



Franklin Street Properties Corp.
Supplemental Operating & Financial Data

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Third Quarter 2024 Table of Contents

	<i>Page</i>		<i>Page</i>
Company Information	3	Tenant Analysis and Leasing Activity	
Key Financial Data		Tenants by Industry	16
Financial Highlights	4	20 Largest Tenants with Annualized Rent and Remaining Term	17-18
Income Statements	5	Leasing Activity	19
Balance Sheets	6	Lease Expirations by Square Feet	20
Cash Flow Statements	7	Lease Expirations with Annualized Rent per Square Foot	21
Property Net Operating Income (NOI)	8	Capital Expenditures	22
Reconciliation		Disposition Activity	23
FFO & AFFO	9	Loan Portfolio of Secured Real Estate	24
EBITDA	10	Net Asset Value Components	25
Property NOI	11	Appendix: Non-GAAP Financial Measures Definitions	
Debt Summary	12	FFO	26
Capital Analysis	13	EBITDA and NOI	27
Owned and Consolidated Portfolio Overview	14-15	AFFO	28

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 geopolitical events, the long-term effects of the COVID-19 pandemic and wars, terrorist attacks or other acts of violence, which may negatively affect the markets in which we and our tenants operate, inflation rates, 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, changes in government regulations and regulatory uncertainty, uncertainty about governmental fiscal policy 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.



45 South Seventh Street Minneapolis, MN



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 is focused on 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 September 30, 2024, the Company owned a portfolio of real estate consisting of 15 owned properties and one consolidated Sponsored REIT. 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, for geographic, property specific reasons or for other general corporate purposes.

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

Snapshot (as of September 30, 2024)

Corporate Headquarters	Wakefield, MA
Fiscal Year-End	31-Dec
Owned & Consolidated Properties	16
Total Square Feet	5.2 Million
Trading Symbol	FSP
Exchange	NYSE American
Common Shares Outstanding	103,566,715
Total Market Capitalization	\$0.5 Billion (1)
Insider Holdings	6.62%



1420 Peachtree Street NE Atlanta, GA



Summary of Financial Highlights

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

	30-Sep-24	30-Jun-24	31-Mar-24	31-Dec-23	30-Sep-23
Income Items:					
Rental revenue	\$ 29,662	\$ 30,818	\$ 31,225	\$ 34,519	\$ 36,903
Total revenue	29,682	30,830	31,225	34,771	36,903
Net income (loss)	(15,622)	(21,023)	(7,552)	3,575	(45,671)
Adjusted EBITDA*	9,657	10,783	11,113	13,112	13,718
FFO*	2,665	3,721	4,193	6,938	7,509
AFFO*	(1,829)	518	(659)	(4,462)	1,777
Per Share Data:					
Earnings (loss) per share	\$ (0.15)	\$ (0.20)	\$ (0.07)	\$ 0.03	\$ (0.44)
FFO*	\$ 0.03	\$ 0.04	\$ 0.04	\$ 0.07	\$ 0.07
AFFO*	\$ (0.02)	\$ 0.01	\$ (0.01)	\$ (0.04)	\$ 0.02
Weighted Average Shares (diluted)	103,567	103,477	103,430	103,430	103,430
Closing share price	\$ 1.77	\$ 1.53	\$ 2.27	\$ 2.56	\$ 1.85
Dividend declared	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
Balance Sheet Items:					
Real estate, net	\$ 837,349	\$ 840,756	\$ 884,733	\$ 890,824	\$ 921,581
Other assets, net	144,164	171,771	154,230	278,506	230,192
Total assets, net	981,513	1,012,527	1,038,963	1,169,330	1,151,773
Total liabilities, net	316,094	330,450	335,099	456,525	440,447
Shareholders equity	665,419	682,077	703,864	712,805	711,326
Market Capitalization and Debt:					
Total Market Capitalization (a)	\$ 461,000	\$ 461,457	\$ 537,787	\$ 669,782	\$ 586,346
Total debt outstanding (excluding unamortized financing costs)	\$ 277,687	\$ 303,000	\$ 303,000	\$ 405,000	\$ 395,000
Debt to Total Market Capitalization	60.2%	65.7%	56.3%	60.5%	67.4%
Net Debt to Adjusted EBITDA ratio*	6.1	6.3	6.0	5.3	7.0
Owned Properties Leasing Statistics (b):					
Owned properties assets	15	16	16	17	19
Owned properties total SF	4,966,398	5,264,416	5,264,416	5,565,782	5,992,700
Owned properties % leased	70.4%	72.3%	73.3%	74.0%	74.8%

- (a) Total Market Capitalization is the closing share price multiplied by the number of shares outstanding plus total debt outstanding on that date.
(b) Excludes one property known as Monument Circle that was consolidated in our financial statements effective January 1, 2023. Please see the note: Consolidation of Sponsored REIT on page 24 for more information.

* 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 26.



Condensed Consolidated Income Statements

(\$ in thousands, except per share amounts)

	For the Three Months Ended			For the Nine	For the Three Months Ended				For the
	31-Mar-24	30-Jun-24	30-Sep-24	Months Ended 30-Sep-24	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23	Year Ended 31-Dec-23
Revenue:									
Rental	\$ 31,225	\$ 30,818	\$ 29,662	\$ 91,705	\$ 37,767	\$ 36,257	\$ 36,903	\$ 34,519	\$ 145,446
Other	—	12	20	32	—	9	—	252	261
Total revenue	31,225	30,830	29,682	91,737	37,767	36,266	36,903	34,771	145,707
Expenses:									
Real estate operating expenses	11,019	11,027	11,574	33,620	12,690	12,140	12,797	13,105	50,732
Real estate taxes and insurance	5,936	5,727	5,512	17,175	6,973	7,169	7,115	5,943	27,200
Depreciation and amortization	11,625	11,482	10,911	34,018	14,727	14,645	13,408	11,958	54,738
General and administrative	4,159	3,635	3,275	11,069	3,817	3,767	3,265	3,172	14,021
Interest	6,846	7,082	6,585	20,513	5,806	6,084	6,209	6,219	24,318
Total expenses	39,585	38,953	37,857	116,395	44,013	43,805	42,794	40,397	171,009
Loss on extinguishment of debt	(137)	—	(477)	(614)	(67)	—	(39)	—	(106)
Gain on consolidation of Sponsored REIT	—	—	—	—	394	—	—	—	394
Gain (loss) on sale of properties and impairment of assets held for sale, net	(5)	(13,200)	(7,254)	(20,459)	8,392	(806)	(39,671)	8,701	(23,384)
Interest income	1,008	348	340	1,696	—	—	—	567	567
Income (loss) before taxes on income	(7,494)	(20,975)	(15,566)	(44,035)	2,473	(8,345)	(45,601)	3,642	(47,831)
Tax expense on income	58	48	56	162	67	75	70	67	279
Net income (loss)	\$ (7,552)	\$ (21,023)	\$ (15,622)	\$ (44,197)	\$ 2,406	\$ (8,420)	\$ (45,671)	\$ 3,575	\$ (48,110)
Weighted average number of shares outstanding, basic and diluted	103,430	103,477	103,567	103,492	103,236	103,330	103,430	103,430	103,357
Net income (loss) per share, basic and diluted	\$ (0.07)	\$ (0.20)	\$ (0.15)	\$ (0.43)	\$ 0.02	\$ (0.08)	\$ (0.44)	\$ 0.03	\$ (0.47)



Condensed Consolidated Balance Sheets

(in thousands)

	March 31, 2024	June 30, 2024	September 30, 2024	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Assets:							
Real estate assets:							
Land	\$ 110,298	\$ 105,298	\$ 105,298	\$ 130,147	\$ 128,588	\$ 114,298	\$ 110,298
Buildings and improvements	1,137,496	1,086,300	1,090,551	1,367,629	1,362,939	1,183,744	1,133,971
Fixtures and equipment	13,002	10,436	10,776	11,411	11,612	10,377	12,904
	1,260,796	1,202,034	1,206,625	1,509,187	1,503,139	1,308,419	1,257,173
Less accumulated depreciation	376,063	361,278	369,276	413,272	421,180	386,838	366,349
Real estate assets, net	884,733	840,756	837,349	1,095,915	1,081,959	921,581	890,824
Acquired real estate leases, net	5,971	5,306	4,695	9,620	8,828	7,447	6,694
Assets held for sale	38,947	67,823	32,926	—	8,860	132,659	73,318
Cash, cash equivalents and restricted cash	37,779	31,495	42,375	13,110	6,697	13,043	127,880
Tenant rent receivables, net	2,200	2,349	1,349	3,306	1,938	2,854	2,191
Straight-line rent receivable, net	40,357	38,901	38,432	51,703	50,267	43,253	40,397
Prepaid expenses and other assets	4,140	4,064	3,243	6,125	5,648	5,601	4,239
Office computers and furniture, net of accumulated depreciation	106	92	80	145	127	109	123
Deferred leasing commissions, net	24,730	21,741	21,064	33,758	34,985	25,226	23,664
Total assets	\$ 1,038,963	\$ 1,012,527	\$ 981,513	\$ 1,213,682	\$ 1,199,309	\$ 1,151,773	\$ 1,169,330
Liabilities and Stockholders' Equity:							
Liabilities:							
Bank note payable	\$ —	\$ —	\$ —	\$ 75,000	\$ 75,000	\$ 80,000	\$ 90,000
Term loan payable, net of unamortized financing costs	149,169	149,604	137,601	124,365	124,471	114,610	114,707
Series A & Series B Senior Notes	147,340	147,611	135,545	199,547	199,588	199,629	199,670
Accounts payable and accrued expenses	30,099	23,765	32,821	37,720	32,501	36,857	41,879
Accrued compensation	1,196	2,300	3,193	1,189	2,286	3,179	3,644
Tenant security deposits	6,268	6,248	6,120	5,740	5,666	5,631	6,204
Lease liability	953	859	763	655	550	444	334
Acquired unfavorable real estate leases, net	74	63	51	171	153	97	87
Total liabilities	335,099	330,450	316,094	444,387	440,215	440,447	456,525
Commitments and contingencies							
Stockholders' Equity:							
Preferred stock	—	—	—	—	—	—	—
Common stock	10	10	10	10	10	10	10
Additional paid-in capital	1,335,091	1,335,361	1,335,361	1,334,776	1,335,091	1,335,091	1,335,091
Accumulated other comprehensive income	—	—	—	3,544	2,480	1,417	355
Accumulated distributions in excess of accumulated earnings	(631,237)	(653,294)	(669,952)	(569,035)	(578,487)	(625,192)	(622,651)
Total stockholders' equity	703,864	682,077	665,419	769,295	759,094	711,326	712,805
Total liabilities and stockholders' equity	\$ 1,038,963	\$ 1,012,527	\$ 981,513	\$ 1,213,682	\$ 1,199,309	\$ 1,151,773	\$ 1,169,330



Condensed Consolidated Statements of Cash Flows

(in thousands)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (44,197)\$	(51,685)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	36,284	44,705
Amortization of above and below market leases	(17)	(39)
Amortization of other comprehensive income into interest expense	(355)	(2,789)
Shares issued as compensation	270	315
Loss on extinguishment of debt	614	106
Gain on consolidation of Sponsored REIT	—	(394)
Loss on sale of properties and impairment of assets held for sale, net	20,459	32,085
Changes in operating assets and liabilities:		
Tenant rent receivables	842	(653)
Straight-line rents	1,249	427
Lease acquisition costs	(660)	(903)
Prepaid expenses and other assets	314	(644)
Accounts payable and accrued expenses	(4,364)	(2,516)
Accrued compensation	(451)	(465)
Tenant security deposits	(84)	(79)
Payment of deferred leasing commissions	(3,168)	(5,926)
Net cash provided by operating activities	6,736	11,545
Cash flows from investing activities:		
Property improvements, fixtures and equipment	(19,074)	(26,024)
Consolidation of Sponsored REIT	—	3,048
Proceeds received from sales of properties	62,909	37,062
Net cash provided by investing activities	43,835	14,086
Cash flows from financing activities:		
Distributions to stockholders	(3,104)	(3,099)
Proceeds received from termination of interest rate swap	—	4,206
Borrowings under Bank note payable	—	67,000
Repayments of Bank note payable	(22,667)	(35,000)
Repayments of Term loans payable	(41,775)	(50,000)
Repayments of Series A&B Senior Notes	(62,870)	—
Deferred financing costs	(5,660)	(2,327)
Net cash used in financing activities	(136,076)	(19,220)
Net increase (decrease) in cash, cash equivalents and restricted cash	(85,505)	6,411
Cash, cash equivalents and restricted cash, beginning of period	127,880	6,632
Cash, cash equivalents and restricted cash, end of period	\$ 42,375 \$	13,043



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

(in thousands)	Rentable Square Feet or RSF	Three Months Ended			Nine Months Ended	Three Months Ended				Year Ended	Nine Month	%
		31-Mar-24	30-Jun-24	30-Sep-24	30-Sep-24	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23	31-Dec-23	Inc (Dec)	Change
Region												
MidWest	757	1,640	1,665	1,278	4,583	2,239	1,718	1,396	1,656	7,009	(770)	(14.4)%
South	2,069	5,266	5,241	5,087	15,594	5,129	5,251	5,359	5,482	21,221	(145)	(0.9)%
West	2,140	6,204	6,224	6,037	18,465	6,423	6,412	6,505	5,994	25,334	(875)	(4.5)%
Property NOI* from Owned Properties	4,966	13,110	13,130	12,402	38,642	13,791	13,381	13,260	13,132	53,564	(1,790)	(4.4)%
Disposition and Acquisition Properties (a)	214	798	618	(19)	1,397	3,949	3,190	3,344	1,947	12,430	(9,086)	(17.0)%
Property NOI*	5,180	\$ 13,908	\$ 13,748	\$ 12,383	\$ 40,039	\$ 17,740	\$ 16,571	\$ 16,604	\$ 15,079	\$ 65,994	\$ (10,876)	(21.4)%
Same Store		\$ 13,110	\$ 13,130	\$ 12,402	\$ 38,642	\$ 13,791	\$ 13,381	\$ 13,260	\$ 13,132	\$ 53,564	\$ (1,790)	(4.4)%
Less Nonrecurring Items in NOI* (b)		246	255	78	579	1,292	301	485	217	2,295	(1,499)	3.6 %
Comparative Same Store		\$ 12,864	\$ 12,875	\$ 12,324	\$ 38,063	\$ 12,499	\$ 13,080	\$ 12,775	\$ 12,915	\$ 51,269	\$ (291)	(0.8)%

- (a) We define Disposition and Acquisition Properties as properties that were sold or acquired or consolidated and 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 26.



FFO* & AFFO* Reconciliation

(in thousands, except per share amounts)

	Three Months Ended			Nine Months Ended	Three Months Ended				Year Ended
	31-Mar-24	30-Jun-24	30-Sep-24	30-Sep-24	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23	31-Dec-23
Net income (loss)	\$ (7,552)	\$ (21,023)	\$ (15,622)	\$ (44,197)	\$ 2,406	\$ (8,420)	\$ (45,671)	\$ 3,575	\$ (48,110)
(Gain) on consolidation of Sponsored REIT	—	—	—	—	(394)	—	—	—	(394)
(Gain) loss on sale of properties and impairment of assets held for sale, net	5	13,200	7,254	20,459	(8,392)	806	39,671	(8,701)	23,384
Depreciation & amortization	11,619	11,476	10,907	34,002	14,709	14,633	13,400	11,952	54,694
NAREIT FFO*	4,072	3,653	2,539	10,264	8,329	7,019	7,400	6,826	29,574
Lease Acquisition costs	121	68	126	315	78	91	109	112	390
Funds From Operations (FFO)*	\$ 4,193	\$ 3,721	\$ 2,665	\$ 10,579	\$ 8,407	\$ 7,110	\$ 7,509	\$ 6,938	\$ 29,964
Adjusted Funds From Operations (AFFO)*									
Funds From Operations (FFO)*	\$ 4,193	\$ 3,721	\$ 2,665	\$ 10,579	\$ 8,407	\$ 7,110	\$ 7,509	\$ 6,938	\$ 29,964
Loss on extinguishment of debt	137	—	477	614	67	—	39	—	106
Amortization of deferred financing costs	680	818	767	2,265	589	672	665	576	2,502
Shares issued as compensation	—	270	—	270	—	315	—	—	315
Straight-line rent	206	258	785	1,249	(331)	653	106	198	626
Tenant improvements	(2,619)	(2,558)	(4,444)	(9,621)	(3,047)	(4,381)	(3,653)	(5,295)	(16,376)
Leasing commissions	(2,237)	(511)	(421)	(3,169)	(908)	(3,230)	(1,114)	(1,649)	(6,901)
Non-investment capex	(1,019)	(1,480)	(1,658)	(4,157)	(2,967)	(2,042)	(1,775)	(5,230)	(12,014)
Adjusted Funds From Operations (AFFO)*	\$ (659)	\$ 518	\$ (1,829)	\$ (1,970)	\$ 1,810	\$ (903)	\$ 1,777	\$ (4,462)	\$ (1,778)
Per Share Data:									
Earnings (loss) per share	\$ (0.07)	\$ (0.20)	\$ (0.15)	\$ (0.43)	\$ 0.02	\$ (0.08)	\$ (0.44)	\$ 0.03	\$ (0.47)
FFO*	0.04	0.04	0.03	0.10	0.08	0.07	0.07	0.07	0.29
AFFO*	(0.01)	0.01	(0.02)	(0.02)	0.02	(0.01)	0.02	(0.04)	(0.02)
Weighted Average Shares (basic and diluted)	103,430	103,477	103,567	103,492	103,236	103,330	103,430	103,430	103,357

* See Appendix for Non-GAAP Financial Measures Definitions beginning on page 26.



EBITDA* & Adjusted EBITDA* Reconciliation

(in thousands, except ratio amounts)

	Three Months Ended			Nine Months Ended	Three Months Ended				Year Ended
	31-Mar-24	30-Jun-24	30-Sep-24	30-Sep-24	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23	31-Dec-23
Net income (loss)	\$ (7,552)	\$ (21,023)	\$ (15,622)	\$ (44,197)	\$ 2,406	\$ (8,420)	\$ (45,671)	\$ 3,575	\$ (48,110)
Interest expense	6,846	7,082	6,585	20,513	5,806	6,084	6,209	6,219	24,318
Depreciation and amortization	11,619	11,476	10,907	34,002	14,709	14,633	13,400	11,952	54,694
Income taxes	58	48	56	162	67	75	70	67	279
EBITDA*	\$ 10,971	\$ (2,417)	1,926	\$ 10,480	\$ 22,988	\$ 12,372	\$ (25,992)	\$ 21,813	\$ 31,181
Loss on extinguishment of debt	137	—	477	614	67	—	39	—	106
Gain on consolidation of Sponsored REIT	—	—	—	—	(394)	—	—	—	(394)
(Gain) loss on sale of properties and impairment of assets held for sale, net	5	13,200	7,254	20,459	(8,392)	806	39,671	(8,701)	23,384
Adjusted EBITDA*	\$ 11,113	\$ 10,783	\$ 9,657	\$ 31,553	\$ 14,269	\$ 13,178	\$ 13,718	\$ 13,112	\$ 54,277
Interest expense	\$ 6,846	\$ 7,082	\$ 6,585	\$ 20,513	\$ 5,806	\$ 6,084	\$ 6,209	\$ 6,219	\$ 24,318
Scheduled principal payments	—	—	—	—	—	—	—	—	—
Interest and scheduled principal payments	\$ 6,846	\$ 7,082	\$ 6,585	\$ 20,513	\$ 5,806	\$ 6,084	\$ 6,209	\$ 6,219	\$ 24,318
Interest coverage ratio	1.62	1.52	1.47	1.54	2.46	2.17	2.21	2.11	2.23
Debt service coverage ratio	1.62	1.52	1.47	1.54	2.46	2.17	2.21	2.11	2.23
Debt excluding unamortized financing costs	\$ 303,000	\$ 303,000	\$ 277,687		\$ 400,000	\$ 400,000	\$ 395,000	\$ 405,000	
Cash, cash equivalents and restricted cash	37,779	31,495	42,375		13,110	6,697	13,043	127,880	
Net Debt (Debt less Cash, cash equivalents and restricted cash)	\$ 265,221	\$ 271,505	\$ 235,312		\$ 386,890	\$ 393,303	\$ 381,957	\$ 277,120	
Adjusted EBITDA*	\$ 11,113	\$ 10,783	\$ 9,657		\$ 14,269	\$ 13,178	\$ 13,718	\$ 13,112	
Annualized	\$ 44,452	\$ 43,132	\$ 38,628		\$ 57,076	\$ 52,712	\$ 54,872	\$ 52,448	
Net Debt-to-Adjusted EBITDA ratio*	6.0	6.3	6.1		6.8	7.5	7.0	5.3	

* See Appendix for Non-GAAP Financial Measures Definitions beginning on page 26.



Reconciliation of Net Income (Loss) to Property NOI*

(in thousands)

	Three Months Ended			Nine Months Ended	Three Months Ended				Year Ended
	31-Mar-24	30-Jun-24	30-Sep-24		30-Sep-24	31-Mar-23	30-Jun-23	30-Sep-23	
Net income (loss)	\$ (7,552)	\$ (21,023)	\$ (15,622)	\$ (44,197)	\$ 2,406	\$ (8,420)	\$ (45,671)	\$ 3,575	\$ (48,110)
Add (deduct):									
Loss on extinguishment of debt	137	—	477	614	67	—	39	—	106
Gain on consolidation of Sponsored REIT	—	—	—	—	(394)	—	—	—	(394)
(Gain) loss on sale of properties and impairment of assets held for sale, net	5	13,200	7,254	20,459	(8,392)	806	39,671	(8,701)	23,384
Management fee income	(462)	(443)	(422)	(1,327)	(374)	(427)	(460)	(446)	(1,707)
Depreciation and amortization	11,625	11,482	10,911	34,018	14,727	14,645	13,409	11,957	54,738
Amortization of above/below market leases	(6)	(6)	(5)	(17)	(18)	(12)	(9)	(6)	(45)
General and administrative	4,159	3,635	3,275	11,069	3,817	3,768	3,265	3,171	14,021
Interest expense	6,846	7,082	6,585	20,513	5,806	6,084	6,209	6,219	24,318
Interest income	(1,008)	(348)	(340)	(1,696)	—	—	—	(567)	(567)
Non-property specific items, net	164	169	270	603	95	127	151	(123)	250
Property NOI*	\$ 13,908	\$ 13,748	\$ 12,383	\$ 40,039	\$ 17,740	\$ 16,571	\$ 16,604	\$ 15,079	\$ 65,994

* See Appendix for Non-GAAP Financial Measures Definitions beginning on page 26.



Debt Summary

(in thousands)

	<u>Maturity Date</u>	<u>Outstanding Balance at: 30-Sep-24</u>	<u>Interest Rate (a) Components</u>	<u>Interest Rate at 30-Sep-24</u>
BofA Term Loan	1-Apr-26	\$ 61,708	SOFR + 3.00%	8.00%
BMO Term Loan Tranche B	1-Apr-26	78,850	SOFR + 3.00%	8.00%
Series A Senior Notes	1-Apr-26	79,535		8.00%
Series B Senior Notes	1-Apr-26	57,595		8.00%
		<u>\$ 277,688</u>		<u>8.00%</u>

- The table above is a summary of our debt as of September 30, 2024. Additional information on our debt can be found in our Quarterly Report on Form 10-Q for the three and nine month periods ended September 30, 2024, which may be updated in our future Quarterly Reports on Form 10-Q, on file with the U.S. Securities and Exchange Commission.
- On February 8, 2023, we terminated all remaining interest rate swaps applicable to the BMO Term Loan and, on February 10, 2023, we received an aggregate of approximately \$4.3 million as a result of such terminations.
- On February 21, 2024, we entered into an amendment to the credit agreement evidencing our BMO Term Loan Tranche B. On February 21, 2024, as part of the amendment to the credit agreement, we repaid a \$29.0 million portion of the BMO Term Loan, so that \$86.0 million of the principal amount remains outstanding. The amendment, among other items, extended the maturity date from October 1, 2024 to April 1, 2026.
- On February 21, 2024, we entered into an amendment to the credit agreement evidencing our BofA Revolver. On February 21, 2024, as part of the amendment to the revolving line of credit agreement, we repaid a \$22.7 million portion of the \$90 million then outstanding, so that \$67.3 million of the principal amount remained outstanding. The amendment, among other items, extended the maturity date from October 1, 2024 to April 1, 2026 and converted the revolving loan to a term loan.
- On February 21, 2024, we entered into an amendment to the note purchase agreement evidencing our \$200 million of Senior Notes. On February 21, 2024, as part of the amendment to the note purchase agreement, we repaid a \$29.2 million portion of the Series A Notes, so that \$86.8 million of the principal amount remained outstanding. On February 21, 2024, as part of the amendment to note purchase agreement, we repaid a \$21.2 million portion of the Series B Notes, so that \$62.8 million of the principal amount remained outstanding. The amendment, among other items, changed the maturity date applicable to the Series A Notes from December 20, 2024 to April 1, 2026, and changed the maturity date applicable to the Series B Notes from December 20, 2027 to April 1, 2026.
- On July 8, 2024, we sold a property located in Glen Allen, Virginia for a gross sales price of \$31 million and on July 10, 2024, we used approximately \$25.3 million of net proceeds to repay our outstanding debt pari passu based on principal amounts then outstanding, resulting in the debt that remains outstanding included in the table above.
- Subsequent to September 30, 2024, on October 23, 2024, we sold a property located in Atlanta, Georgia for a gross selling price of \$34 million and on October 25, 2024, we used approximately \$27.4 million of net proceeds to repay our outstanding debt pari passu based on principal amounts then outstanding.
- 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 future annualized amount of the amortization included in interest expense will be approximately \$3.0 million.

(a) Interest rates exclude amortization of deferred financing costs.



Capital Analysis

(in thousands, except per share amounts)

	31-Mar-24	30-Jun-24	30-Sep-24	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23
Market Data:							
Shares Outstanding	103,430	103,567	103,567	103,236	103,430	103,430	103,430
Closing market price per share	\$ 2.27	\$ 1.53	\$ 1.77	\$ 1.57	\$ 1.45	\$ 1.85	\$ 2.56
Market capitalization	\$ 234,787	\$ 158,457	\$ 183,313	\$ 162,080	\$ 149,974	\$ 191,346	\$ 264,782
Total debt outstanding excluding unamortized financing costs	303,000	303,000	277,687	400,000	400,000	395,000	405,000
Total Market Capitalization	\$ 537,787	\$ 461,457	\$ 461,000	\$ 562,080	\$ 549,974	\$ 586,346	\$ 669,782
Dividend Data:							
Total dividends declared for the quarter	\$ 1,034	\$ 1,034	\$ 1,036	\$ 1,033	\$ 1,032	\$ 1,034	\$ 1,034
Common dividend declared per share	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
Declared dividend as a % of Net income (loss) per share	(14)%	(5)%	(7)%	43%	(12)%	(2)%	29%
Declared dividend as a % of AFFO* per share	(157)%	200%	(57)%	57%	(114)%	58%	(23)%
Liquidity:							
Cash, cash equivalents and restricted cash	\$ 37,779	\$ 31,495	\$ 42,375	\$ 13,110	\$ 6,697	\$ 13,043	\$ 127,880
Revolver (converted to Term Loan 2/21/24):							
Gross potential available under the BofA Revolver	—	—	—	150,000	150,000	150,000	125,000
Less:							
Outstanding balance	—	—	—	(75,000)	(75,000)	(80,000)	(90,000)
Total Liquidity	\$ 37,779	\$ 31,495	\$ 42,375	\$ 88,110	\$ 81,697	\$ 83,043	\$ 162,880

* See page 9 for a reconciliation of Net Income (Loss) to AFFO and the Appendix for Non-GAAP Financial Measures Definitions beginning on page 26.



Owned & Consolidated Portfolio Overview

	As of the Quarter Ended				
	<u>30-Sep-24</u>	<u>30-Jun-24</u>	<u>31-Mar-24</u>	<u>31-Dec-23</u>	<u>30-Sep-23</u>
Total Owned Properties:					
Number of properties (a)	15	16	16	17	19
Square feet	4,966,398	5,264,416	5,264,416	5,565,782	5,992,700
Leased percentage	70.4%	72.3%	73.3%	74.0%	74.8%
Consolidated Property - Single Asset REIT (SAR):					
Number of properties	1	1	1	1	1
Square feet	213,760	213,760	213,760	213,760	213,760
Leased percentage	4.1%	4.1%	4.1%	4.1%	4.1%
Total Owned and Consolidated Properties:					
Number of properties	16	17	17	18	20
Square feet	5,180,158	5,478,176	5,478,176	5,779,542	6,206,460
Leased percentage	67.7%	69.7%	70.6%	71.5%	72.4%

(a) Includes properties that were classified as assets held for sale.



Owned & Consolidated Portfolio Overview

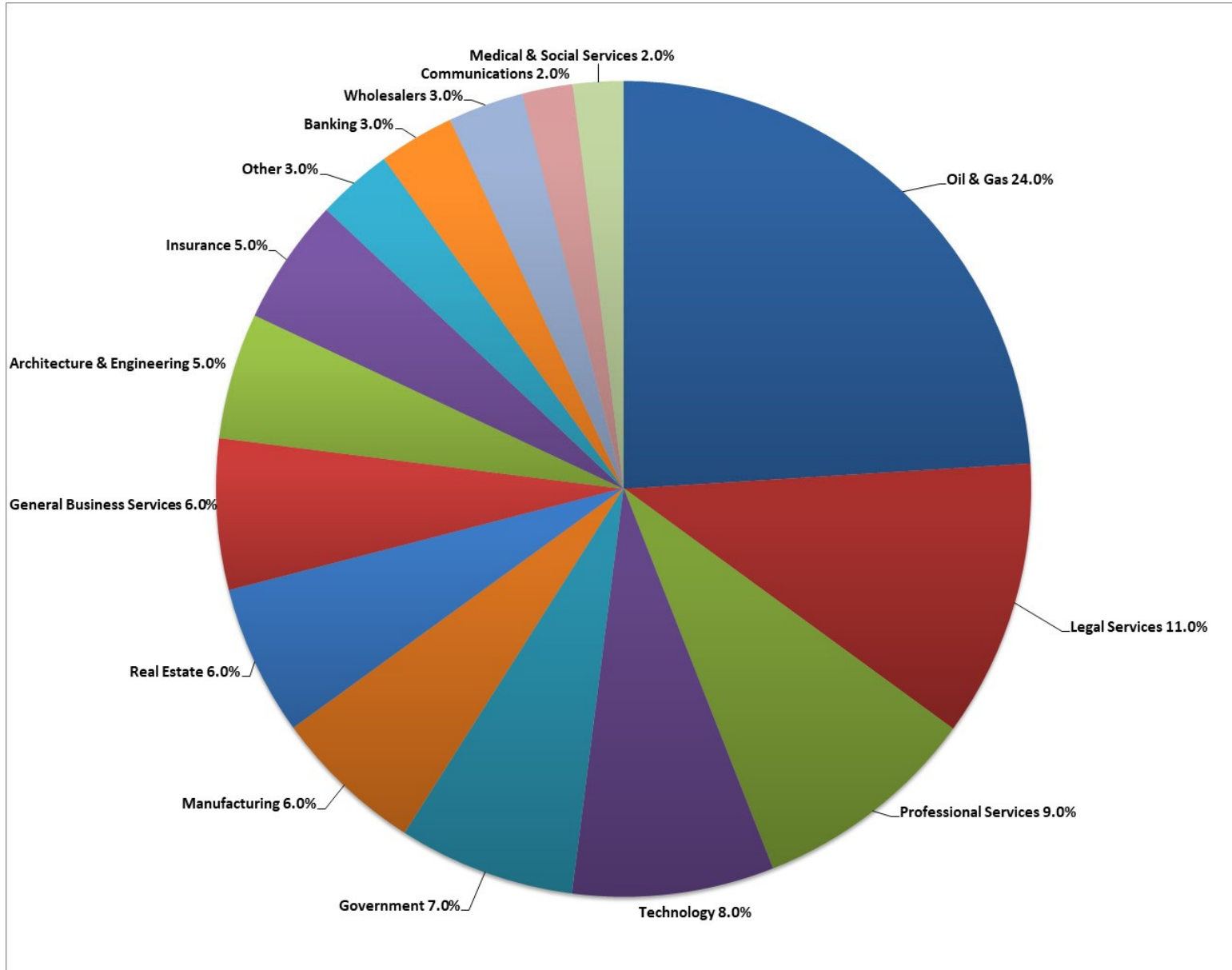
MSA / Property Name	City	State	Square Feet	Percent Leased	Wtd Occupied Percentage (a)	GAAP Rent (b)	MSA / Property Name	City	State	Square Feet	Percent Leased	Wtd Occupied Percentage (a)	GAAP Rent (b)
South Region							Midwest Region						
Dallas-Fort Worth							Minneapolis						
Legacy Tennyson Center	Plano	TX	209,562	51.0%	52.1%	\$ 30.70	121 South 8th Street	Minneapolis	MN	297,541	72.4%	76.9%	\$ 25.90
Addison Circle	Addison	TX	289,333	79.4%	79.4%	35.18	801 Marquette Ave	Minneapolis	MN	129,691	91.8%	91.8%	25.56
Liberty Plaza	Addison	TX	217,841	75.9%	75.0%	26.18	Plaza Seven	Minneapolis	MN	330,096	53.8%	58.3%	29.97
Houston							Indianapolis, IN						
Park Ten	Houston	TX	157,609	82.1%	76.6%	29.18	Monument Circle (d)	Indianapolis	IN	213,760	4.1%	4.1%	33.16
Eldridge Green	Houston	TX	248,399	100.0%	100.0%	26.83	Midwest Region Total			971,088	53.6%	56.6%	\$ 27.36
Park Ten Phase II	Houston	TX	156,746	66.9%	82.5%	29.88	West Region						
Westchase I & II	Houston	TX	629,025	68.8%	61.5%	27.74	Denver						
Atlanta							1999 Broadway						
Pershing Plaza (c)	Atlanta	GA	160,145	79.8%	79.8%	39.55	Greenwood Plaza	Denver	CO	682,639	50.7%	51.0%	\$ 35.26
South Region Total							1001 17th Street						
			2,068,660	74.7%	73.3%	\$ 30.06	600 17th Street	Englewood	CO	196,236	65.0%	65.4%	30.10
								Denver	CO	649,400	76.5%	71.1%	38.47
								Denver	CO	612,135	76.7%	78.0%	34.80
							West Region Total						
										2,140,410	67.3%	66.2%	\$ 35.68
							Total Owned & Consolidated Properties						
										5,180,158	67.7%	67.2%	\$ 31.92

- (a) Weighted Occupied Percentage for the nine months ended September 30, 2024.
- (b) Weighted Average GAAP Rent per Occupied Square Foot.
- (c) Property was classified as an asset held for sale as of September 30, 2024.
- (d) Consolidated as of January 1, 2023, held by Single Asset REIT (SAR).



Tenants by Industry

(Owned and Consolidated Properties by Square Feet)





20 Largest Tenants with Annualized Rent and Remaining Term

(Owned and Consolidated Properties)

	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	CITGO Petroleum Corporation	1	102	248,399	4.8%	\$ 7,384,902	6.4%
2	EOG Resources, Inc.	1	27	169,167	3.3%	6,392,821	5.6%
3	US Government (b)	2	16, 76	168,573	3.2%	6,468,376	5.6%
4	Kaiser Foundation Health Plan, Inc.	1	56	120,979	2.3%	3,911,586	3.4%
5	Swift, Currie, McGhee & Hiers, LLP	1	108	101,296	2.0%	4,313,600	3.8%
6	Deluxe Corporation	1	154	98,922	1.9%	3,023,518	2.6%
7	Ping Identity Corp.	1	21	89,856	1.7%	3,583,457	3.1%
8	Permian Resources Operating, LLC	1	85	67,856	1.3%	2,864,433	2.5%
9	Hall and Evans LLC	1	59	65,878	1.3%	2,712,080	2.4%
10	Cyxtera Management, Inc.	1	64	61,826	1.2%	2,435,326	2.1%
11	Precision Drilling (US) Corporation	1	44	59,569	1.1%	2,103,977	1.8%
12	PwC US Group	1	52	54,334	1.1%	1,908,210	1.7%
13	Olin Corporation	1	66	54,080	1.0%	1,766,794	1.5%
14	Coresite, LLC	1	134	49,518	1.0%	1,909,909	1.7%
15	Schwegman, Lundberg & Woessner, P.A.	1	40	46,269	0.9%	1,406,279	1.2%
16	Invenergy, LLC. (c)	2	4, 132	42,505	0.8%	299,647	0.3%
17	Ark-La-Tex Financial Services, LLC.	1	30	41,011	0.8%	1,525,038	1.3%
18	Chevron U.S.A., Inc.	1	35	35,088	0.7%	1,435,099	1.3%
19	Caerus Operating, LLC.	1	101	34,063	0.7%	1,399,989	1.2%
20	CarOffer, LLC.	1	64	30,913	0.6%	1,125,852	1.0%
			Total	1,640,102	31.7%	\$ 57,970,893	50.5%

Footnotes on next page



20 Largest Tenants with Annualized Rent and Remaining Term (Owned and Consolidated Properties)

Footnotes:

- (a) Annualized rent represents the monthly rent charged, including tenant reimbursements, for each lease in effect at September 30, 2024 multiplied by 12. Tenant reimbursements generally include payment of real estate taxes, operating expenses and common area maintenance and utility charges.
- (b) Includes 43,573 square feet expiring in 2026. The remaining 125,000 square feet expire in 2031.
- (c) Includes 7,417 square feet expiring in 2025; 28,013 square feet commencing on December 15, 2024 with rent commencing on April 15, 2026; 3,146 square feet commencing on January 1, 2027 and 3,929 square feet commencing on January 1, 2028.



Leasing Activity

(Owned and Consolidated Properties)

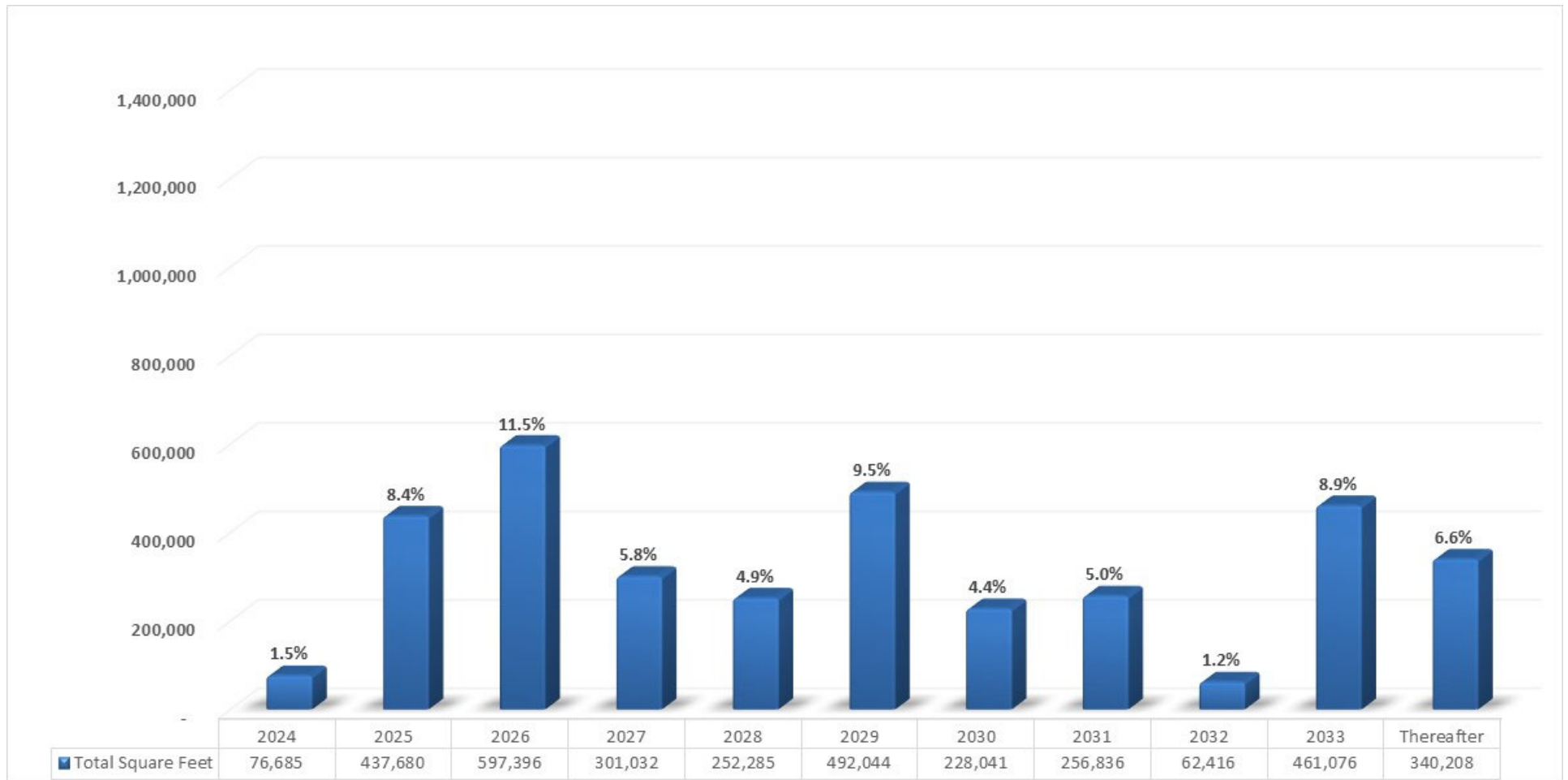
	Nine Months Ended		Year	Year
	30-Sep-24	30-Sep-23	Ended 31-Dec-23	Ended 31-Dec-22
Leasing Activity (in Square Feet - SF)				
New leasing	122,000	206,000	228,000	275,000
Renewals and expansions	242,000	365,000	478,000	160,000
	<u>364,000</u>	<u>571,000</u>	<u>706,000</u>	<u>435,000</u>
Other information per SF (Activity on a year-to-date basis)				
GAAP Rents on leasing	\$ 29.94	29.35	\$ 29.71	\$ 33.27
Weighted average lease term	5.4 Years	6.3 Years	6.8 Years	6.4 Years
Increase over average GAAP rents in prior year (a)	10.9%	7.2%	7.4%	10.6%
Average free rent	4 Months	5 Months	6 Months	6 Months
Tenant Improvements	\$ 25.30	20.13	\$ 22.42	\$ 31.86
Leasing Costs	\$ 7.83	9.92	\$ 10.56	\$ 11.80

(a) 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

(Owned and Consolidated Properties)





Lease Expirations with Annualized Rent per Square Foot (SF)

(Owned and Consolidated Properties)

Year of Lease Expiration December 31,	Number of Leases Expiring Within the Year (a)	Rentable Square Footage Subject to Expiring Leases (e)	Annualized Rent Under Expiring Leases (b)	Annualized Rent Per Square Foot Under Expiring Leases	Percentage of Total Annualized Rent Under Expiring Leases	Cumulative Total
2024	9 (c)	76,685	\$ 2,456,871	\$ 32.04	2.1%	2.1%
2025	55	437,680	14,784,725	33.78	12.9%	15.0%
2026	42	597,396	21,452,861	35.91	18.7%	33.7%
2027	29	301,032	10,672,214	35.45	9.3%	43.0%
2028	22	252,285	8,183,099	32.44	7.1%	50.1%
2029	32	492,044	14,997,926	30.48	13.1%	63.2%
2030	12	228,041	7,685,617	33.70	6.7%	69.9%
2031	8	256,836	9,460,926	36.84	8.3%	78.2%
2032	6	62,416	237,460	3.80	0.2%	78.4%
2033	7	461,076	15,860,427	34.40	13.8%	92.2%
2034 and thereafter	27	340,208 (d)	8,912,013	26.20	7.8%	100.0%
Leased total	249	3,505,699	\$ 114,704,139	\$ 32.72	100.0%	
Owned property vacant SF		1,469,414				
Monument Circle vacant SF (e)		205,045				
Total Portfolio Square Footage		<u>5,180,158</u>				

- (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.
- (b) Annualized rent represents the monthly rent charged, including tenant reimbursements, for each lease in effect at September 30, 2024 multiplied by 12. Tenant reimbursements generally include payment of real estate taxes, operating expenses and common area maintenance and utility charges.
- (c) Includes 2 leases that are month-to-month.
- (d) Includes 53,387 square feet that are non-revenue producing building amenities.
- (e) Includes one property known as Monument Circle that was consolidated in our financial statements effective January 1, 2023. Please see the note: Consolidation of Sponsored REIT on page 24 for more information.



Capital Expenditures

(Owned and Consolidated Properties)

(in thousands)

	For the Three Months Ended			Nine Months Ended
	31-Mar-24	30-Jun-24	30-Sep-24	30-Sep-24
Tenant improvements	\$ 2,619	\$ 2,558	\$ 4,444	\$ 9,621
Deferred leasing costs	2,237	511	421	3,169
Non-investment capex	1,019	1,480	1,658	4,157
Total Capital Expenditures	<u>\$ 5,875</u>	<u>\$ 4,549</u>	<u>\$ 6,523</u>	<u>\$ 16,947</u>

	For the Three Months Ended				Year Ended
	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23	31-Dec-23
Tenant improvements	\$ 3,047	\$ 4,381	\$ 3,653	\$ 5,295	\$ 16,376
Deferred leasing costs	908	3,230	1,114	1,649	6,901
Non-investment capex	2,967	2,042	1,775	5,230	12,014
Total Capital Expenditures	<u>\$ 6,922</u>	<u>\$ 9,653</u>	<u>\$ 6,542</u>	<u>\$ 12,174</u>	<u>\$ 35,291</u>

First generation leasing and investment capital was \$0 for the nine months ended September 30, 2024 and \$1.5 million for the year ended December 31, 2023.



Disposition Activity

(in thousands except for Square Feet)

Recent Dispositions:

	City	State	Square Feet	Date Sold	Gross Sale Proceeds	Gain (loss) on Sale
2024						
Collins Crossing	Richardson	TX	300,887	1/26/24	\$ 35,000	\$ (2,145)
Innsbrook	Glenn Allen	VA	298,183	7/8/2024	31,000	(13,248)
2023						
Northwest Point	Elk Grove	IL	177,095	3/10/23	\$ 29,125	\$ 8,391
Forest Park	Charlotte	NC	64,198	8/9/23	9,200	(844)
Liberty Plaza (a)	Addison	TX	n/a	8/23/23	157	53
One Legacy Circle	Plano	TX	214,110	10/26/23	48,000	10,558
Blue Lagoon Drive	Miami	FL	213,182	12/6/23	68,000	(18,872)
2022						
380 Interlocken	Broomfield	CO	240,359	8/31/22	\$ 42,000	\$ 5,665
390 Interlocken	Broomfield	CO	241,512	8/31/22	60,500	18,412
909 Davis	Evanston	IL	195,098	12/28/22	27,750	3,359
2021						
One Ravinia	Atlanta	GA	386,602	5/27/21	\$ 74,879	\$ 29,075
Two Ravinia	Atlanta	GA	411,047	5/27/21	71,771	29
One Overton Park	Atlanta	GA	387,267	5/27/21	72,850	(6,336)
Loudoun Tech Center	Dulles	VA	136,658	6/29/21	17,250	(2,148)
River Crossing	Indianapolis	IN	205,729	8/31/21	35,050	(1,734)
Timberlake	Chesterfield	MO	234,496	9/23/21	44,667	6,184
Timberlake East	Chesterfield	MO	117,036	9/23/21	22,333	4,111
999 Peachtree	Atlanta	GA	621,946	10/22/21	223,900	86,766
Meadow Point	Chantilly	VA	138,537	11/16/21	25,500	1,878
Stonecroft	Chantilly	VA	111,469	11/16/21	14,500	(4,768)
2020						
Emperor Boulevard	Durham	NC	259,531	12/23/20	\$ 89,700	\$ 41,928

(a) Conveyance of approximately 7,826 square feet of land as part of a road revitalization project.



Loan Portfolio of Secured Real Estate

(in thousands)

(dollars in thousands, except footnotes)

Sponsored REIT	Location	Maturity Date	Maximum Amount of Loan	Amount Outstanding 30-Sep-24	Interest Rate at 30-Sep-24
Mortgage loan secured by property					
FSP Monument Circle LLC (1)	Indianapolis, IN	30-Sep-25	\$ 24,000	\$ 24,000	7.51%
			<u>\$ 24,000</u>	<u>\$ 24,000</u>	

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

On September 27, 2024, the maturity date of this mortgage loan was extended to September 30, 2025. The mortgage loan is secured by the property and has been eliminated in consolidation, which is explained below.

Consolidation of Sponsored REIT

As of January 1, 2023, we consolidated Monument Circle into our financial statements. On October 29, 2021, we agreed to amend and restate our existing loan to Monument Circle that is secured by a mortgage on real estate owned by Monument Circle, which we refer to as the Sponsored REIT Loan. The amended and restated Sponsored REIT Loan extended the maturity date from December 6, 2022 to June 30, 2023 (and was further extended to September 30, 2023 on June 26, 2023), increased the aggregate principal amount of the loan from \$21 million to \$24 million, and included certain other modifications. On September 26, 2023, the maturity date of this mortgage loan was extended to September 30, 2024 and on September 27, 2024, further extended to September 30, 2025. In consideration of our agreement to amend and restate the Sponsored REIT Loan, we obtained from the stockholders of Monument Circle the right to vote their shares in favor of any sale of the property owned by Monument Circle any time on or after January 1, 2023. As a result of our obtaining this right to vote shares, GAAP variable interest entity (VIE) rules required us to consolidate Monument Circle as of January 1, 2023. A gain on consolidation of approximately \$0.4 million was recognized in the three months ended March 31, 2023.

Additional information about the consolidation of Monument Circle can be found in Note 1, "Organization, Properties, Basis of Presentation, Financial Instruments, and Recent Accounting Standards – Variable Interest Entities (VIEs)" and Note 2, "Related Party Transactions and Investments in Non-Consolidated Entities - Management fees and interest income from loans", in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2023.



Net Asset Value Components

(in thousands except per share data)

	As of 30-Sep-24	Assets:		Other information:
Total Market Capitalization Values		Straight-line rent receivable	\$ 38,432	Leased SF to be FFO producing
Shares outstanding	103,566.7	Assets held for sale	32,926	during 2024-2028 (in 000's) 82
Closing price	\$ 1.77	Cash, cash equivalents and restricted cash	42,375	
Market capitalization	\$ 183,313	Tenant rent receivables	1,349	Straight-line rental revenue current quarter \$ (785)
Debt	277,687	Prepaid expenses	2,479	
Total Market Capitalization	\$ 461,000	Office computers and furniture	80	
		Other assets:		
		Deferred financing costs, net	4,541	
	3 Months	Other assets - Right-to-Use Asset	764	
	Ended		\$ 122,946	
	30-Sep-24			
NOI Components				
Same Store NOI (1)	\$ 12,402			
Acquisitions (1) (2)	—	Liabilities:		
Property NOI (1)	12,402	Debt (excluding contra for unamortized financing costs)	\$ 277,687	Footnotes to the components
Full quarter adjustment (3)	—	Accounts payable & accrued expenses	36,014	(1) See pages 11 & 30 for definitions and reconciliations.
Stabilized portfolio	\$ 12,402	Tenant security deposits	6,120	(2) Includes NOI from acquisitions not in Same Store.
		Other liabilities: lease liability	763	(3) Adjustment to reflect property NOI for a full quarter in the quarter acquired, if necessary.
			\$ 320,584	(4) HB3 Tax in Texas is classified as an income tax, though we treat it as a real estate tax in Property NOI.
Financial Statement Reconciliation:				(5) Management & other fees are eliminated in consolidation but included in Property NOI.
Rental Revenue	\$ 29,662			
Rental operating expenses	(11,574)			
Real estate taxes and insurance	(5,512)			
NOI from dispositions & acquisition properties	19			
Taxes (4)	(56)			
Management & other fees (5)	(137)			
Property NOI (1)	\$ 12,402			



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 or losses on extinguishment of debt, 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 extinguishment of debt, 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 all periods presented. We also exclude properties that have been acquired, consolidated or 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. 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 loss on extinguishment of debt that is non-cash, (3) excluding our proportionate share of FFO and including distributions received, from non-consolidated REITs, (4) excluding the effect of straight-line rent, (5) plus the amortization of deferred financing costs, (6) plus the value of shares issued as compensation and (7) 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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