2.3 or otherwise. Appropriate written evidence of the election and qualification of successor and additional Trustees shall be filed with the records of the Trust and in such other offices or places as the Trustees may deem necessary, appropriate or desirable.

2.6. Actions by Trustees. The Trustees may act with or without a meeting. A quorum for all meetings of the Trustees shall be a majority of the Trustees; provided, however, that, whenever pursuant to Section 6.7 or otherwise the vote of a majority of a particular group of Trustees is required at a meeting, a quorum for such meeting shall be a majority of the Trustees which shall include a majority of such group. Unless specifically provided otherwise in this Declaration, any action of the Trustees may be taken at a meeting by vote of a majority of the Trustees present (a quorum being present) or without a meeting by written consents of a majority of the Trustees, which consents shall be filed with the records of meetings of the Trustees. Any action or actions permitted to be taken by the Trustees in connection with the business of the Trust may be taken pursuant to authority granted by a meeting of the Trustees conducted by a telephone conference call, and the transaction of Trust business represented thereby shall be of the same authority and validity as if transacted at a meeting of the Trustees held in person or by written consent. The minutes of any Trustees' meeting held by telephone shall be prepared in the same manner as a meeting of the Trustees held in person. The acquisition or disposition of any investment (other than investments in short-term investment Securities described in Section 4.1) shall require the approval of a majority of Trustees, except as otherwise provided in Section 6.7. Any agreement, deed, mortgage, lease or other instrument or writing executed by one or more of the Trustees or by any authorized Person shall be valid and binding upon the Trustees and upon the Trust when authorized or ratified by action of the Trustees or as provided in the Bylaws.

With respect to the actions of the Trustees, Trustees who have, or are Affiliates of Persons who have, any direct or indirect interest in or connection with any matter being acted upon may be counted for all quorum purposes under this Section 2.6 and, subject to the provisions of Section 6.7, may vote on the matter as to which they or their Affiliates have such interest or connection.

2.7. Committees. The Trustees may appoint an audit committee and such other standing committees as the Trustees determine. Each standing committee shall consist of two (2) or more members; provided, however, that the Trustees may appoint a standing committee consisting of at least one Trustee and two non- Trustees. Each committee shall have such powers, duties and obligations as the Trustees may deem necessary or appropriate. The standing committees shall report their activities periodically to the Trustees.

ARTICLE III

TRUSTEES' POWERS

⁶ This provision has been revised to reflect changes effectuated by the Articles Supplementary filed May 16, 2000.

3.1. Power and Authority of Trustees. The Trustees, subject only to the specific limitations contained in this Declaration, shall have, without further or other authorization, and free from any power or control on the part of the Shareholders, full, absolute and exclusive power, control and authority over the Trust Estate and over the business and affairs of the Trust to the same extent as if the Trustees were the sole owners thereof in their own right, and may do all such acts and things as in their sole judgment and discretion are necessary for or incidental to or desirable for carrying out or conducting the business of the Trust. Any construction of this Declaration or any determination made in good faith by the Trustees as to the purposes of the Trust or the existence of any power or authority hereunder shall be conclusive. In construing the provisions of this Declaration, the presumption shall be in favor of the grant of powers and authority to the Trustees. The enumeration of any specific power or authority herein shall not be construed as limiting the aforesaid powers or the general powers or authority or any other specified power or authority conferred herein upon the Trustees.

3.2. Specific Powers and Authority. Subject only to the express limitations contained in this Declaration and in addition to any powers and authority conferred by this Declaration or which the Trustees may have by virtue of any present or future statute or rule or law, the Trustees without any action or consent by the Shareholders shall have and may exercise at any time and from time to time the following powers and authorities which may or may not be exercised by them in their sole judgment and discretion and in such manner and upon such terms and conditions as they may from time to time deem proper:

(a) to retain, invest and reinvest the capital or other funds of the Trust in, and to acquire, purchase, or own, real or personal property of any kind, whether tangible or intangible, wherever located in the world, and make commitments for such investments, all without regard to whether any such property is authorized by law for the investment of trust funds or produces or may produce income; to possess and exercise all the rights, powers and privileges appertaining to the ownership of the Trust Estate; and to increase the capital of the Trust at any time by the issuance of any additional authorized Shares or other Securities of the Trust for such consideration as they deem advisable;

(b) without limitation of the powers set forth in subsection (a) above, to invest in, purchase or otherwise acquire for such consideration as they deem proper, in cash or other property or through the issuance of shares or through the issuance of notes, debentures, bonds or other obligations of the Trust, and to hold for investment, the entire or any participating interests in any Mortgage Loans or interest in Real Property, including ownership of, or participations in the ownership of, or rights to acquire, equity interests in Real Property or in Persons owning, developing, improving, operating or managing Real Property, which interests may be acquired independently of or in connection with other investment activities of the Trust and, in the latter case, may include rights to receive additional payments based on gross income or rental or other income from the Real Property or improvements thereon; and to invest in loans secured by the pledge or transfer of Mortgage Loans;

(c) to sell, rent, lease, hire, exchange, release, partition, assign, mortgage, pledge, hypothecate, grant security interests in, encumber, negotiate, convey, transfer or otherwise dispose of any and all the Trust Estate by deeds (including deeds in lieu of foreclosure), trust deeds, assignments, bills of sale, transfers, leases, mortgages, financing statements, security agreements and other instruments for any of such purposes executed and delivered for and on behalf of the Trust or the Trustees by one or more of the Trustees or by a duly authorized officer, employee, agent or nominee of the Trust;

(d) to issue Shares, bonds, debentures, notes or other evidences of indebtedness, which may be secured or unsecured and may be subordinated to any indebtedness of the Trust, to such Persons for such cash, property or other consideration (including Securities issued or created by, or interests in, any Person) at such time or times and on such terms as the Trustees may deem advisable and to list any of the foregoing Securities issued by the Trust on any securities exchange and to purchase or otherwise acquire, hold, cancel, reissue, sell and transfer any of such Securities, and to cause the instruments evidencing such Securities to bear an actual or facsimile imprint of the seal of the Trust (if the Trustees shall have adopted such a seal) and to be signed by manual or facsimile signature or signatures (and to issue such Securities, whether or not any Person whose manual or facsimile signature shall be imprinted thereon shall have ceased to occupy the office with respect to which such signature was authorized), provided that, where only facsimile signatures for the Trust are used, the instrument shall be countersigned manually by a transfer agent, registrar or other authentication agent; and to issue any of such Securities of different types in combinations or units with such restrictions on the separate transferability thereof as the Trustees shall determine;

(e) to enter into leases of real and personal property as lessor or lessee and to enter into contracts, obligations and other agreements for a term, and to invest in obligations having a term, extending beyond the term of office of the Trustees and beyond the possible termination of the Trust, or having a lesser term;

(f) to borrow money and give negotiable or non negotiable instruments therefor; or guarantee, indemnify or act as surety with respect to payment or performance of obligations of third parties; to enter into other obligations on behalf of the Trust; and to assign, convey, transfer, mortgage, subordinate, pledge, grant security interest in, encumber or hypothecate the Trust Estate to secure any indebtedness of the Trust or any other of the foregoing obligations of the Trust;

(g) to lend money, whether secured or unsecured;

(h) to create reserve funds for any purpose;

(i) to incur and pay out of the Trust Estate any charges or expenses, and to disburse any funds of the Trust, which charges, expenses or disbursements are, in the opinion of the Trustees, necessary or incidental to or desirable for the carrying out of any of the purposes of the Trust or conducting the business of the Trust, including without limitation taxes and other governmental levies, charges and assessments, of whatever kind or nature, imposed upon or against the Trustees in connection with the Trust or the Trust Estate or upon or against the Trust Estate or any part hereof, and for any of the purposes herein;

(j) to deposit funds of the Trust in banks, trust companies, savings and loan associations and other depositories, whether or not such deposits will draw interest, the same to be subject to withdrawal on such terms and in such manner and by such Person or Persons (including any one or more Trustees or officers, employees or agents, of the Trust) as the Trustees may determine;

(k) to possess and exercise all the rights, powers and privileges pertaining to the ownership of all or any Mortgages or Securities issued or created by, or interests in, any Person, forming part of the Trust Estate, to the same extent that an individual might do so, and, without limiting the generality of the foregoing, to vote or give any consent, request or notice, or waive any notice, either in person or by proxy or power of attorney, with or without power of substitution, to one or more Persons, which proxies and powers of attorney may be for meetings or action generally or for any particular meeting or action, and may include the exercise of discretionary powers;

(l) to cause to be organized or assist in organizing any Person under the laws of any jurisdiction to acquire the Trust Estate or any part or parts thereof or to carry on any business in which the Trust shall directly or indirectly have any interest, and to sell, rent, lease, hire, convey, negotiate, assign, exchange or transfer the Trust Estate or any part or parts thereof to or with any such Person or any existing Person in exchange for the Securities thereof or otherwise, and to merge or consolidate the Trust with or into any Person or merge or consolidate any Person into the Trust, and to lend money to, subscribe for the Securities of, and enter into any contracts with, any Person in which the Trust holds or is about to acquire Securities or any other interest;

(m) to enter into joint ventures, general or limited partnerships, participation or agency arrangements and any other lawful combinations or associations, and to act as a general or limited partner;

(n) to elect, appoint, engage or employ such officers for the Trust as the Trustees may determine, who may be removed or discharged at the discretion of the Trustees, such officers to have such powers and duties, and to serve such terms, as may be prescribed by the Trustees or by the Bylaws; to engage or employ any Persons (including, subject to the provisions of Sections 6.6 and 6.7, any Trustee or officer, agent or employee of the Trust and any Person in which any Trustee, officer or agent is directly or indirectly interested or with which he is directly or indirectly connected) as agents, representatives, employees, or independent contractors (including without limitation real estate advisors, investment advisors, transfer agents, registrars, underwriters, accountants, attorneys at law, real estate agents, managers, appraisers, brokers, architects, engineers, construction managers, general contractors or otherwise) in one or more capacities, and to pay compensation from the Trust for services in as many capacities as such Person may be so engaged or employed; and to delegate any of the powers and duties of the Trustees to any one or more Trustees, agents, representatives, officers, employees, independent contractors or other Persons;

(o) to determine or cause to be determined from time to time the value of all or any part of the Trust Estate and of any services, Securities, property or other consideration to be furnished to or acquired by the Trust, and from time to time to revalue or cause to be revalued all or any part of the Trust Estate in accordance with such appraisals or other information as are, in the Trustees' sole judgment, necessary and/or satisfactory;

(p) to collect, sue for and receive all sums of money coming due to the Trust, and to engage in, intervene in, prosecute, join, defend, compromise, abandon or adjust, by arbitration or otherwise, any actions, suits, proceedings, disputes, claims, controversies, demands or other litigation relating to the Trust, the Trust Estate or the Trust's affairs, to enter into agreements therefor, whether or not any suit is commenced or claim accrued or asserted and, in advance of any controversy, to enter into agreements regarding arbitration, adjudication or settlement thereof;

(q) to renew, modify, release, compromise, extend, consolidate or cancel, in whole or in part, any obligation to or of the Trust or participate in any reorganization of obligors to the Trust;

(r) to self-insure or to purchase and pay for out of the Trust Estate insurance contracts and policies, including contracts of indemnity, insuring the Trust Estate against any and all risks and insuring the Trust and/or all or any of the Trustees, the Shareholders, or the officers, employees or agents of the Trust or Persons who may directly or indirectly control the Trust against any and all claims and liabilities of every nature asserted by any Person arising by reason of any action alleged to have been taken or omitted by the Trust or by the Trustees, Shareholders, officers, employees agents or controlling Persons whether or not the Trust would have the power to indemnify such Person or Persons against any such claim or liability;

(s) to cause legal title to any of the Trust Estate to be held by and/or in the name of the Trustees, or, except as prohibited by law, by and/or in the name of the Trust or one or more of the Trustees or any other Person, on such terms, in such manner and with such powers in such Person as the Trustees may determine, and with or without disclosure that the Trust or Trustees are interested therein;

(t) to adopt a fiscal year for the Trust, and from time to time to change such fiscal year;

(u) to adopt and use a seal (but the use of a seal shall not be required for the execution of instruments or obligations of the Trust);

(v) to the extent permitted by law, to indemnify or enter into agreements with respect to indemnification with any Person with which the Trust has dealings, including without limitation any broker/dealer, investment bank, investment advisor or independent contractor, to such extent as the Trustees shall determine;

(w) to confess judgment against the Trust;

(x) to discontinue the operations of the Trust;

(y) to repurchase or redeem Shares and other Securities issued by the Trust;

(z) to declare and pay dividends or distributions, consisting of cash, property or Securities, to the holders of Shares of the Trust out of any funds legally available therefor; and

(aa) to do all other such acts and things as are incident to the foregoing, and to exercise all powers which are necessary or useful to carry on the business of the Trust and to carry out the provisions of this Declaration.

3.3. Bylaws. The Trustees may make or adopt and from time to time amend or repeal Bylaws (the "Bylaws") not inconsistent with law or with this Declaration, containing provisions relating to the business of the Trust and the conduct of its affairs and in such Bylaws may define the duties of the officers, employees and agents of the Trust.

ARTICLE IV

INVESTMENT POLICY AND POLICIES WITH RESPECT TO CERTAIN DISTRIBUTIONS TO SHAREHOLDERS

4.1. Statement of Policy. It shall be the general objectives of the Trust (i) to provide current income for distribution to Shareholders through investments in income-producing hotels and hospitality-related facilities and other real estate investments and (ii) to provide Shareholders with the opportunity for additional returns from a percentage of gross revenues generated by the investment properties.

The Trust may make secured borrowings to make permitted additional Real Estate Investments and secured or unsecured borrowings for normal working capital needs, including the repair and maintenance of properties in which it has invested, tenant improvements and leasing commissions. The Trust may make such borrowings from third parties or from Affiliates of the Advisor. Interest and other financing charges or fees to be paid on loans from such Affiliates will not exceed the interest and other financing charges or fees which would be charged by third party financing institutions on comparable loans for the same purpose in the same geographic area.

To the extent that the Trust Estate has assets not otherwise invested in accordance with this Section 4.1, it shall be the policy of the Trustees to invest such assets in investments selected by the Trustees or the Advisor which are consistent with the Trust's intention to qualify as a REIT under the Internal Revenue Code.

It shall be the policy of the Trustees to make investments and to conduct the business of the Trust in such manner as to qualify as a REIT and to comply with the requirements of the Internal Revenue Code with respect to the composition of investments and the derivation of the income of a real estate investment trust as defined in the REIT Provisions of the Internal Revenue Code; provided, however, that no Trustee, officer, employee or agent of the Trust shall be liable for any act or omission resulting in the loss of tax benefits under the Internal Revenue Code, except for that arising from his own wilful misfeasance, bad faith, gross negligence or reckless disregard of duty.

4.2. Prohibited Investments and Activities. The Trustees shall not:

(a) engage in any undertaking or activity that would disqualify the Trust as a real estate investment trust under the provisions of the Internal Revenue Code as long as a real estate investment trust is accorded substantially the same treatment or benefits under the United States tax laws from time to time in effect as under Sections 856-860 of the Internal Revenue Code at the date of adoption of this Declaration; and/or

(b) use or apply land for farming, agriculture, horticulture or similar purposes in violation of Section 8-302(b) of the Corporations and Associations Article of the Annotated Code of Maryland.

4.3. Change in Investment Policies. The investment policies set out in this Article IV may be changed by a vote of a majority of the Trustees.

ARTICLE V

THE SHARES AND SHAREHOLDERS

5.1. Description of Shares. ⁷ The interest of the Shareholders shall be divided into 300,000,000 shares of beneficial interest which shall be known collectively as "Shares", all of which shall be validly issued, fully paid and non-assessable by the Trust upon receipt of full consideration for which they have been issued or without additional consideration if issued by way of share dividend or share split. There shall be two classes of Shares: 200,000,000 shares of one such class shall be known as "Common Shares", \$.01 par value per share, and 100,000,000 shares of the other such class shall be known as "Preferred Shares". Each holder of Shares shall as a result thereof be deemed to have agreed to and be bound by the terms

⁷ This provision has been revised to reflect changes effectuated by the Articles of Amendment filed March 5, 2007, as superseded by the Articles of Amendment filed January 18, 2012; and by the Articles of Amendment filed June 2, 1997.

of this Declaration. The Shares may be issued for such consideration as the Trustees shall deem advisable. The Trustees are hereby expressly authorized at any time, and from time to time, to provide for issuance of Shares upon such terms and conditions and pursuant to such arrangements as the Trustees may determine. The Trustees are hereby expressly authorized at any time, and from time to time, without Shareholder approval, to amend this Declaration to increase or decrease the aggregate number of Shares or the number of Shares of any class that the Trust has the authority to issue.

The Trustees are hereby expressly authorized at any time, and from time to time, without Shareholder approval, to set (or change if such class has previously been established) the par value, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications, or terms, or conditions of redemption, of the Preferred Shares, and such Preferred Shares may further be divided by the Trustees into classes or series.

Except as otherwise determined by the Trustees with respect to any class or series of Preferred Shares, the holders of Shares shall be entitled to the rights and powers hereinafter set forth in this Section 5.1: The holders of Shares shall be entitled to receive, when and as declared from time to time by the Trustees out of any funds legally available for the purpose, such dividends or distributions as may be declared from time to time by the Trustees. In the event of the termination of the Trust pursuant to Section 7.1 or otherwise, or upon the distribution of its assets, the assets of the Trust available for payment and distribution to Shareholders shall be distributed ratably among the holders of Shares at the time outstanding in accordance with Section 7.2. All Shares shall have equal non-cumulative voting rights at the rate of one vote per Share, and equal dividend, distribution, liquidation and other rights, and shall have no preference, conversion, exchange, sinking fund or redemption rights. Absent a contrary written agreement of the Trust authorized by the Trustees, and notwithstanding any other determination by the Trustees with respect to any class or series of Preferred Shares, no holder of Shares or Preferred Shares shall be entitled as a matter of right to subscribe for or purchase any part of any new or additional issue of Shares of any class whatsoever of the Trust, or of securities convertible into any shares of any class whatsoever of the Trust, whether now or hereafter authorized and whether issued for cash or other consideration or by way of dividend.

5.2. Certificates. ⁸ At the election of the Trust, ownership of Shares may be evidenced by certificates in such form as the Trustees shall from time to time approve, specifying the number of Shares of the applicable class held by such Shareholder. Subject to Sections 5.6 and 5.14(c) hereof, such certificates shall be treated as negotiable and title thereto and to the Shares represented thereby shall be transferred by delivery thereof to the same extent in all respects as a stock certificate, and the Shares represented thereby, of a Maryland business corporation. Unless otherwise determined by the Trustees, such certificates shall be signed by the Chairman, if any, and the President and shall be countersigned by a transfer agent, and registered by a registrar if any, and such signatures may be facsimile signatures in accordance with Section 3.2(d) hereof. There shall be filed with each transfer agent a copy of the form of certificate so approved by the Trustees, certified by the Chairman, President, or Secretary, and such form shall continue to be used unless and until the Trustees approve some other form.

In furtherance of the provisions of Sections 5.1 and 5.14(c) hereof, each Certificate evidencing Shares shall contain a legend imprinted thereon to substantially the following effect or such other legend as the Trustees may from time to time adopt:

REFERENCE IS MADE TO THE DECLARATION OF TRUST OF THE TRUST FOR A STATEMENT OF ALL THE DESIGNATIONS, PREFERENCES, LIMITATIONS, AND RELATIVE RIGHTS OF EACH CLASS OR SERIES OF SHARES THAT THE TRUST IS AUTHORIZED TO ISSUE, THE VARIATIONS IN THE RELATIVE RIGHTS AND PREFERENCES OF ANY PREFERRED OR SPECIAL CLASS OF SHARES IN SERIES, TO THE EXTENT THEY HAVE BEEN FIXED AND DETERMINED, AND THE AUTHORITY OF THE TRUSTEES TO FIX AND DETERMINE THE RELATIVE RIGHTS AND PREFERENCES OF SUBSEQUENT SERIES. ANY SUCH STATEMENT SHALL BE FURNISHED WITHOUT CHARGE ON REQUEST TO THE TRUST AT ITS PRINCIPAL PLACE OF BUSINESS OR REGISTERED OFFICE.

IF NECESSARY TO EFFECT COMPLIANCE BY THE TRUST WITH REQUIREMENTS OF THE

⁸ This provision has been revised to reflect changes effectuated by the Articles of Amendment filed May 24, 2006.

INTERNAL REVENUE CODE RELATING TO REAL ESTATE INVESTMENT TRUSTS, THE PURPORTED TRANSFER OF THE SHARES EVIDENCED BY THIS CERTIFICATE MAY BE PROHIBITED AND OR INVALIDATED UPON THE TERMS AND CONDITIONS SET FORTH IN THE DECLARATION OF TRUST. THE TRUST WILL FURNISH A COPY OF SUCH TERMS AND CONDITIONS TO THE REGISTERED HOLDER OF THIS CERTIFICATE UPON REQUEST AND WITHOUT CHARGE.

5.3. Fractional Shares. In connection with any issuance of Shares, the Trustees may issue fractional Shares or may adopt provisions for the issuance of scrip including, without limitation, the time within which any such scrip must be surrendered for exchange into full Shares and the rights, if any, of holders of scrip upon the expiration of the time so fixed, the rights, if any, to receive proportional distributions, and the rights, if any, to redeem scrip for cash, or the Trustees may in their discretion, or if they see fit at the option of, each holder, provide in lieu of scrip for the adjustment of the fractions in cash. The provisions of Section 5.2 hereof relative to certificates for Shares shall apply so far as applicable to such scrip, except that such scrip may in the discretion of the Trustees be signed by a transfer agent alone.

5.4. Legal Ownership of Trust Estate. The legal ownership of the Trust Estate and the right to conduct the business of the Trust are vested exclusively in the Trustees (subject to Section 3.2(s)), and the Shareholders shall have no interest therein (other than beneficial interest in the Trust conferred by their Shares issued hereunder) and they shall have no right to compel any partition, division, dividend or distribution of the Trust or any of the Trust Estate.

5.5. Shares Deemed Personal Property. The Shares shall be personal property and shall confer upon the holders thereof only the interest and rights specifically set forth or provided for in this Declaration. The death, insolvency or incapacity of a Shareholder shall not dissolve or terminate the Trust or affect its continuity nor give his legal representative any rights whatsoever, whether against or in respect of other Shareholders, the Trustees or the Trust Estate or otherwise, except the sole right to demand and, subject to the provisions of this Declaration, the Bylaws and any requirements of law, to receive a new certificate for Shares registered in the name of such legal representative, in exchange for the certificate held by such Shareholder.

5.6. Share Record: Issuance and Transferability of Shares. Records shall be kept by or on behalf of and under the direction of the Trustees, which shall contain the names and addresses of the Shareholders, the number of Shares held by them respectively, and the numbers of the certificates representing the Shares, and in which there shall be recorded all transfers of Shares. The Trust, the Trustees and the officers, employees and agents of the Trust shall be entitled to deem the Persons in whose names certificates are registered on the records of the Trust to be the absolute owners of the Shares represented thereby for all purposes of the Trust; but nothing herein shall be deemed to preclude the Trustees or officers, employees or agents of the Trust from inquiring as to the actual ownership of Shares. Until a transfer is duly effected on the records of the Trust, the Trustees shall not be affected by any notice of such transfer, either actual or constructive.

Shares shall be transferable on the records of the Trust only by the record holder thereof or by his agent thereunto duly authorized in writing upon delivery to the Trustees or a transfer agent of the certificate or certificates therefor, properly endorsed or accompanied by duly executed instruments of transfer and accompanied by all necessary documentary stamps together with such evidence of the genuineness of each such endorsement, execution or authorization and of other matters as may reasonably be required by the Trustees or such transfer agent. Upon such delivery, the transfer shall be recorded in the records of the Trust and a new certificate for the Shares so transferred shall be issued to the transferee and in case of a transfer of only a part of the Shares represented by any certificate, a new certificate for the balance shall be issued to the transferor. Any Person becoming entitled to any Shares in consequence of the death of a Shareholder or otherwise by operation of law shall be recorded as the holder of such Shares and shall receive a new certificate therefor but only upon delivery to the Trustees or a transfer agent of instruments and other evidence required by the Trustees or the transfer agent to demonstrate such entitlement, the existing certificate for such Shares and such releases from applicable governmental authorities as may be required by the Trustees or transfer agent. In case of the loss, mutilation or destruction of any certificate for shares, the Trustees may issue or cause to be issued a replacement certificate on such terms and subject to such rules and regulations as the Trustees may from time to time prescribe. Nothing in this Declaration shall impose upon the Trustees or a transfer agent a duty, or limit their rights, to inquire into adverse claims.

5.7. Dividends or Distributions to Shareholders. Subject to Section 5.1, the Trustees may from time to time declare and pay to Shareholders such dividends or distributions in cash, property or assets of the Trust or Securities issued by the Trust, out of current or accumulated income, capital, capital gains, principal, interest, surplus, proceeds from the increase

or financing or refinancing of Trust obligations, or from the sale of portions of the Trust Estate or from any other source as the Trustees in their discretion shall determine. Shareholders shall have no right to any dividend or distribution unless and until declared by the Trustees. The Trustees shall furnish the Shareholders with a statement in writing advising as to the source of the funds so distributed not later than ninety (90) days after the close of the fiscal year in which the distribution was made.

5.8. Transfer Agent, Dividend Disbursing Agent and Registrar. The Trustees shall have power to employ one or more transfer agents, dividend disbursing agents and registrars (including the Advisor or its Affiliates) and to authorize them on behalf of the Trust to keep records to hold and to disburse any dividends or distributions and to have and perform, in respect of all original issues and transfers of Shares, dividends and distributions and reports and communications to Shareholders, the powers and duties usually had and performed by transfer agents, dividend disbursing agents and registrars of a Maryland business corporation.

5.9. Shareholders' Meetings.⁹ There shall be an annual meeting of the Shareholders, at such time and place as shall be determined by or in the manner prescribed in the Bylaws, at which the Trustees shall be elected and any other proper business may be conducted. The Annual Meeting of Shareholders shall be held no fewer than 30 days after delivery to the Shareholders of the Annual Report and within six (6) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 1995. Special meetings of Shareholders may only be called by a majority of the Trustees. If there shall be no Trustees, the officers of the Trust shall promptly call a special meeting of the Shareholders entitled to vote for the election of successor Trustees.

No business shall be transacted by the Shareholders at a special meeting other than business that is either (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Trustees (or any duly authorized committee thereof) or (ii) otherwise properly brought before the Shareholders by or at the direction of the Trustees.

The holders of Shares entitled to vote at the meeting representing a majority of the total number of votes authorized to be cast by Shares then outstanding and entitled to vote on any question present in person or by proxy shall constitute a quorum at any such meeting for action on such question. Any meeting may be adjourned from time to time by a majority of the votes properly cast upon the question, without regard to class, whether or not a quorum is present, and, except as otherwise provided in the Bylaws, the meeting may be reconvened without further notice. At any reconvened session of the meeting at which there shall be a quorum, any business may be transacted at the meeting as originally noticed.

Except as otherwise clearly indicated in this Declaration or the Bylaws, whenever any action is to be taken by the Shareholders, it shall be authorized by the affirmative vote of the holders of Shares representing a majority of the total number of votes authorized to be cast by shares then outstanding and entitled to vote thereon. At all elections of Trustees, voting by Shareholders shall be conducted under the non-cumulative method and the election of ~~Trustees shall be by the affirmative vote of the holders of Shares representing a majority of the total number of votes authorized to be cast by shares then outstanding and entitled to vote thereon~~ provided, however, the election of a Managing Trustee or an Independent Trustee in an uncontested election, which is an election in which the number of nominees for election equals (or is less than) the number to be elected at the meeting, shall be by the affirmative vote of Shares representing a majority of the total number of Share votes cast ~~and the election of a Trustee in a contested election shall be by a plurality of the votes cast by Shares then outstanding and entitled to vote thereon~~.¹⁰

Whenever Shareholders are required or permitted to take any action by a vote at a meeting of Shareholders, at any time any of the outstanding Shares are held by a Person other than HRP, such action shall not be taken except by such a vote at such a meeting of Shareholders and the Shareholders shall have no power or right to take any action by executing written consents in lieu thereof.

5.10. Proxies. Whenever the vote or consent of a Shareholder entitled to vote is required or permitted under this Declaration, such vote or consent may be given either directly by such Shareholder or by a proxy in the form prescribed in, and subject to the provisions of, the Bylaws. The Trustees may solicit such proxies from the Shareholders or any of them entitled to vote in any matter requiring or permitting the Shareholders' vote or consent.

⁹ This provision has been revised to reflect changes effectuated by the Articles of Amendment filed April 15, 2010.

¹⁰ This provision has been revised to reflect changes effectuated by the Articles of Amendment filed June 13, 2019.

5.11. [*Reserved.*] ~~++11~~.

5.12. Fixing Record Date. ~~++12~~ The Bylaws may provide for fixing or, in the absence of such provision, the Trustees may fix, in advance, a date as the record date for determining the Shareholders entitled to notice of or to vote at any meeting of Shareholders or to express consent to any proposal without a meeting or for the purpose of determining Shareholders entitled to receive payment of any dividend or distribution (whether before or after termination of the Trust) or any Annual Report or other communication from the Trustees, or for any other purpose.

5.13. Notice to Shareholders. Any notice of meeting or other notice, communication or report to any Shareholder shall be deemed duly delivered to such Shareholder when such notice, communication or report is deposited, with postage thereon prepaid, in the United States mail, addressed to such Shareholder at his address as it appears on the records of the Trust or is delivered in person to such Shareholder.

5.14. Shareholders' Disclosure; Restrictions on Share Transfer; Limitation on Holdings. At such time as any Person other than HRP shall hold any Shares of Beneficial Interest and thereafter:

(a) Every Shareholder shall upon demand disclose to the Trustees in writing such information with respect to direct and indirect ownership of any Shares as the Trustees deem necessary or appropriate, in their discretion, to comply with the REIT Provisions of the Internal Revenue Code, or to comply with the requirements of any taxing authority or governmental agency.

(b) Whenever in good faith the Trustees deem it reasonably necessary to protect the status of the Trust as a REIT under the Internal Revenue Code, they may require a statement or affidavit from each Shareholder or proposed transferee of Shares setting forth the number of Shares already owned, directly or indirectly, by such Shareholder or proposed transferee and any related Person specified in the form prescribed by the Trustees for that purpose. If, in the opinion of the Trustees, which shall be binding upon any Shareholder and any proposed transferee of Shares, but subject to subsection (i) of this Section 5.14, any proposed transfer of Shares would jeopardize the status of the Trust as a REIT under the Internal Revenue Code, the Trustees shall have the right, but not the duty, to refuse to permit such transfer.

(c) As a condition to the transfer (including, without limitation, any sale, transfer, gift, assignment, devise or other disposition of Shares, whether voluntary or involuntary, whether beneficially or of record, and whether effected constructively, by operation of law or otherwise) and/or registration of transfer of any Shares ("Excess Shares") which could in the opinion of the Trustees result in

(i) direct or indirect ownership (as hereafter defined) of Shares representing more than 9.8% in number, value or voting power of the total Shares outstanding becoming concentrated in the hands of one owner other than an Excepted Person (as such term is defined hereafter),

(ii) the outstanding Shares of the Trust being owned by fewer than one hundred (100) persons or

(iii) the Trust being "closely held" within the meaning of Section 856(h) of the Internal Revenue Code,

such potential owner (a "Proposed Transferee") shall file with the Trust the statement or affidavit described in subsection (b) of this Section 5.14 no later than the fifteenth (15th) day prior to any proposed transfer, registration of transfer or transaction which, if consummated, would have any of the results set forth above; provided, however, that the Trustees may waive such requirement of prior notice upon determination that such waiver is in the best interests of the Trust. Subject to the subsection (i) of this Section 5.14, the Trustees shall have the power and right (i) to refuse to transfer or issue Excess Shares or share certificates to any Proposed Transferee whose acquisition of such Excess Shares would, in the opinion of the Trustees, result in the direct or indirect beneficial ownership of any Excess Shares by a Person other than an Excepted Person and (ii) to treat such Excess Shares as having been transferred not to the Proposed Transferee but rather to a trustee, who shall

~~++11~~ This provision was deleted by the Articles of Amendment filed May 24, 2006.

~~++12~~ This provision has been revised to reflect changes effectuated by the Articles of Amendment filed April 15, 2010.

be designated by the Trustees but unaffiliated with either the Trust or the Proposed Transferee, for the benefit of one or more organizations described in Sections 170(b)(1)(a) and 170(c) of the Internal Revenue Code (each such organization being referred to herein as a “Charitable Beneficiary”) that have been designated by the Trustees. Any such trust shall be deemed to have been established by the Shareholder for the benefit of the Charitable Beneficiary on the day prior to the date of the purported transfer to the Proposed Transferee, which purported transfer shall be void ab initio and the Proposed Transferee shall be deemed never to have acquired any interest in or with respect to the Excess Shares purportedly transferred.

Any dividends paid or other distributions made with respect to any Excess Shares prior to the Trust discovering that such Excess Shares have been transferred into trust for the Charitable Beneficiary as set forth above shall be repaid and disgorged by the Proposed Transferee to the Trust and any dividend or other distribution declared but still unpaid or unmade shall be rescinded as void ab initio with respect to the Proposed Transferee. Any dividends or other distributions so repaid, disgorged or rescinded shall then be paid over to the trustee and held in trust for the Charitable Beneficiary. Any vote cast by the Proposed Transferee prior to the Trust discovering that such Excess Shares had been transferred to the trustee shall be rescinded as being void ab initio and the Proposed Transferee shall be deemed to have given an irrevocable proxy to the trustee to vote the Excess Shares held for the benefit of the Charitable Beneficiary.

All Excess Shares shall be deemed to be offered by the trustee for sale to the Trust or a Person or Persons designated by the Trust for a period of ninety (90) days following the receipt by the Trust of notice of the event that has caused the Excess Shares to be transferred into trust as set forth above at a price equal to the lesser of (i) the price that was paid for the Excess Shares by the Proposed Transferee and (ii) the market price of the Excess Shares on the date that the Trust or its designee accepts the trustee’s offer to sell.

At the direction of the Trust, the trustee of any such trust shall sell any Excess Shares held by the trust to a Person whose ownership of such shares will not, in the judgment of the Trustees, jeopardize the Trust’s status as a REIT (a “Permitted Transferee”). If such a transfer is made, the interests of the Charitable Beneficiary with respect to the Excess Shares shall cease and the proceeds of the sale to the Permitted Transferee shall be payable to the Proposed Transferee and to the Charitable Beneficiary as follows: The Proposed Transferee shall be entitled to receive the lesser of (i) the price paid by the Proposed Transferee for the Excess Shares or, if the Proposed Transferee did not give value for the Excess Shares, the market price of the Excess Shares on the day of the event that resulted in the Excess Shares being transferred into trust as set forth above, and (ii) the price received by the trustee from the sale of the Excess Shares. Any proceeds from the sale of Excess Shares in excess of the amount payable to the Proposed Transferee as set forth above shall be payable to the Charitable Beneficiary.

The following Persons are “Excepted Persons”: (i) HRP, (ii) HRPT Advisors, Inc., a Delaware corporation (“Advisors”), (iii) Affiliates of HRP or Advisors, (iv) Persons to whom HRP’s or Advisor’s share ownership is attributable or whose share ownership is attributable to HRP or Advisors and (v) other Persons approved by the Trustees, at their option and in their sole discretion; provided, however, that such approval shall not be granted to any Person (and shall not extend to any Person described in clause (iii) above) whose ownership of more than 9.8% (individually or by attribution) in number or value of the total Shares outstanding would result, directly, indirectly or as a result of attribution of ownership, in termination of the status of the Trust as a REIT under the Internal Revenue Code.

If the foregoing provisions shall be determined to be void or invalid by virtue of any legal decision, statute, rule or regulation, then the Proposed Transferee of such Excess Shares shall be deemed, at the option of the Trust, to have acted as agent on behalf of the Trust in acquiring such Excess Shares and to hold such Excess Shares on behalf of the Trust.

(d) Notwithstanding any other provision of this Declaration to the contrary, but subject to subsection (i) of this Section 5.14, any purported acquisition of shares of the Trust (whether such purported acquisition results from the direct or indirect acquisition or ownership (as hereafter defined) of Shares) which would result in the disqualification of the Trust as a REIT shall be null and void. Any such shares may be treated by the Trustees in the manner prescribed for Excess Shares in subsection (c) of this Section 5.14.

(e) Subject only to subsection (i) of this Section 5.14, nothing contained in this Section 5.14 or in any other provision of this Declaration shall limit the authority of the Trustees to take such other action as they deem necessary or advisable to protect the Trust and the interests of the Shareholders by preserving the Trust’s status as a REIT.

(f) If any provision of this Section 5.14 or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provision shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court. To the extent this Section 5.14 may be inconsistent with any other provision of this Declaration, this Section 5.14 shall be controlling.

(g) It shall be the policy of the Trustees to consult with the appropriate officials of any stock exchange on which the relevant Shares of the Trust are listed as far as reasonably possible in advance of the final exercise (at any time when the shares are listed on such exchange) of any powers granted by sections (b) or (c) of this Section 5.14.

(h) For purposes of this Declaration, Shares not owned directly shall be deemed to be owned indirectly by a Person if that Person or a group including that Person would be the beneficial owner of such shares, as defined as of May 1, 1995, in Rule 13d-3 under the Securities Exchange Act of 1934 and/or would be considered to own such shares by reason of the attribution rules of Section 544 or Section 856(h) of the Internal Revenue Code.

(i) Nothing in this Section 5.14 shall preclude the settlement of any transaction entered into through the facilities of the New York Stock Exchange.

5.15. Special Voting Provisions relating to Certain Business Combinations and Control Shares. The Trust elects not to be governed by the provisions of Subtitles 6 and 7 of Title 3 of the Corporations and Associations Article of the Annotated Code of Maryland.

ARTICLE VI

LIABILITY OF TRUSTEES, SHAREHOLDERS, OFFICERS, EMPLOYEES AND AGENTS, AND OTHER MATTERS

6.1. Limitation of Liability of Shareholders, Trustees, Officers, Employees and Agents for Obligations of the Trust. The Trustees and the officers, employees and agents (including the Advisor) of the Trust, in incurring any debts, liabilities or obligations or in taking or omitting any other actions for or in connection with the Trust, are, and shall be deemed to be, acting as trustees, officers, employees or agents of the Trust and not in their own individual capacities. Except as otherwise provided in Sections 6.3 hereof with respect to liability of Trustees or officers, agents or employees of the Trust to the Trust or to Shareholders, no Shareholder, Trustee or officer, employee or agent (including the Advisor) of the Trust shall be liable for any debt, claim, demand, judgment decree, liability or obligation of any kind (in tort, contract or otherwise) of, against or with respect to the Trust or arising out of any action taken or omitted for or on behalf of the Trust, and the Trust shall be solely liable therefor and resort shall be had solely to the Trust Estate for the payment or performance thereof, and no Shareholder, Trustee or officer, employee or agent (including the Advisor) of the Trust shall be subject to any personal liability whatsoever, in tort, contract or otherwise, to any other Person or Persons in connection with the Trust Estate or the affairs of the Trust (or any actions taken or omitted for or on behalf of the Trust), and all such other Persons shall look solely to the Trust Estate for satisfaction of claims of any nature arising in connection with the Trust Estate or the affairs of the Trust (or any action taken or omitted for or on behalf of the Trust).

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

6.3. Limitation of Liability of Trustees, Officers, Employees and Agents to the Trust and to Shareholders for Acts and Omissions. To the fullest extent permitted by Maryland statutory and decisional law, as amended or interpreted, no Trustee, officer, employee or agent of the Trust (a) shall be personally liable to the Trust or its Shareholders and (b) shall have any greater duties than those established by this Declaration of Trust or, in cases as to which such duties are not so established, than those to which the directors, officers, employees and agents of a Maryland business corporation are subject

from time to time. No amendment of this Declaration or repeal of any of its provisions shall limit or eliminate the limitation on liability provided to Trustees, officers, employees and agents of the Trust hereunder with respect to any act or omission occurring prior to such amendment or repeal.

6.4. Indemnification and Reimbursement of Trustees, Officers, Employees, Agents and Certain Other Persons.

(a) The Trust shall indemnify (i) its Trustees and officers, whether serving the Trust or at its request any other entity, to the full extent required or permitted by the General Laws of the State of Maryland now or hereafter in force, including the advance of expenses under the procedures and to the full extent permitted by law and (ii) other employees and agents to such extent as shall be authorized by the Trustees of the Trust or the Bylaws and be permitted by law. The foregoing rights of indemnification shall not be exclusive of any other rights to which those seeking indemnification may be entitled. The Trustees may take such action as is necessary to carry out these indemnification provisions and is expressly empowered to adopt, approve and amend from time to time such Bylaws, resolutions or contracts implementing such provisions or such further indemnification arrangements as may be permitted by law. No amendment of this Declaration of Trust or repeal of any of its provisions shall limit or eliminate the right to indemnification provided hereunder with respect to acts or omissions occurring prior to such amendment or repeal.

(b) Notwithstanding anything herein to the contrary, and to the fullest extent permitted by Maryland statutory or decisional law, as amended or interpreted, no Trustee or officer of the Trust shall be personally liable to the Trust or its shareholders for money damages. No amendment of this Declaration or repeal of any of its provisions shall limit or eliminate the limitation on liability provided to Trustees and officers hereunder with respect to any act or omission occurring prior to such amendment or repeal.

6.5. Indemnification and Reimbursement of Shareholders. Any Shareholder made a party to any action, suit or proceeding or against him a claim or liabilities asserted by reason of the fact that he, his testate or intestate was or is a Shareholder shall be indemnified and held harmless by the Trust against judgments, fines, amounts paid on account thereof (whether in settlement or otherwise) and reasonable expenses, including attorneys' fees, actually and reasonably incurred by him in connection with the defense of such action, suit, proceeding, claim or alleged liability or in connection with any appeal therein, whether or not the same proceeds to judgment or is settled or otherwise brought to a conclusion; provided, however, that such Shareholder gives prompt notice thereof, executes such documents and takes such action as will permit the Trust to conduct the defense or settlement thereof and cooperates therein. In the event that the assets of the Trust Estate are insufficient to satisfy the Trust's indemnity obligations hereunder, each Shareholder shall be entitled to such indemnification pro rata from the Trust Estate.

6.6. Right of Trustees, Officers, Employees and Agents to Own Shares or Other Property and to Engage in Other Business. Any Trustee or officer, employee or agent of the Trust may acquire, own, hold and dispose of Shares in the Trust, for his individual account, and may exercise all rights of a Shareholder to the same extent and in the same manner as if he were not a Trustee or officer, employee or agent of the Trust. Any Trustee or officer, employee or agent of the Trust may, in his personal capacity or in the capacity of trustee, officer, director, stockholder, partner, member, advisor or employee of any Person or otherwise, have business interests and engage in business activities similar to or in addition to those relating to the Trust, which interests and activities may be similar to and competitive with those of the Trust and may include the acquisition, syndication, holding, management, development, operation or disposition, for his own account, or for the account of such Person or others, of interests in Mortgages, interests in Real Property, or interests in Persons engaged in the real estate business.

Each Trustee, officer, employee and agent of the Trust shall be free of any obligation to present to the Trust any investment opportunity which comes to him in any capacity other than solely as Trustee, officer, employee or agent of the Trust even if such opportunity is of a character which, if presented to the Trust, could be taken by the Trust. Subject to the provisions of Section 6.8, any Trustee or officer, employee or agent of the Trust may be interested as trustee, officer, director, stockholder, partner, member, advisor or employee of, or otherwise have a direct or indirect interest in, any Person who may be engaged to render advice or services to the Trust, and may receive compensation from such Person as well as compensation as Trustee, officer, employee or agent or otherwise hereunder. None of these activities shall be deemed to conflict with his duties and powers as Trustee or officer, employee or agent of the Trust.

6.7. Transactions Between Trustees, Officers, Employees or Agents and the Trust. Except as otherwise

provided by this Declaration, and in the absence of fraud, a contract, act or other transaction between the Trust and any other Person in which the Trust is interested, shall be valid, and no Trustee or officer, employee or agent of the Trust shall have any liability as a result of entering into any such contract, act or transaction, even though (a) one or more of the Trustees or officers, employees or agents of the Trust are directly or indirectly interested in or connected with or are trustees, partners, directors, employees, officers or agents of such other Person, or (b) one or more of the Trustees or officers, employees or agents of the Trust individually or jointly with others, is a party or are parties to, or are directly or indirectly interested in or connected with, such contract, act or transaction; provided that in each such case (i) such interest or connection is disclosed or known to the Trustees and thereafter the Trustees authorize or ratify such contract, act or other transaction by affirmative vote of a majority of the Trustees who are not so interested or (ii) such interest or connection is disclosed or known to the Shareholders, and thereafter such contract, act or transaction is approved by Shareholders holding a majority of the Shares then outstanding and entitled to vote thereon.

Notwithstanding any other provision of this Declaration, the Trust may engage in a transaction with (a) any Trustee, officer, employee or agent of the Trust (acting in his individual capacity), (b) any director, trustee, partner, officer, employee or agent (acting in his individual capacity) of the Advisor or any other investment advisor of the Trust, (c) the Advisor or any other investment advisor of the Trust or (d) an Affiliate of any of the foregoing, provided that such transaction has, after disclosure of such affiliation, been approved or ratified by the affirmative vote of a majority of the Trustees not having any interest in such transaction and not Affiliates of any party to the transaction after a determination by them that such transaction is fair and reasonable to the Trust and the Shareholders.

This Section 6.7 shall not prevent any sale of Shares issued by the Trust for the public offering thereof in accordance with a registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933. The Trustees are not restricted by this Section 6.7 from forming a corporation, partnership, trust or other business association owned by any Trustee, officer, employee or agent or by their nominees for the purpose of holding title to property of the Trust or managing property of the Trust, provided that the Trustees make a determination that the creation of such entity for such purpose is in the best interest of the Trust.

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

6.9. Reliance. The Trustees and the officers, employees and agents of the Trust may consult with counsel (which may be a firm in which one or more of the Trustees or the officers, employees or agents of the Trust is or are members) and the advice or opinion of such counsel shall be full and complete personal protection to all the Trustees and the officers, employees and agents of the Trust in respect of any action taken or suffered by them in good faith and in reliance on or in accordance with such advice or opinion. In discharging their duties, Trustees or officers, employees or agents of the Trust, when acting in good faith, may rely upon financial statements of the Trust represented to them to fairly present the financial position or results of operations of the Trust by the chief financial officer of the Trust or the officer of the Trust having charge of its books of account, or stated in a written report by an independent certified public accountant fairly to present the financial position or results of operations of the Trust. The Trustees and the officers, employees and agents of the Trust may rely, and shall be personally protected in acting, upon any instrument or other document believed by them to be genuine.

ARTICLE VII

DURATION, AMENDMENT AND TERMINATION OF TRUST

7.1. Duration of Trust. The duration of the Trust shall be perpetual; provided, however, the Trust may be terminated at any time by the affirmative vote at a meeting of Shareholders of the holders of Shares representing two-thirds of the total number of Shares then outstanding and entitled to vote thereon.

7.2. Termination of Trust.

(a) Upon the termination of the Trust:

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

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

(iii) after paying or adequately providing for the payment of all liabilities, and upon receipt of such releases, indemnities and refunding agreements, as they deem necessary for their protection, the Trustees may distribute the remaining Trust Estate (in cash or in kind or partly each) among the Shareholders according to their respective rights.

(b) After termination of the Trust and distribution of the Trust Estate to the Shareholders as herein provided, the Trustees shall execute and lodge among the records of the Trust an instrument in writing setting forth the fact of such termination and such distribution, a copy of which instrument shall be filed with the Maryland Department of Assessments and Taxation, and the Trustees shall thereupon be discharged from all further liabilities and duties hereunder and the rights and interests of all Shareholders shall thereupon cease.

7.3. Amendment Procedure. This Declaration may be amended (except that the provisions governing the personal liability of the Shareholders, Trustees and of the officers, employees and agents of the Trust and the prohibition of assessments upon Shareholders may not be amended in any respect that could increase the personal liability of such Shareholders, Trustees or officers, employees and agents of the Trust) at a meeting of Shareholders by holders of Shares representing a majority (or, with respect to amendments of Article IV, the second paragraph of Section 5.1, Section 7.1 or this Section 7.3, and amendments inconsistent with Sections 2.1 and 5.14, at least two-thirds (2/3)) of the total number of votes authorized to be cast in respect of Shares then outstanding and entitled to vote thereon. The approval of a two-thirds (2/3) majority of the Trustees shall also be required for any such amendment. A two-thirds (2/3) majority of the Trustees may, after fifteen (15) days written notice to the Shareholders, also amend this Declaration without the vote or consent of Shareholders if in good faith they deem it necessary to conform this Declaration to the requirements of the REIT Provisions of the Internal Revenue Code, but the Trustees shall not be liable for failing to do so. Actions by the Trustees pursuant to Section 5.1 or pursuant to Section 8.6(a) that result in an amendment to this Declaration shall be effected without vote or consent of Shareholders.

7.4. Amendments Effective. Any amendment pursuant to any Section of this Declaration shall not become effective until it is duly filed with the Maryland Department of Assessments and Taxation.

7.5. Transfer to Successor. The Trustees, with the affirmative vote, at a meeting approving a plan for this purpose, of the holders of Shares representing two-thirds (2/3) of all votes cast at a meeting at which a quorum is present, may (a) cause the organization of a limited partnership, partnership, corporation, association, trust or other organization to take over the Trust Estate and carry on the affairs of the Trust, (b) merge the Trust into, or sell, convey and transfer the Trust Estate to, any such limited partnership, partnership, corporation, association, trust or organization in exchange for Securities thereof, or beneficial interests therein, and the assumption by such transferee of the liabilities of the Trust and (c) thereupon terminate this Declaration and deliver such shares, Securities or beneficial interests among the Shareholders in accordance with such plan.

ARTICLE VIII

MISCELLANEOUS

8.1. Applicable Law. This Declaration is executed and acknowledged by the Trustees with reference to the statutes and laws of the State of Maryland, and the rights of all parties and the construction and effect of every provision hereof shall be subject to and construed according to the statutes and laws of such State.

8.2. Index and Headings for Reference Only. The index and headings preceding the text, articles and sections hereof have been inserted for convenience and reference only and shall not be construed to affect the meaning, construction or effect of this Declaration.

8.3. Successors in Interest. This Declaration and the Bylaws shall be binding upon and inure to the benefit of the undersigned Trustees and their successors, assigns, heirs, distributees and legal representatives, and every Shareholder and his successors, assigns, heirs, distributees and legal representatives.

8.4. Inspection of Records. Trust records shall be available for inspection by Shareholders at the same time and in the same manner and to the extent that comparable records of a Maryland business corporation would be available for inspection by shareholders under the laws of the State of Maryland. Except as specifically provided for in this Declaration or in Title 8 of the Annotated Code of Maryland, Shareholders shall have no greater right than shareholders of a Maryland business corporation to require financial or other information from the Trust, Trustees or officers of the Trust. Any Federal or state securities administrator or the Maryland Department of Assessments and Taxation shall have the right, at reasonable times during business hours and for proper purposes, to inspect the books and records of the Trust.

8.5. Counterparts. This Declaration may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

8.6. Provisions of the Trust in Conflict with Law or Regulations; Severability.

(a) The provisions of this Declaration are severable, and if the Trustees shall determine, with the advice of counsel, that any one or more of such provisions (the "Conflicting Provisions") are in conflict with the REIT Provisions of the Internal Revenue Code, the Conflicting Provisions shall be deemed never to have constituted a part of the Declaration; provided, however, that such determination by the Trustees shall not affect or impair any of the remaining provisions of this Declaration or render invalid or improper any action taken or omitted (including but not limited to the election of Trustees) prior to such determination. An amendment in recordable form signed by a majority of the Trustees setting forth any such determination and reciting that it was duly adopted by the Trustees, or a copy of this Declaration, with the Conflicting Provisions removed pursuant to such a determination, in recordable form, signed by a majority of the Trustees, shall be conclusive evidence of such determination when filed with the Maryland Department of Assessments and Taxation. The Trustees shall not be liable for failure to make any determination under this Section 8.6(a). Nothing in this Section 8.6(a) shall in any way limit or affect the right of the Trustees to amend this Declaration as provided in Section 7.3.

(b) If any provision of this Declaration shall be held invalid or unenforceable, such invalidity or unenforceability shall attach only to such provision and shall not in any manner affect or render invalid or unenforceable any other provision of this Declaration, and this Declaration shall be carried out as if any such invalid or unenforceable provision were not contained herein.

8.7. Certifications. The following certifications shall be final and conclusive as to any Persons dealing with the Trust:

(a) a certification of a vacancy among the Trustees by reason of resignation, removal, increase in the number of Trustees, incapacity, death or otherwise, when made in writing by a majority of the remaining Trustees;

(b) a certification as to the individuals holding office as Trustees or officers at any particular time, when made in writing by the secretary of the Trust;

(c) a certification that a copy of this Declaration or of the Bylaws is a true and correct copy thereof as then in force, when made in writing by the secretary of the Trust;

(d) a certification as to any actions by Trustees, other than the above, when made in writing by the secretary of the Trust or by any Trustee.

These amendments do not affect the total number of common shares of beneficial interest, \$.01 par value ("Common Shares"), authorized or issued by the Trust. The amendment and restatement of the Declaration was authorized by the Board of Trustees of the Trust acting by unanimous written consent on August 18, 1995 and by at least two-thirds of the stockholders of the Trust by means of unanimous written consent obtained on August 18, 1995.

8.8. Indemnification of the Trust. ~~+2~~¹³ Each shareholder will indemnify and hold harmless the Trust from and against all costs, expenses, penalties, fines and other amounts, including, without limitation, attorneys' and other professional fees, whether third party or internal, arising from such shareholder's violation of any provision of this Declaration or the Bylaws, including, without limitation, Section 5.14, and shall pay such sums to the Trust upon demand, together with interest on such amounts, which interest will accrue at the lesser of 15% per annum and the maximum amount permitted by law, from the date such costs or the like are incurred until the receipt of repayment by the Trust. Nothing in this Section shall create or increase the liability of any shareholders, trustees, officers, employees or agents of the Trust for actions taken on behalf of the Trust.

¹³ This provision was added by the Articles of Amendment filed May 16, 2007.

FIFTH AMENDMENT TO
AMENDED AND RESTATED LEASE AGREEMENT NO. 3

THIS FIFTH AMENDMENT TO AMENDED AND RESTATED LEASE AGREEMENT NO. 3 (this “Amendment”) is made and entered into as of August 1, 2019, by and between **HPT TA PROPERTIES TRUST**, a Maryland real estate investment trust, and **HPT TA PROPERTIES LLC**, a Maryland limited liability company, as landlord (collectively, “Landlord”), and **TA OPERATING LLC**, a Delaware limited liability company, as tenant (“Tenant”).

WITNESSETH:

WHEREAS, Landlord and Tenant are parties to that certain Amended and Restated Lease Agreement No. 3, dated as of June 9, 2015, as amended by that certain First Amendment to Amended and Restated Lease Agreement No. 3, dated as of September 23, 2015, that certain Second Amendment to Amended and Restated Lease Agreement No. 3, dated as of June 22, 2016, that certain Third Amendment to Amended and Restated Lease Agreement No. 3, dated as of January 17, 2019, and that certain Fourth Amendment to Amended and Restated Lease Agreement No. 3, dated as of January 23, 2019 (as so amended, the “Lease”);

WHEREAS, simultaneously herewith, HPT TA Properties Trust has acquired certain land comprising a parking lot having an address at 167 Ruggles Row, Southington, Connecticut 06489 (the “Milldale Parking Lot”), which is located adjacent to the Travel Center located at 1875 Meriden-Waterbury Turnpike, Milldale, Connecticut 06467 (the “Milldale Travel Center”);

WHEREAS, Landlord and Tenant desire to amend the Lease to include the Milldale Parking Lot as part of the Property (this and other capitalized terms used and not otherwise defined in this Amendment shall have the meanings given such terms in the Lease) related to the Milldale Travel Center with a corresponding increase in Minimum Rent; and

WHEREAS, Guarantors are executing this Amendment solely to confirm the continuation of the Guaranty with respect to the Lease (as amended by this Amendment);

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree, as of the date of this Amendment, as follows:

1. Minimum Rent. The defined term “Minimum Rent” set forth in Section 1.66 of the Lease is deleted in its entirety and replaced with the following:

“Minimum Rent” shall mean Forty-Two Million Four Hundred Nine Thousand One Hundred Eighteen and 00/100ths Dollars (\$42,409,118.00), subject to adjustment as provided in Section 3.1.1(b).

2. Exhibit A. Exhibit A to the Lease is hereby amended by deleting the legal description set forth in Exhibit A-6 thereto in its entirety and inserting the legal description attached hereto as Exhibit A-6 in its place.

3. Ratification. As amended hereby, the Lease is hereby ratified and confirmed and remains in full force and effect.

4. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF , Landlord and Tenant have caused this Amendment to be duly executed, as a sealed instrument, as of the date first above written.

LANDLORD:

HPT TA PROPERTIES TRUST ,
a Maryland real estate investment trust

By: /s/ John G. Murray
John G. Murray
President

HPT TA PROPERTIES LLC ,
a Maryland limited liability company

By: /s/ John G. Murray
John G. Murray
President

TENANT:

TA OPERATING LLC ,
a Delaware limited liability company

By: /s/ Mark R. Young
Mark R. Young
Executive Vice President

[Signature Page to Fifth Amendment to Amended and Restated Lease Agreement No. 3]

Reference is made to that certain Guaranty Agreement, dated as of June 9, 2015, given by TRAVELCENTERS OF AMERICA LLC and TRAVELCENTERS OF AMERICA HOLDING COMPANY LLC, each a Delaware limited liability company (collectively, “Guarantors”), to Landlord with respect to Tenant’s obligations under the Lease (the “Guaranty”). Guarantors hereby confirm that all references in such Guaranty to the word “Lease” shall mean the Lease, as defined therein, as amended by this Amendment (and any prior amendments referenced in this Amendment), and said Guarantors hereby reaffirm the Guaranty.

GUARANTORS:

TRAVELCENTERS OF AMERICA LLC ,
a Delaware limited liability company

By: /s/ Mark R. Young
Mark R. Young
Executive Vice President

TRAVELCENTERS OF AMERICA HOLDING COMPANY LLC , a Delaware
limited liability company

By: /s/ Mark R. Young
Mark R. Young
Executive Vice President

[Joinder Page to Fifth Amendment to Amended and Restated Lease Agreement No. 3]

EXHIBIT A-6

TA Southington
1875 Meriden-Waterbury Turnpike
Milldale (Southington), CT

Parcel 1

ALL that certain real property located in the County of Hartford, State of Connecticut, being more particularly described as follows:

A certain piece or parcel of land located on the northerly side of the Meriden-Waterbury Turnpike (Route #66) in the Town of Southington, County of Hartford and State of Connecticut, being more particularly bounded and described as follows;

BEGINNING at a point on the northerly highway line of the Meriden-Waterbury Turnpike (Rt. #66), said point being marked by a monument which is approximately 370 feet easterly of the center line of Ruggles Row;

THENCE RUNNING North 75 degrees 20 minutes 30 seconds West along the northerly non-access highway line of said Meriden-Waterbury Turnpike a distance of 167.15 feet to a point marked by an iron pin;

THENCE RUNNING North 17 degrees 46 minutes 10 seconds East along the easterly boundary of land now or formerly of Madeline Mirando a distance of 99.80 feet to a point marked by an iron pin;

THENCE RUNNING North 18 degrees 26 minutes 50 seconds East along the easterly boundary of land now or formerly of Ernest Mirando a distance of 69.39 feet to a point marked by an iron pin;

THENCE RUNNING North 18 degrees 43 minutes 16 seconds East along the easterly boundary of land now or formerly of Luigi Della-Bitta a distance of 233.43 feet to a point;

THENCE RUNNING North 78 degrees 40 minutes 30 seconds West along the northerly boundary of land of said Della-Bitta a distance of 90.00 feet to a point marked by an iron pin;

THENCE RUNNING North 11 degrees 19 minutes 30 seconds East along the easterly boundary of land of said Della-Bitta a distance of 13.00 feet to a point marked by an iron pin;

THENCE RUNNING North 72 degrees 02 minutes 50 seconds West along the northerly boundary of land of said Della-Bitta a distance of 93.59 feet to a point on the proposed street line of Ruggles Row;

THENCE RUNNING North 24 degrees 30 minutes 10 seconds East along the easterly street line of said Ruggles Row a distance of 372.82 feet to a point of

curvature;

THENCE continuing along the easterly street line of said Ruggles Row in a curve to the right whose radius is 455.00 feet and length is 164.68 feet to a point;

THENCE continuing North 45 degrees 14 minutes 25 seconds East along the easterly street line of said Ruggles Row a distance of 60.86 feet to a point;

THENCE RUNNING South 79 degrees 35 minutes 10 seconds east along the southerly boundary line of property now or formerly of John R. Lacey a distance of 463.15 feet to a point;

THENCE RUNNING South 9 degrees 05 minutes 20 seconds West along the westerly boundary of land of said John R. Lacey a distance of 987.71 feet to a point on the northerly highway line of said Meriden-Waterbury Turnpike;

THENCE RUNNING North 81 degrees 12 minutes 40 seconds West along the north highway line of said Meriden-Waterbury Turnpike a distance of 386.43 feet to the point an place of BEGINNING.

Said parcel of land contains 12.76 acres and is more particularly shown on a map entitled "Property of Louise Fontana, Meriden-Waterbury Turnpike, Southington, Conn. Scale 1 inch equals 50 feet August 22, 1975, revised to February 9, 1976", as prepared by Clarence Blair Associates, Inc., Civil Engineers and Land Surveyors of New Haven, Connecticut.

Together with all appurtenances thereto belonging or in anywise appertaining, and all right, title and interest of Grantor in and to any and all roads, street, alleys and ways bounded said premises.

EXCEPTING THEREFROM the following piece or parcel of land conveyed to the State of Connecticut by Quit Claim Deed form Union Oil Company of California dated August 3, 1977 and recorded in Volume 286 at page 2 of the Southington Land Records;

That certain parcel of land situated in the town of Southington, County of Hartford and State of Connecticut, on the northerly side of the Meriden-Waterbury Turnpike, Route 66, containing 0.04 of an acre, more or less, bounded and described as follows;

Northerly by remaining land of the Releasor herein, 386.61 feet by a line designated "Taking Line", as shown on the map hereinafter referred to;

Easterly by land now or formerly of John R. Lacy, 10.00 feet;

Southerly by the Meriden-Waterbury Turnpike, Route 66, 386.43 feet;

Westerly running to a point.

The land herein conveyed comprises a portion of the premises acquired by the Releasor herein by a Warranty Deed dated May 5, 1976, and recorded in Volume 275 at Page 548 of the Southington Land Records.

All of the above-described land being the same as follows;

BEGINNING at a point on the easterly sideline of Ruggles Row, said point being the westerly corner of said parcel;

THENCE RUNNING North 24 degrees 30 minutes 10 seconds East 372.82 feet to a point of curvature;

THENCE RUNNING Northeasterly 164.68 feet by a curve to the right having a radius of 455.00 feet to a point of tangency;

THENCE RUNNING North 45 degrees 14 minutes 25 seconds East 60.86 feet to a point, said last three courses being by the easterly sideline of Ruggles Row;

THENCE turning and running South 79 degrees 35 minutes 10 seconds East 463.15 feet to a concrete bound;

THENCE turning and running South 09 degrees 05 minutes 20 seconds West 977.71 feet to a point on the northerly sideline of the Meriden Waterbury Turnpike, said last two courses being by land now or formerly of the The Robert L. Jacks and Ted J. Crew Partnership;

THENCE turning and running North 82 degrees 41 minutes 36 seconds West 386.61 feet to a point;

THENCE turning and running North 75 degrees 20 minutes 30 seconds West 167.15 feet to a point, said last two courses being by the Meriden Waterbury Turnpike;

THENCE Turning and running North 17 degrees 46 minutes 15 seconds East 99.80 feet by land now or formerly of Emerick Mirando and Domenick Mirando to

a pipe;

THENCE turning and running North 18 degrees 26 minutes 50 seconds East
69.39 feet to a point;

THENCE turning and running North 18 degrees 43 minutes 10 seconds East
233.43 feet to a point;

THENCE turning and running North 78 degrees 40 minutes 30 seconds West
90.00 feet to a point;

THENCE turning and running North 11 degrees 19 minutes 30 seconds East
13.00 feet to a point;

THENCE turning and running North 72 degrees 02 minutes 50 seconds West
93.59 feet to the point of beginning, said last six courses being by land now or
formerly of Ted J. Crew and Robert L. Jacks Partnership.

Containing 554,061 square feet, more or less, of 12.719 acres, more or less.

Parcel 2

A certain piece or parcel of land together with the buildings and improvements thereon, located on the easterly side of the highway, Ruggles Row, in the Town of Southington, County of Hartford and State of Connecticut, known as 167 Ruggles Row and shown and designated as PARCEL "B" 20,731 S.F., 0.48 Ac. on a map entitled, "Improvement Location Map for JACKS FAMILY DONUTS INC. #177 Ruggles Row, Southington, CT Scale: 1"=20' Date: May 9, 2003 KJA File No.: 50-279 Drawing No.: 1 kratzert, jones & associates, inc. Civil Engineers – Land Surveyors – Site Planners – Building Engineers P.O. Box 337 1755 Meriden-Waterbury Rd., Milldale, CT. 06467-0337 phone (860)621-3638", which map is filed in Map Drawer 26, Map 4A of the Southington Town Clerk's Office to which reference may be had for a more particular description.

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

I, John G. Murray, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hospitality Properties 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: August 9, 2019

/s/ John G. Murray

John G. Murray

Managing Trustee, President and Chief Executive 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 Hospitality Properties 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: August 9, 2019

/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 Hospitality Properties Trust (the “Company”) of the Quarterly Report on Form 10- Q for the period ended June 30, 2019 (the “Report”), each of the undersigned hereby certifies, to the best of his knowledge:

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

/s/ John G. Murray

John G. Murray
Managing Trustee, President and
Chief Executive Officer

/s/ Brian E. Donley

Brian E. Donley
Chief Financial Officer and Treasurer

Date: August 9, 2019