



Franklin Street Properties Corp.
Supplemental Operating & Financial Data

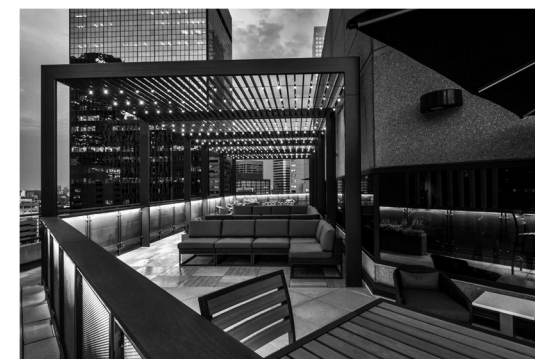
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All financial information contained in this supplemental information package is unaudited. In addition, certain statements contained in this supplemental information package may be deemed to be forward-looking statements within the meaning of the federal securities laws. Although FSP believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved. Factors that could cause actual results to differ materially from FSP's current expectations include adverse changes in general economic or local market conditions, including as a result of the COVID-19 pandemic and other potential infectious disease outbreaks and terrorist attacks or other acts of violence, which may negatively affect the markets in which we and our tenants operate, increasing interest rates, disruptions in the debt markets, economic conditions in the markets in which we own properties, risks of a lessening of demand for the types of real estate owned by us, adverse changes in energy prices, which if sustained, could negatively impact occupancy and rental rates in the markets in which we own properties, including energy-influenced markets such as Dallas, Denver and Houston, any inability to dispose of properties on acceptable terms and any delays in the timing of any such anticipated dispositions, changes in government regulations and regulatory uncertainty, uncertainty about governmental fiscal policy, geopolitical events and expenditures that cannot be anticipated such as utility rate and usage increases, delays in construction schedules, unanticipated increases in construction costs, unanticipated repairs, additional staffing, insurance increases and real estate tax valuation reassessments. FSP assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.



Dominion Towers, Denver, CO



Company Information

Overview

Franklin Street Properties Corp., based in Wakefield, Massachusetts, is focused on infill and central business district (CBD) office properties in the U.S. Sunbelt and Mountain West, as well as select opportunistic markets. FSP seeks value-oriented investments with an eye towards long-term growth and appreciation, as well as current income. FSP is a Maryland corporation that operates in a manner intended to qualify as a real estate investment trust (REIT) for federal income tax purposes. FSP's real estate operations include property acquisitions and dispositions, short-term financing, leasing, development and asset management.

Our Business

As of March 31, 2021, the Company owned and operated a portfolio of real estate consisting of 33 operating properties, one redevelopment property and two managed Sponsored REITs. From time-to-time, the Company may acquire, develop or redevelop real estate, make additional secured loans or acquire one of its Sponsored REITs. The Company may also pursue, on a selective basis, the sale of its properties in order to take advantage of the value creation and demand for its properties, or for geographic or property specific reasons.

Management Team

George J. Carter
Chief Executive Officer and
Chairman of the Board

Jeffrey B. Carter
President and Chief Investment
Officer

John G. Demeritt
Executive Vice President, Chief
Financial Officer and Treasurer

Scott H. Carter
Executive Vice President, General
Counsel and Secretary

John F. Donahue
Executive Vice President

Eriel Anchondo
Executive Vice President and
Chief Operating Officer

Inquiries

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(1) Includes both operating and redevelopment properties.

(2) Total Market Capitalization is the closing share price multiplied by the number of shares outstanding plus total debt outstanding.

Snapshot (as of March 31, 2021)

Corporate Headquarters	Wakefield, MA
Fiscal Year-End	31-Dec
Total Properties	34 (1)
Total Square Feet	9.7 Million (1)
Trading Symbol	FSP
Exchange	NYSE
	American
Common Shares Outstanding	107,328,199
Quarterly Dividend	\$0.09
Dividend Yield	6.6%
Total Market Capitalization	\$1.5 Billion (2)
Insider Holdings	4.72%



Pershing Park Plaza, Atlanta, GA



Summary of Financial Highlights

(in thousands except per share amounts, SF & number of properties)

	31-Mar-21	31-Dec-20	30-Sep-20	30-Jun-20	31-Mar-20
Income Items:					
Rental revenue	\$ 58,623	\$ 59,408	\$ 61,834	\$ 60,398	\$ 62,567
Total revenue	59,039	59,810	62,247	60,808	62,983
Net income (loss)	(6,460)	37,440	(1,679)	(2,075)	(1,071)
Adjusted EBITDA (a)*	26,556	26,409	29,334	29,139	30,325
FFO*	18,005	17,466	20,446	20,194	21,292
AFFO*	4,384	4,867	3,452	165	3,101
Per Share Data:					
EPS	\$ (0.06)	\$ 0.35	\$ (0.02)	\$ (0.02)	\$ (0.01)
FFO*	\$ 0.17	\$ 0.16	\$ 0.19	\$ 0.19	\$ 0.20
AFFO*	\$ 0.04	\$ 0.05	\$ 0.03	\$ 0.00	\$ 0.03
Weighted Average Shares (diluted)	107,328	107,328	107,328	107,287	107,269
Closing share price	\$ 5.45	\$ 4.37	\$ 3.66	\$ 5.09	\$ 5.73
Dividend declared	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.09
Balance Sheet Items:					
Real estate, net	\$ 1,601,613	\$ 1,602,016	\$ 1,649,649	\$ 1,645,898	\$ 1,639,196
Other assets, net	187,820	191,168	190,372	189,537	208,431
Total assets, net	1,789,433	1,793,184	1,840,021	1,835,435	1,847,627
Total liabilities, net	1,033,849	1,025,093	1,102,556	1,089,432	1,090,309
Shareholders' equity	755,584	768,091	737,465	746,003	757,318
Market Capitalization and Debt:					
Total Market Capitalization (b)	\$ 1,532,439	\$ 1,392,524	\$ 1,392,821	\$ 1,546,301	\$ 1,614,653
Total debt outstanding (excluding unamortized financing costs)	\$ 947,500	\$ 923,500	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Debt to Total Market Capitalization	61.8%	66.3%	71.8%	64.7%	61.9%
Net Debt to Adjusted EBITDA ratio (a)*	8.9	8.7	8.5	8.6	8.1
Operating Properties Leasing Statistics (c):					
Operating properties assets	33	32	32	32	32
Operating properties total SF	9,548,810	9,331,489	9,526,822	9,508,226	9,506,513
Operating properties % leased	81.9%	85.0%	85.6%	84.5%	85.4%

(a) Includes a \$3,084 (or \$12,336 annualized) charge during the three months ended December 31, 2020 from a lease write-off of a tenant in the travel industry that filed for bankruptcy on December 21, 2020, and includes accrued rent (all of which was included within rental revenue). Management believes excluding the impact of this write-off may be more useful in making period to period comparisons of our leverage ratio, and if such write-off were excluded, our Net Debt-to-Adjusted EBITDA* ratio would have been 7.8 at December 31, 2020.

(b) Total Market Capitalization is the closing share price multiplied by the number of shares outstanding plus total debt outstanding on that date.

(c) Excludes redevelopment properties.

* See pages 9 & 10 for reconciliations of Net income or loss to FFO, AFFO and Adjusted EBITDA, respectively, and the Appendix for Non-GAAP Financial Measures Definitions beginning on page 29.



Condensed Consolidated Income Statements

(\$ in thousands, except per share amounts)

	For the Three Months Ended		For the Three Months Ended				For the
	31-Mar-21	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	31-Dec-20	Year Ended
Revenue:							
Rental	\$ 58,623	\$ 62,567	\$ 60,398	\$ 61,834	\$ 59,408	\$ 244,207	
Related party revenue:							
Management fees and interest income from loans	410	403	405	400	402	1,610	
Other	6	13	5	13	—	31	
Total revenue	59,039	62,983	60,808	62,247	59,810	245,848	
Expenses:							
Real estate operating expenses	15,939	17,298	15,470	16,730	17,442	66,940	
Real estate taxes and insurance	12,366	11,762	12,307	12,279	12,042	48,390	
Depreciation and amortization	24,381	22,338	22,245	22,076	21,899	88,558	
General and administrative	4,146	3,525	3,817	3,817	3,838	14,997	
Interest	8,600	9,063	8,980	8,953	9,030	36,026	
Total expenses	65,432	63,986	62,819	63,855	64,251	254,911	
Gain on sale of property	—	—	—	—	41,928	41,928	
Income (loss) before taxes on income	(6,393)	(1,003)	(2,011)	(1,608)	37,487	32,865	
Tax expense on income	67	68	64	71	47	250	
Net income (loss)	\$ (6,460)	\$ (1,071)	\$ (2,075)	\$ (1,679)	\$ 37,440	\$ 32,615	
Weighted average number of shares outstanding, basic and diluted	107,328	107,269	107,287	107,328	107,328	107,303	
Net income (loss) per share, basic and diluted	\$ (0.06)	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ 0.35	\$ 0.30	



Condensed Consolidated Balance Sheets

(in thousands)

	March 31, 2021	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020
Assets:					
Real estate assets:					
Land	\$ 189,155	\$ 191,578	\$ 191,578	\$ 191,578	\$ 189,155
Buildings and improvements	1,954,838	1,941,952	1,964,308	1,983,979	1,938,629
Fixtures and equipment	13,308	11,917	12,250	12,714	12,949
	2,157,301	2,145,447	2,168,136	2,188,271	2,140,733
Less accumulated depreciation	555,688	506,251	522,238	538,622	538,717
Real estate assets, net	1,601,613	1,639,196	1,645,898	1,649,649	1,602,016
Acquired real estate leases, net	25,836	37,270	34,022	31,011	28,206
Cash, cash equivalents and restricted cash	4,113	17,283	2,890	4,840	4,150
Tenant rent receivables, net	4,337	3,609	4,192	4,007	7,656
Straight-line rent receivable, net	69,743	68,317	69,062	71,033	67,789
Prepaid expenses and other assets	5,873	7,486	6,506	6,538	5,752
Related party mortgage loan receivable	21,000	21,000	21,000	21,000	21,000
Office computers and furniture, net of accumulated depreciation	147	215	196	178	163
Deferred leasing commissions, net	56,771	53,251	51,669	51,765	56,452
Total assets	\$ 1,789,433	\$ 1,847,627	\$ 1,835,435	\$ 1,840,021	\$ 1,793,184
Liabilities and Stockholders' Equity:					
Liabilities:					
Bank note payable	\$ 27,500	\$ 30,000	\$ 30,000	\$ 30,000	\$ 3,500
Term loan payable, net of unamortized financing costs	717,668	766,124	766,493	766,863	717,323
Series A & Series B Senior Notes	199,219	199,055	199,096	199,137	199,178
Accounts payable and accrued expenses	63,456	57,076	55,712	69,905	72,058
Accrued compensation	1,390	1,335	2,278	3,634	3,918
Tenant security deposits	8,041	9,615	9,155	9,435	8,677
Lease liability	1,444	1,803	1,716	1,627	1,536
Other liabilities: derivative liabilities	13,698	23,035	22,958	20,157	17,311
Acquired unfavorable real estate leases, net	1,433	2,266	2,024	1,798	1,592
Total liabilities	1,033,849	1,090,309	1,089,432	1,102,556	1,025,093
Commitments and contingencies					
Stockholders' Equity:					
Preferred stock	—	—	—	—	—
Common stock	11	11	11	11	11
Additional paid-in capital	1,357,131	1,356,794	1,357,131	1,357,131	1,357,131
Accumulated other comprehensive income (loss)	(13,698)	(23,035)	(22,958)	(20,157)	(17,311)
Accumulated distributions in excess of accumulated earnings	(587,860)	(576,452)	(588,181)	(599,520)	(571,740)
Total stockholders' equity	755,584	757,318	746,003	737,465	768,091
Total liabilities and stockholders' equity	\$ 1,789,433	\$ 1,847,627	\$ 1,835,435	\$ 1,840,021	\$ 1,793,184



Condensed Consolidated Statements of Cash Flows

(in thousands)

	Three Months Ended March 31,	
	2021	2020
Cash flows from operating activities:		
Net loss	\$ (6,460)	\$ (1,071)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	25,088	23,086
Amortization of above and below market leases	(32)	(73)
Decrease in allowance for doubtful accounts and write-off of accounts receivable	—	(13)
Changes in operating assets and liabilities:		
Tenant rent receivables	3,319	255
Straight-line rents	(1,904)	(966)
Lease acquisition costs	(50)	(470)
Prepaid expenses and other assets	(532)	(644)
Accounts payable and accrued expenses	(9,564)	(8,215)
Accrued compensation	(2,528)	(2,065)
Tenant security deposits	(636)	269
Payment of deferred leasing commissions	(5,056)	(2,892)
Net cash provided by operating activities	1,645	7,201
Cash flows from investing activities:		
Property improvements, fixtures and equipment	(16,022)	(20,054)
Net cash used in investing activities	(16,022)	(20,054)
Cash flows from financing activities:		
Distributions to stockholders	(9,660)	(9,654)
Borrowings under bank note payable	36,500	35,000
Repayments of bank note payable	(12,500)	(5,000)
Net cash provided by financing activities	14,340	20,346
Net increase (decrease) in cash, cash equivalents and restricted cash	(37)	7,493
Cash, cash equivalents and restricted cash, beginning of period	4,150	9,790
Cash, cash equivalents and restricted cash, end of period	\$ 4,113	\$ 17,283



Property Net Operating Income (NOI)* with Same Store Comparison (in thousands)

(in thousands)	Rentable Square Feet or RSF	Three Months Ended 31-Mar-21	31-Mar-20	Three Months Ended 30-Jun-20	30-Sep-20	31-Dec-20	Year Ended 31-Dec-20	Inc (Dec)	% Change
Region									
East	573	\$ 949	\$ 1,325	\$ 1,552	\$ 922	\$ 1,047	\$ 4,846	\$ (376)	(28.4)%
MidWest	1,557	5,378	5,485	5,089	5,069	5,292	20,935	(107)	(2.0)%
South	4,387	12,423	13,290	13,025	13,619	10,481	50,415	(867)	(6.5)%
West	2,624	10,369	11,463	11,211	10,976	11,006	44,656	(1,094)	(9.5)%
Property NOI* from Operating Properties	9,141	29,119	31,563	30,877	30,586	27,826	120,852	(2,444)	(7.7)%
Dispositions and Redevelopment Properties (a)	519	642	1,311	1,319	1,611	1,554	5,795	(669)	(1.8)%
Property NOI*	9,660	\$ 29,761	\$ 32,874	\$ 32,196	\$ 32,197	\$ 29,380	\$ 126,647	\$ (3,113)	(9.5)%
Same Store		\$ 29,119	\$ 31,563	\$ 30,877	\$ 30,586	\$ 27,826	\$ 120,852	\$ (2,444)	(7.7)%
Less Nonrecurring Items in NOI* (b)		32	26	810	351	345	1,532	6	(0.1)%
Comparative Same Store		\$ 29,087	\$ 31,537	\$ 30,067	\$ 30,235	\$ 27,481	\$ 119,320	\$ (2,450)	(7.8)%

- (a) We define redevelopment properties as properties being developed, redeveloped or where redevelopment is complete, but are in lease-up and that are not stabilized. We also include properties that have been placed in service, but that do not have operating activity for all periods presented.
- (b) Nonrecurring items in NOI include proceeds from bankruptcies, lease termination fees or other significant nonrecurring income or expenses, which may affect comparability.

* See Appendix for Non-GAAP Financial Measures Definitions beginning on page 29.



FFO* & AFFO* Reconciliation

(in thousands, except per share amounts)

	Three Months Ended		Three Months Ended		Year Ended	
	31-Mar-21	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	31-Dec-20
Net income (loss)	\$ (6,460)	\$ (1,071)	\$ (2,075)	\$ (1,679)	\$ 37,440	\$ 32,615
Gain on sale of property	—	—	—	—	(41,928)	(41,928)
Depreciation & amortization	24,349	22,265	22,170	21,989	21,820	88,244
NAREIT FFO*	17,889	21,194	20,095	20,310	17,332	78,931
Lease Acquisition costs	116	98	99	136	134	467
Funds From Operations (FFO)*	\$ 18,005	\$ 21,292	\$ 20,194	\$ 20,446	\$ 17,466	\$ 79,398
Adjusted Funds From Operations (AFFO)*						
Funds From Operations (FFO)*	\$ 18,005	\$ 21,292	\$ 20,194	\$ 20,446	\$ 17,466	\$ 79,398
Amortization of deferred financing costs	707	748	726	727	824	3,025
Shares issued as compensation	—	—	337	—	—	337
Straight-line rent	(1,904)	(966)	(377)	(1,293)	951	(1,685)
Tenant improvements	(4,491)	(10,716)	(13,531)	(8,022)	(837)	(33,106)
Leasing commissions	(2,597)	(2,730)	(603)	(2,033)	(7,432)	(12,798)
Non-investment capex	(5,336)	(4,527)	(6,581)	(6,373)	(6,105)	(23,586)
Adjusted Funds From Operations (AFFO)*	\$ 4,384	\$ 3,101	\$ 165	\$ 3,452	\$ 4,867	\$ 11,585
Per Share Data:						
EPS	\$ (0.06)	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ 0.35	\$ 0.30
FFO*	0.17	0.20	0.19	0.19	0.16	0.74
AFFO*	0.04	0.03	0.00	0.03	0.05	0.11
Weighted Average Shares (basic and diluted)	107,328	107,269	107,287	107,328	107,328	107,303

* See Appendix for Non-GAAP Financial Measures Definitions beginning on page 29.



EBITDA* & Adjusted EBITDA* Reconciliation

(in thousands, except ratio amounts)

	Three Months Ended 31-Mar-21	Three Months Ended				Year Ended 31-Dec-20
		31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	
Net income (loss)	\$ (6,460)	\$ (1,071)	\$ (2,075)	\$ (1,679)	\$ 37,440	\$ 32,615
Interest expense	8,600	9,063	8,980	8,953	9,030	36,026
Depreciation and amortization	24,349	22,265	22,170	21,989	21,820	88,244
Income taxes	67	68	64	71	47	250
EBITDA (1)*	\$ 26,556	\$ 30,325	\$ 29,139	\$ 29,334	\$ 68,337	\$ 157,135
(Gain) loss on sale of properties and provisions for loss on properties held for sale or equity investments	—	—	—	—	(41,928)	(41,928)
Adjusted EBITDA (1)*	\$ 26,556	\$ 30,325	\$ 29,139	\$ 29,334	\$ 26,409	\$ 115,207
Interest expense	\$ 8,600	\$ 9,063	\$ 8,980	\$ 8,953	\$ 9,030	\$ 36,026
Scheduled principal payments	—	—	—	—	—	—
Interest and scheduled principal payments	\$ 8,600	\$ 9,063	\$ 8,980	\$ 8,953	\$ 9,030	\$ 36,026
Interest coverage ratio (1)	3.09	3.35	3.24	3.28	2.92	3.20
Debt service coverage ratio (1)	3.09	3.35	3.24	3.28	2.92	3.20
Debt excluding unamortized financing costs	\$ 947,500	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 923,500	
Cash, cash equivalents and restricted cash	4,113	17,283	2,890	4,840	4,150	
Net Debt (Debt less Cash, cash equivalents and restricted cash)	\$ 943,387	\$ 982,717	\$ 997,110	\$ 995,160	\$ 919,350	
Adjusted EBITDA (1)*	\$ 26,556	\$ 30,325	\$ 29,139	\$ 29,334	\$ 26,409	
Annualized	\$ 106,224	\$ 121,300	\$ 116,556	\$ 117,336	\$ 105,636	
Net Debt-to-Adjusted EBITDA ratio (1)*	8.9	8.1	8.6	8.5	8.7	

* See Appendix for Non-GAAP Financial Measures Definitions beginning on page 29. Amounts in the EBITDA and Adjusted EBITDA reconciliation do not reflect our proportionate share of interest expense, depreciation, amortization, income taxes, gains or losses on sales and debt from our investments in non-consolidated REITs, which are accounted for under the equity method.

(1) Includes a \$3,084 (or \$12,336 annualized) charge during the three months ended December 31, 2020 from a lease write-off of a tenant in the travel industry that filed for bankruptcy on December 21, 2020, and includes accrued rent (all of which was included within rental revenue). Management believes excluding the impact of this write-off may be more useful in making period to period comparisons of our leverage, Interest coverage and Debt service coverage ratios, and if such write-off were excluded, our Interest coverage ratio and our Debt service coverage ratio for the three months ended December 31, 2020 would have each been 3.26, and our Net Debt-to-Adjusted EBITDA* ratio would have been 7.8 at December 31, 2020.



Reconciliation of Net Income (Loss) to Property NOI*

(in thousands)

	Three Months Ended	Three Months Ended				Year Ended
	31-Mar-21	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	31-Dec-20
Net income (loss)	\$ (6,460)	\$ (1,071)	\$ (2,075)	\$ (1,679)	\$ 37,440	\$ 32,615
Add (deduct):						
Gain on sale of property	—	—	—	—	(41,928)	(41,928)
Management fee income	(465)	(478)	(446)	(484)	(464)	(1,872)
Depreciation and amortization	24,381	22,338	22,245	22,076	21,899	88,558
Amortization of above/below market leases	(32)	(73)	(75)	(86)	(79)	(313)
General and administrative	4,146	3,525	3,817	3,817	3,838	14,997
Interest expense	8,600	9,063	8,980	8,953	9,030	36,026
Interest income	(394)	(382)	(381)	(386)	(391)	(1,540)
Non-property specific items, net	(15)	(48)	131	(14)	35	104
Property NOI*	<u>\$ 29,761</u>	<u>\$ 32,874</u>	<u>\$ 32,196</u>	<u>\$ 32,197</u>	<u>\$ 29,380</u>	<u>\$ 126,647</u>

* See Appendix for Non-GAAP Financial Measures Definitions beginning on page 29.



Debt Summary

(in thousands)

	Maturity Date	Maximum Amount of Loan	Amount Drawn at 31-Mar-21	Interest Rate (a) Components	Interest Rate at 31-Mar-21	Facility Fee
BAML Revolver	12-Jan-22	\$ 600,000	\$ 27,500	Libor + 1.20%	1.30%	0.25%
JPM Term Loan	30-Nov-21	100,000	100,000	2.44% + 1.25%	3.69%	
BAML Term Loan	12-Jan-23	400,000	400,000	1.12% + 1.35%	2.47%	
BMO Term Loan Tranche A	30-Nov-21	55,000	55,000	2.39% + 1.25%	3.64%	
BMO Term Loan Tranche B	31-Jan-24	165,000	165,000	2.39% + 1.25%	3.64%	
Series A Senior Notes	20-Dec-24	116,000	116,000		3.99%	
Series B Senior Notes	20-Dec-27	84,000	84,000		4.26%	
		<u>\$ 1,520,000</u>	<u>\$ 947,500</u>		<u>3.18%</u>	

- The table above is a summary of our debt. Additional information on our debt can be found in our Annual Report on Form 10-K for the year ended December 31, 2020, as updated in our Quarterly Reports on Form 10-Q, on file with the U.S. Securities and Exchange Commission.
- The BAML Revolver is subject to a 25 basis point facility fee based on our credit rating and, when applied to our availability of \$600 million at March 31, 2021, would be \$1.5 million annually as of March 31, 2021.
- We incurred financing costs, some of which are deferred and amortized into interest expense during the terms of the loans we execute. We estimate the annualized amount of the amortization included in interest expense will be approximately \$2.8 million.

(a) Interest rate excludes amortization of deferred financing costs and facility fees, which is discussed in the notes above.



Capital Analysis

(in thousands, except per share amounts)

	31-Mar-21	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20
Market Data:					
Shares Outstanding	107,328	107,269	107,328	107,328	107,328
Closing market price per share	\$ 5.45	\$ 5.73	\$ 5.09	\$ 3.66	\$ 4.37
Market capitalization	\$ 584,939	\$ 614,653	\$ 546,301	\$ 392,821	\$ 469,024
Total debt outstanding excluding unamortized financing costs	947,500	1,000,000	1,000,000	1,000,000	923,500
Total Market Capitalization	\$ 1,532,439	\$ 1,614,653	\$ 1,546,301	\$ 1,392,821	\$ 1,392,524
Dividend Data:					
Total dividends declared for the quarter	\$ 9,660	\$ 9,654	\$ 9,654	\$ 9,660	\$ 9,660
Common dividend declared per share	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.09
Declared dividend as a % of Net income (loss) per share	(150)%	(901)%	(465)%	(575)%	26%
Declared dividend as a % of AFFO* per share	220%	311%	5852%	280%	198%
Liquidity:					
Cash, cash equivalents and restricted cash	\$ 4,113	\$ 17,283	\$ 2,890	\$ 4,840	\$ 4,150
Revolver:					
Gross potential available under the BAML Revolver	600,000	600,000	600,000	600,000	600,000
Less:					
Outstanding balance	(27,500)	(30,000)	(30,000)	(30,000)	(3,500)
Total Liquidity	\$ 576,613	\$ 587,283	\$ 572,890	\$ 574,840	\$ 600,650

* See page 9 for a reconciliation of Net Income (Loss) to AFFO and the Appendix for Non-GAAP Financial Measures Definitions beginning on page 29.



Owned Portfolio Overview

	As of the Quarter Ended				
	31-Mar-21	31-Dec-20	30-Sep-20	30-Jun-20	31-Mar-20
Operating Properties:					
Number of properties	33	32	32	32	32
Square feet	9,548,810	9,331,489	9,526,822	9,508,226	9,506,513
Leased percentage	81.9%	85.0%	85.6%	84.5%	85.4%
Redevelopment Properties (a):					
Number of properties	1	2	3	3	3
Square feet	111,469	324,651	388,849	405,215	405,215
Leased percentage	0.0%	48.0%	53.0%	55.8%	55.8%
Total Owned Properties:					
Number of properties	34	34	35	35	35
Square feet	9,660,279	9,656,140	9,915,671	9,913,441	9,911,728
Leased percentage	81.0%	83.8%	84.3%	83.3%	84.2%
Managed Properties - Single Asset REITs (SARs):					
Number of properties	2	2	2	2	2
Square feet	348,545	348,545	348,545	348,545	348,545
Total Operating, Redevelopment and Managed Properties:					
Number of properties	36	36	37	37	37
Square feet	10,008,824	10,004,685	10,264,216	10,261,986	10,260,273

(a) We define redevelopment properties as properties being developed, redeveloped or where redevelopment is complete, but are in lease-up and that are not stabilized.



Owned Portfolio Overview

MSA / Property Name	City	State	Square Feet	Percent Leased	Wtd Occupied Percentage (a)	GAAP Rent (b)	MSA / Property Name	City	State	Square Feet	Percent Leased	Wtd Occupied Percentage (a)	GAAP Rent (b)
Owned Properties:													
East Region							Midwest Region						
Washington, D.C.							Chicago						
Meadow Point	Chantilly	VA	138,537	91.1%	70.3%	\$ 24.72	Northwest Point	Elk Grove Village	IL	177,095	100.0%	100.0%	\$ 29.90
Loudoun Tech Center	Dulles	VA	136,658	98.9%	98.9%	\$ 20.73	909 Davis Street	Evanston	IL	195,098	93.3%	93.3%	\$ 40.68
Stonecroft (c)	Chantilly	VA	111,469	0.0%	0.0%	\$ —							
Richmond, VA							Indianapolis						
Innsbrook	Glen Allen	VA	298,183	57.2%	57.2%	\$ 18.65	River Crossing	Indianapolis	IN	205,729	100.0%	99.5%	\$ 25.16
Charlotte, NC							St. Louis						
Forest Park	Charlotte	NC	64,198	78.4%	34.5%	\$ 25.93	Timberlake	Chesterfield	MO	234,496	100.0%	95.7%	\$ 32.88
							Timberlake East	Chesterfield	MO	117,036	100.0%	83.6%	\$ 26.99
							Minneapolis						
							121 South 8th Street	Minneapolis	MN	297,209	92.0%	83.9%	\$ 23.75
							801 Marquette Ave	Minneapolis	MN	129,821	91.8%	37.0%	\$ 35.11
							Plaza Seven	Minneapolis	MN	330,096	86.7%	85.7%	\$ 32.61
East Region Total			749,045	64.4%	56.8%	\$ 21.08	Midwest Region Total			1,686,580	94.6%	86.9%	\$ 30.49

(a) Weighted Occupied Percentage for the three months ended March 31, 2021.

(b) Weighted Average GAAP Rent per Occupied Square Foot.

(c) We define redevelopment properties as properties being developed, redeveloped or where redevelopment is complete, but are in lease-up and that are not stabilized.



Owned Portfolio Overview

MSA / Property Name	City	State	Square Feet	Percent Leased	Wtd Occupied Percentage (a)	GAAP Rent (b)	MSA / Property Name	City	State	Square Feet	Percent Leased	Wtd Occupied Percentage (a)	GAAP Rent (b)
South Region							West Region						
Dallas-Fort Worth							Denver						
Legacy Tennyson Center	Plano	TX	207,049	41.1%	60.7%	\$ 15.28	380 Interlocken	Broomfield	CO	240,359	76.0%	73.1%	\$ 33.73
One Legacy Circle	Plano	TX	214,110	56.4%	56.4%	\$ 38.79	1999 Broadway	Denver	CO	680,255	67.2%	70.7%	\$ 33.20
Addison Circle	Addison	TX	289,325	83.7%	83.7%	\$ 31.40	Greenwood Plaza	Englewood	CO	196,236	100.0%	100.0%	\$ 25.21
Collins Crossing	Richardson	TX	300,887	84.4%	83.5%	\$ 27.42	390 Interlocken	Broomfield	CO	241,512	99.4%	99.4%	\$ 33.03
Liberty Plaza	Addison	TX	216,952	74.1%	72.8%	\$ 23.12	1001 17th Street	Denver	CO	655,420	96.0%	95.8%	\$ 37.08
Houston							600 17th Street	Denver	CO	610,730	87.5%	86.3%	\$ 32.26
Park Ten	Houston	TX	157,460	71.7%	71.7%	\$ 31.29	West Region Total			2,624,512	85.3%	85.6%	\$ 33.39
Eldridge Green	Houston	TX	248,399	100.0%	100.0%	\$ 29.01	Total Owned Properties						
Park Ten Phase II	Houston	TX	156,746	95.0%	95.0%	\$ 29.14				9,660,279	81.0%	78.8%	\$ 29.89
Westchase I & II	Houston	TX	629,025	52.4%	52.4%	\$ 28.03							
Miami-Ft. Lauderdale-West Palm Beach													
Blue Lagoon Drive	Miami	FL	213,182	73.1%	48.7%	\$ 26.23							
Atlanta													
One Overton Park	Atlanta	GA	387,267	95.5%	93.2%	\$ 21.58							
One Ravinia	Atlanta	GA	386,602	80.8%	79.3%	\$ 26.49							
Two Ravinia	Atlanta	GA	411,047	68.6%	67.3%	\$ 27.24							
Pershing Plaza	Atlanta	GA	160,145	98.9%	98.9%	\$ 33.67							
999 Peachtree	Atlanta	GA	621,946	84.5%	84.3%	\$ 34.52							
South Region Total			4,600,142	76.2%	75.4%	\$ 28.45							

(a) Weighted Occupied Percentage for the year ended March 31, 2021.

(b) Weighted Average GAAP Rent per Occupied Square Foot.

(c) We define redevelopment properties as properties being developed, redeveloped or where redevelopment is complete, but are in lease-up and that are not stabilized.

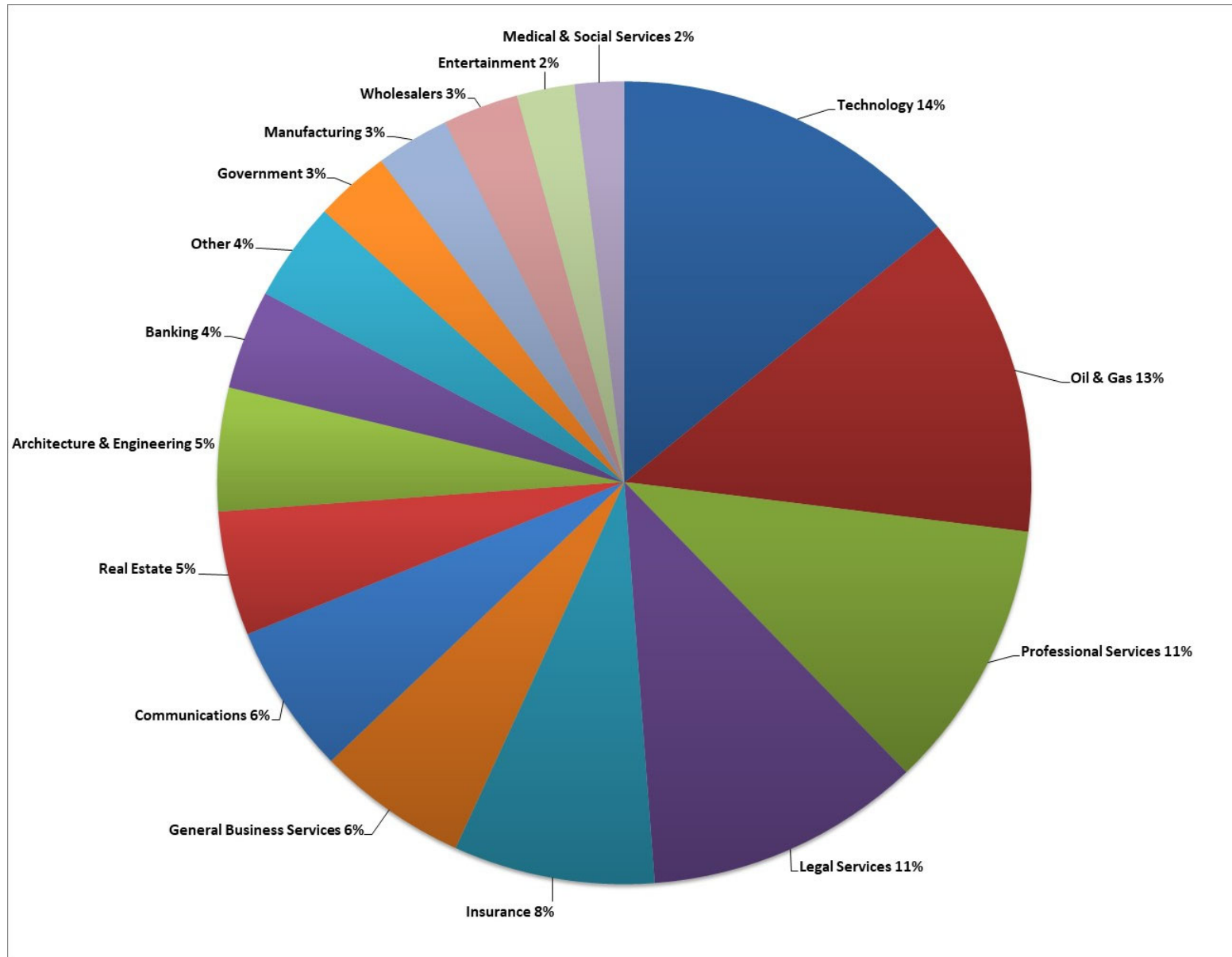


Managed Portfolio Overview

<u>MSA / Property Name</u>	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>MSA / Property Name</u>	<u>City</u>	<u>State</u>	<u>Square Feet</u>
Southeast Region				Midwest Region			
Atlanta				Indianapolis			
Satellite Place	Duluth	GA	134,785	Monument Circle	Indianapolis	IN	213,760
Southeast Region Total				Midwest Region Total			
				Total Managed			
				Total Owned & Managed			

Tenants by Industry

(By Square Feet)





20 Largest Tenants with Annualized Rent and Remaining Term

	Tenant Name	Number of Leases	Remaining Lease Term in Months	Aggregate Leased Square Feet	% of Total Square Feet	Annualized Rent (a)	% of Aggregate Leased Annualized Rent
1	Centene Management Company, LLC (b)	3	111, 111, 111	317,101	3.3%	\$ 5,584,634	2.5%
2	CITGO Petroleum Corporation	1	144	248,399	2.6%	2,923,656	1.3%
3	Ovintiv USA Inc.	1	11	234,495	2.4%	9,967,297	4.5%
4	Eversheds Sutherland (US) LLP	1	61	179,868	1.9%	6,107,389	2.8%
5	EOG Resources, Inc.	1	69	169,167	1.7%	6,175,431	2.8%
6	US Government (c)	2	58, 118	168,573	1.7%	1,265,508	0.6%
7	The Vail Corporation	1	108	164,636	1.7%	5,595,595	2.6%
8	Lennar Homes, LLC (d)	1	192	155,808	1.6%	—	0.0%
9	T-Mobile South, LLC dba T-Mobile	1	53	151,792	1.6%	4,143,922	1.9%
10	Citicorp Credit Services, Inc	1	77	146,260	1.5%	4,766,613	2.2%
11	Jones Day	1	2	140,342	1.5%	4,952,119	2.3%
12	Kaiser Foundation Health Plan	1	38	120,979	1.3%	3,669,785	1.7%
13	Argo Data Resource Corporation (e)	1	30, 113	114,200	1.2%	3,256,984	1.5%
14	Giesecke & Devrient America	1	45	112,110	1.2%	2,180,540	1.0%
15	Randstad General Partner (US) (f)	1	3, 129	111,952	1.2%	29,108	0.0%
16	VMWare, Inc.	1	62	100,853	1.0%	3,456,232	1.6%
17	Deluxe Corporation (g)	1	193	98,922	1.0%	—	0.0%
18	Ping Identity Corp.	1	63	89,856	0.9%	3,529,544	1.6%
19	Common Grounds, LLC (h)	2	123, 138	76,984	0.8%	3,079,379	1.4%
20	Somerset CPAs, P.C. (i)	1	15, 139	71,163	0.7%	1,723,450	0.8%
			Total	2,973,460	30.8%	\$ 72,407,186	33.1%

Footnotes on next page



20 Largest Tenants with Annualized Rent and Remaining Term

Footnotes:

- (a) Annualized rent represents the monthly rent charged, including tenant reimbursements, for each lease in effect at March 31, 2021 multiplied by 12. Tenant reimbursements generally include payment of real estate taxes, operating expenses and common area maintenance and utility charges.
- (b) Includes 70,881 square feet, which commences in 2022 and is currently occupied by another tenant with a lease expiring December 31, 2021.
- (c) Includes 43,573 square feet expiring in 2026. The remaining 125,000 square feet expire in 2031.
- (d) Rent commences on April 1, 2021.
- (e) Includes 28,550 square feet, which expire in 2023. The remaining 85,650 square feet expire in 2030.
- (f) Includes 5,991 square feet, which expire in 2021 and 105,961 square feet, which expire on December 31, 2021.
- (g) Lease commences on July 1, 2021 and rent commences on August 1, 2022.
- (h) Includes 27,478 square feet, which expire in 2031 and 49,506 square feet, which expire in 2032.
- (i) Includes 707 square feet, which expire in 2022 and 70,456 square feet, which expire in 2032.



Leasing Activity

(Owned Portfolio)

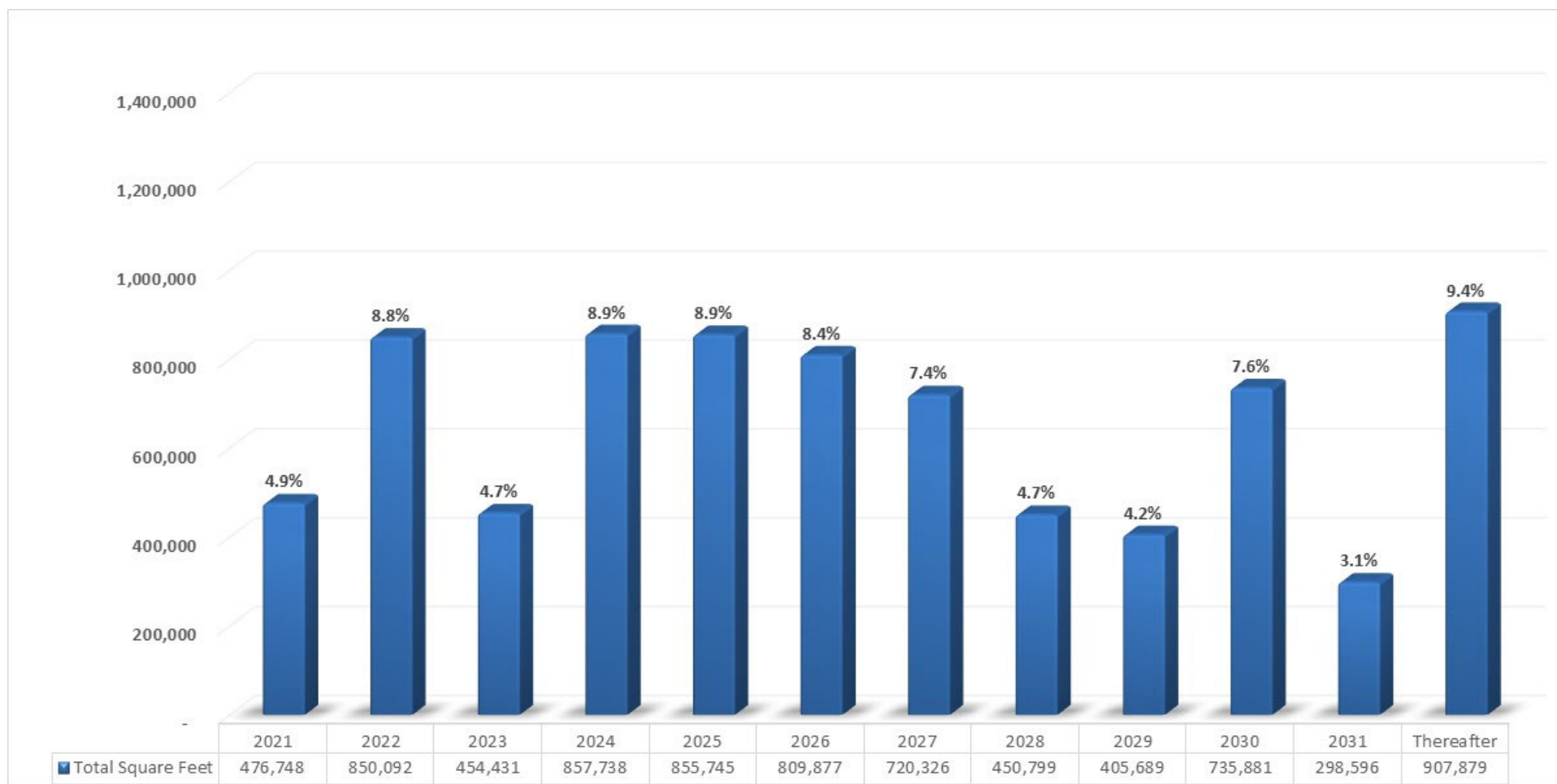
	Three Months Ended		Year Ended	Year Ended
	31-Mar-21	31-Mar-20	31-Dec-20	31-Dec-19
Leasing Activity (a)				
(in Square Feet - SF)				
New leasing	7,000	144,000	368,000	534,000
Renewals and expansions	370,000	136,000	762,000	883,000
	<u>377,000</u>	<u>280,000</u>	<u>1,130,000</u>	<u>1,417,000</u>
Other information per SF				
(Activity on a year-to-date basis)				
GAAP Rents on leasing	\$ 28.46	\$ 31.17	\$ 28.47	\$ 31.78
Weighted average lease term	9.3 Years	6.3 Years	8.3 Years	8.3 Years
Increase or decrease over average GAAP rents in prior year (b)	(1.7)%	10.5%	7.7%	10.9%
Average free rent	9 Months	4 Months	5 Months	3 Months
Tenant Improvements	\$ 18.67	\$ 22.13	\$ 34.07	\$ 34.44
Leasing Costs	\$ 10.23	\$ 7.80	\$ 11.36	\$ 13.51

- (a) Leasing activity includes leasing at redevelopment properties. We define redevelopment properties as properties being developed, redeveloped or where redevelopment is complete, but are in lease-up and that are not stabilized.
- (b) The increase or decrease percentage is calculated by comparing average GAAP rents at properties that had leasing activity in the current year to average GAAP rents at the same properties in the prior year.



Lease Expirations by Square Feet (a)

(Owned Portfolio)



(a) Lease expirations include leases in redevelopment properties. We define redevelopment properties as properties being developed, redeveloped or where redevelopment is complete, but are in lease-up and that are not stabilized.



Lease Expirations with Annualized Rent per Square Foot

(Owned Portfolio)

Year of Lease Expiration December 31,	Number of Leases Expiring Within the Year (a)	Rentable Square Footage Subject to Expiring Leases	Annualized Rent Under Expiring Leases (b)	Annualized Rent Per Square Foot Under Expiring Leases	Percentage of Total Annualized Rent Under Expiring Leases	Cumulative Total
2021	42 (c)	476,748	\$ 14,505,381	\$ 30.43	6.6%	6.6%
2022	79	850,092	31,040,626	36.51	14.2%	20.8%
2023	67	454,431	15,255,345	33.57	7.0%	27.8%
2024	63	857,738	26,957,166	31.43	12.3%	40.1%
2025	57	855,745	25,023,712	29.24	11.5%	51.6%
2026	42	809,877	25,502,867	31.49	11.7%	63.3%
2027	20	720,326	21,639,882	30.04	9.9%	73.2%
2028	19	450,799	11,283,042	25.03	5.2%	78.4%
2029	12	405,689	12,769,334	31.48	5.8%	84.2%
2030	9	735,881	19,180,497	26.06	8.8%	93.0%
2031 and thereafter	73	1,206,475 (d)	15,368,291	12.74	7.0%	100.0%
Leased total	483	7,823,801	\$ 218,526,143	\$ 27.93	100.0%	
Vacancies as of 3/31/21		1,725,009				
Redevelopment properties (e)		111,469				
Total Portfolio Square Footage		9,660,279				

- (a) The number of leases approximates the number of tenants. Tenants with lease maturities in different years are included in annual totals for each lease. Tenants may have multiple leases in the same year. Includes annualized rent from redevelopment properties. We define redevelopment properties as properties being developed, redeveloped or where redevelopment is complete, but are in lease-up and that are not stabilized.
- (b) Annualized rent represents the monthly rent charged, including tenant reimbursements, for each lease in effect at March 31, 2021 multiplied by 12. Tenant reimbursements generally include payment of real estate taxes, operating expenses and common area maintenance and utility charges.
- (c) Includes 3 leases that are month-to-month.
- (d) Includes 117,089 square feet that are non-revenue producing building amenities.
- (e) Redevelopment properties include properties being developed, redeveloped, or where redevelopment is complete, but are in lease-up and that are not stabilized.



Redevelopment Activity

(in 000's except square feet)

<u>Property Name</u>	<u>City</u>	<u>State</u>	<u>Rentable Square Feet</u>	<u>Anticipated Investment (1)</u>	<u>Incurred Through 31-Mar-21</u>	<u>Percent Leased 31-Mar-21</u>	<u>Estimated Completion Date</u>	<u>Estimated Leased Stabilization Date</u>	<u>Estimated Occupied Stabilization Date</u>
Redevelopment in Process									
Stonecroft	Chantilly	VA	111,469	\$ 18,462	\$ 2,281	0.0%	July-21	January-22	December-22
Total Office in Process			111,469	\$ 18,462	\$ 2,281				

(1) Anticipated Investment includes capitalized redevelopment costs, capitalized interest and lease-up costs.



Capital Expenditures

(in thousands)

	For the Three Months Ended 31-Mar-21
Tenant improvements	\$ 4,491
Deferred leasing costs	2,597
Non-investment capex	5,336
Total Capital Expenditures	<u>\$ 12,424</u>

	31-Mar-20	For the Three Months Ended			Year Ended 31-Dec-20
		30-Jun-20	30-Sep-20	31-Dec-20	
Tenant improvements	\$ 10,716	\$ 13,531	\$ 8,022	\$ 837	\$ 33,106
Deferred leasing costs	2,730	603	2,033	7,432	12,798
Non-investment capex	4,527	6,581	6,373	6,105	23,586
Total Capital Expenditures	<u>\$ 17,973</u>	<u>\$ 20,715</u>	<u>\$ 16,428</u>	<u>\$ 14,374</u>	<u>\$ 69,490</u>

First generation leasing and investment capital was \$9.6 million for three months ended March 31, 2021 and \$19.7 million for the year ended December 31, 2020.



Transaction Activity

(in thousands except for Square Feet)

Recent Acquisitions:

	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>Date Acquired</u>	<u>Purchase Price</u>
2016					
Plaza Seven	Minneapolis	MN	325,796	6/6/16	\$ 82,000
Pershing Plaza	Atlanta	GA	160,145	8/10/16	45,450
600 17th Street	Denver	CO	613,527	12/1/16	154,260
2015					
Two Ravinia	Atlanta	GA	442,130	4/8/15	\$ 78,000

Recent Dispositions:

	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>Date Sold</u>	<u>Gross Sale Proceeds</u>	<u>Gain (loss) on Sale</u>
2020						
Emperor Boulevard	Durham	NC	259,531	12/23/20	\$ 89,700	\$ 41,928
2017						
Hillview	Milpitas	CA	36,288	1/6/17	\$ 6,342	\$ 2,289
East Baltimore	Baltimore	MD	325,445	10/20/17	32,547	(20,770)
2016						
Lakeside I	Maryland Heights	MO	127,778	4/5/16	\$ 20,189	\$ 4,154
Federal Way	Federal Way	WA	117,010	12/16/16	7,500	(7,092)
2015						
Willow Bend	Plano	TX	117,050	2/23/15	\$ 20,750	\$ 1,462
Eden Bluff	Eden Prairie	MN	153,028	3/31/15	28,000	9,000
Park Seneca	Charlotte	NC	109,699	5/13/15	8,150	949
Montague	San Jose	CA	145,561	12/9/15	30,250	12,251



Loan Portfolio of Secured Real Estate

(in thousands)

(dollars in thousands, except footnotes)

<u>Sponsored REIT</u>	<u>Location</u>	<u>Maturity Date</u>	<u>Maximum Amount of Loan</u>	<u>Amount Outstanding 31-Mar-21</u>	<u>Interest Rate at 31-Mar-21</u>
Mortgage loan secured by property					
FSP Monument Circle LLC (1)	Indianapolis, IN	6-Dec-22	\$ 21,000	\$ 21,000	7.51%
			<u>\$ 21,000</u>	<u>\$ 21,000</u>	

(1) Includes an origination fee of \$164,000 and an exit fee of \$38,000 when repaid by the borrower.



Net Asset Value Components

(in thousands except per share data)

	As of 31-Mar-21
Total Market Capitalization Values	
Shares outstanding	107,328.2
Closing price	\$ 5.45
Market capitalization	\$ 584,939
Debt	947,500
Total Market Capitalization	<u>\$ 1,532,439</u>

NOI Components

	3 Months Ended 31-Mar-21
Same Store NOI (1)	\$ 29,119
Acquisitions (1) (2)	<u>—</u>
Property NOI (1)	29,119
Full quarter adjustment (3)	<u>—</u>
Stabilized portfolio	<u>\$ 29,119</u>

Financial Statement Reconciliation:	
Rental Revenue	\$ 58,623
Rental operating expenses	(15,939)
Real estate taxes and insurance	(12,366)
NOI from dispositions & redevelopment properties	—
Taxes (4)	(67)
Management & other fees (5)	(1,132)
Property NOI (1)	<u>\$ 29,119</u>

Assets:

Loans outstanding on secured RE	\$ 21,000
Investments in SARs (book basis)	—
Straight-line rent receivable	69,743
Asset held for sale	—
Cash, cash equivalents and restricted cash	4,113
Tenant rent receivables	4,337
Prepaid expenses	3,483
Office computers and furniture	147
Other assets:	
Deferred financing costs, net	4,141
Other assets: Derivative Market Value	—
Other assets - Right-to-Use Asset	1,362
	<u>\$ 108,326</u>

Liabilities:

Debt (excluding contra for unamortized financing costs)	\$ 947,500
Accounts payable & accrued expenses	64,846
Tenant security deposits	8,041
Other liabilities: lease liability	1,444
Other liabilities: derivative liability	13,698
	<u>\$ 1,035,529</u>

Other information:

Leased SF to be FFO producing during 2021 and 2022 (in 000's)	<u>209</u>
Straight-line rental revenue current quarter	<u>\$ 1,904</u>
Management fee income current quarter	\$ 16
Interest income from secured loans	394
Management fees and interest income from loans	<u>\$ 410</u>

Footnotes to the components

(1) See pages 11 & 30 for definitions and reconciliations.

(2) Includes NOI from acquisitions not in Same Store.

(3) Adjustment to reflect property NOI for a full quarter in the quarter acquired, if necessary.

(4) HB3 Tax in Texas is classified as an income tax, though we treat it as a real estate tax in Property NOI.

(5) Management & other fees are eliminated in consolidation but included in Property NOI.



Appendix: Non-GAAP Financial Measure Definitions

Definition of Funds From Operations (“FFO”)

The Company evaluates performance based on Funds From Operations, which we refer to as FFO, as management believes that FFO represents the most accurate measure of activity and is the basis for distributions paid to equity holders. The Company defines FFO as net income or loss (computed in accordance with GAAP), excluding gains (or losses) from sales of property, hedge ineffectiveness, acquisition costs of newly acquired properties that are not capitalized and lease acquisition costs that are not capitalized plus depreciation and amortization, including amortization of acquired above and below market lease intangibles and impairment charges on mortgage loans, properties or investments in non-consolidated REITs, and after adjustments to exclude equity in income or losses from, and, to include the proportionate share of FFO from, non-consolidated REITs.

FFO should not be considered as an alternative to net income or loss (determined in accordance with GAAP), nor as an indicator of the Company’s financial performance, nor as an alternative to cash flows from operating activities (determined in accordance with GAAP), nor as a measure of the Company’s liquidity, nor is it necessarily indicative of sufficient cash flow to fund all of the Company’s needs.

Other real estate companies and the National Association of Real Estate Investment Trusts, or NAREIT, may define this term in a different manner. We have included the NAREIT FFO definition as of May 17, 2016 in the table on page 9 and note that other REITs may not define FFO in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently than we do.

We believe that in order to facilitate a clear understanding of the results of the Company, FFO should be examined in connection with net income or loss and cash flows from operating, investing and financing activities in the consolidated financial statements.



Appendix: Non-GAAP Financial Measure Definitions

Definition of Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) and Adjusted EBITDA

EBITDA is defined as net income or loss plus interest expense, income tax expense and depreciation and amortization expense. Adjusted EBITDA is defined as EBITDA excluding hedge ineffectiveness, gains and losses on sales of properties or shares of equity investments or provisions for losses on assets held for sale or equity investments. EBITDA and Adjusted EBITDA are not intended to represent cash flow for the period, are not presented as an alternative to operating income as an indicator of operating performance, should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP and are not indicative of operating income or cash provided by operating activities as determined under GAAP. EBITDA and Adjusted EBITDA are presented solely as a supplemental disclosure with respect to liquidity because the Company believes it provides useful information regarding the Company's ability to service or incur debt. Because all companies do not calculate EBITDA or Adjusted EBITDA the same way, this presentation may not be comparable to similarly titled measures of other companies. The Company believes that net income or loss is the financial measure calculated and presented in accordance with GAAP that is most directly comparable to EBITDA and Adjusted EBITDA.

Definition of Property Net Operating Income (Property NOI)

The Company provides property performance based on Net Operating Income, which we refer to as NOI. Management believes that investors are interested in this information. NOI is a non-GAAP financial measure that the Company defines as net income or loss (the most directly comparable GAAP financial measure) plus general and administrative expenses, depreciation and amortization, including amortization of acquired above and below market lease intangibles and impairment charges, interest expense, less equity in earnings of nonconsolidated REITs, interest income, management fee income, hedge ineffectiveness, gains or losses on the sale of assets and excludes non-property specific income and expenses. The information presented includes footnotes and the data is shown by region with properties owned in the periods presented, which we call Same Store. The comparative Same Store results include properties held for the periods presented and exclude properties that are redevelopment properties. We also exclude properties that have been placed in service, but that do not have operating activity for all periods presented, dispositions and significant nonrecurring income such as bankruptcy settlements and lease termination fees. We define redevelopment properties as properties being developed, redeveloped or where redevelopment is complete, but are in lease-up and that are not stabilized. NOI, as defined by the Company, may not be comparable to NOI reported by other REITs that define NOI differently. NOI should not be considered an alternative to net income or loss as an indication of our performance or to cash flows as a measure of the Company's liquidity or its ability to make distributions.



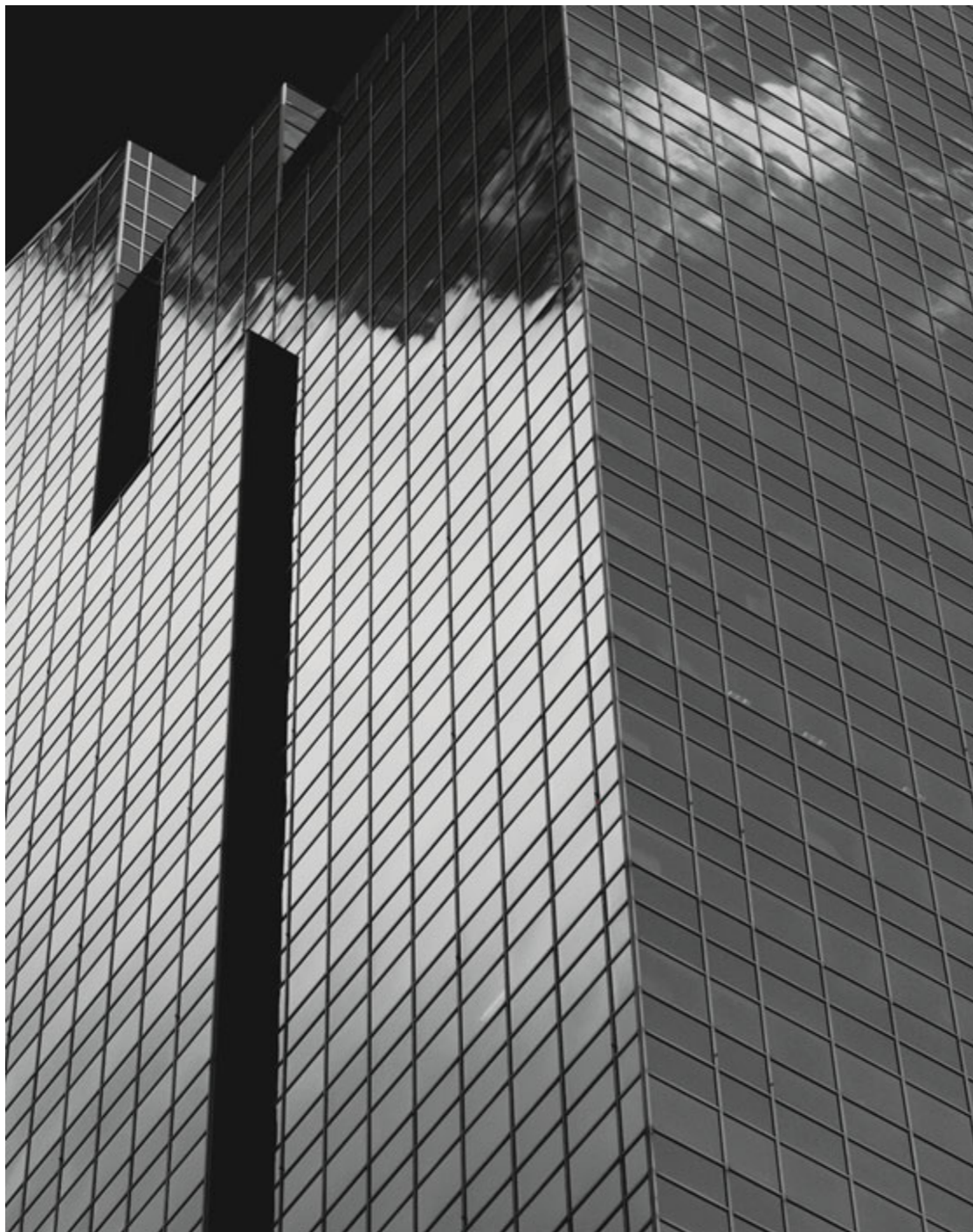
Appendix: Non-GAAP Financial Measure Definitions

Definition of Adjusted Funds From Operations (AFFO)

The Company also evaluates performance based on Adjusted Funds From Operations, which we refer to as AFFO. The Company defines AFFO as (1) FFO, (2) excluding our proportionate share of FFO and including distributions received, from non-consolidated REITs, (3) excluding the effect of straight-line rent, (4) plus the amortization of deferred financing costs, (5) plus the value of shares issued for compensation and (6) less recurring capital expenditures that are generally for maintenance of properties, which we call non-investment capex or are second generation capital expenditures. Second generation costs include re-tenanting space after a tenant vacates, which include tenant improvements and leasing commissions.

We exclude development/redevelopment activities, capital expenditures planned at acquisition and costs to reposition a property. We also exclude first generation leasing costs, which are generally to fill vacant space in properties we acquire or were planned for at acquisition.

AFFO should not be considered as an alternative to net income or loss (determined in accordance with GAAP), nor as an indicator of the Company's financial performance, nor as an alternative to cash flows from operating activities (determined in accordance with GAAP), nor as a measure of the Company's liquidity, nor is it necessarily indicative of sufficient cash flow to fund all of the Company's needs. Other real estate companies may define this term in a different manner. We believe that in order to facilitate a clear understanding of the results of the Company, AFFO should be examined in connection with net income or loss and cash flows from operating, investing and financing activities in the consolidated financial statements.



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