
**Franklin Street Properties Corp. Announces
Third Quarter 2022 Results**

Wakefield, MA—November 1, 2022—Franklin Street Properties Corp. (the “Company”, “FSP”, “we” or “our”) (NYSE American: FSP), a real estate investment trust (REIT), announced its results for the third quarter ended September 30, 2022.

George J. Carter, Chairman and Chief Executive Officer, commented as follows:

“As the fourth quarter of 2022 begins, we continue to believe that the current price of our common stock does not accurately reflect the value of our underlying real estate assets. Our primary objectives for 2022 remain twofold: We will seek to increase shareholder value (1) through the potential sale of select properties where we believe that short to intermediate term valuation potential has been reached and (2) by striving to increase occupancy in our continuing portfolio of real estate. We intend to use proceeds from any potential future property dispositions for debt reduction, repurchases of our common stock, dividends, and other general corporate purposes.

We believe that current economic conditions, office market conditions, geopolitical events and other factors have negatively impacted access to both debt and equity capital for potential purchasers of office properties. This volatility in the capital markets has created funding uncertainty among potential purchasers and has generally resulted in longer periods of time to close dispositions. As a result, at this time, we are updating our property disposition guidance for full-year 2022 to be in the range of approximately \$102.5 million to \$200 million in aggregate gross proceeds compared to our previously estimated range of \$200 million to \$300 million. We are currently working with identified potential purchasers on new potential dispositions that would result in approximately \$180 million in aggregate gross proceeds. While we are not providing disposition guidance for 2023 at this time, we believe that some of this potential disposition activity will likely occur in the first quarter of 2023. Our disposition guidance is subject to change for a variety of reasons, including economic conditions, office market conditions and geopolitical events. We will update our disposition guidance quarterly in our earnings releases.

We look forward to the balance of 2022 and beyond with anticipation and optimism.”

Financial Highlights

- GAAP net income was \$17.2 million and \$4.0 million, or \$0.17 and \$0.04 per basic and diluted share, for the three and nine months ended September 30, 2022, respectively.
- Funds From Operations (FFO) was \$9.0 million and \$30.9 million, or \$0.09 and \$0.30 per basic and diluted share, for the three and nine months ended September 30, 2022, respectively.
- Adjusted Funds From Operations (AFFO) was a loss of \$0.09 and \$0.12 per basic and diluted share for the three and nine months ended September 30, 2022, respectively.
- On September 6, 2022, the Company used proceeds from the sale of 380 Interlocken and 390 Interlocken in Broomfield, Colorado to prepay in full its \$110 million term loan with Bank of America, N.A. as administrative agent and the other lending institutions party thereto.

Leasing Highlights

- During the nine months ended September 30, 2022, we leased approximately 342,000 square feet, including 217,000 square feet of new leases.
- Our directly owned real estate portfolio of 22 owned properties, totaling approximately 6.4 million square feet, was approximately 75.9% leased as of September 30, 2022, compared to approximately 78.4% leased as of December 31, 2021. The decrease in the leased percentage is primarily a result of lease expirations during the nine months ended September 30, 2022.
- The weighted average GAAP base rent per square foot achieved on leasing activity during the nine months ended September 30, 2022 was \$33.40, or 9.6% higher than average rents in the respective properties as applicable compared to the year ended December 31, 2021. The average lease term on leases signed in the nine months ended September 30, 2022, was 7.0 years compared to 7.7 years for the year ended December 31, 2021. Overall the portfolio weighted average rent per occupied square foot was \$30.45 as of September 30, 2022 compared to \$30.60 as of December 31, 2021.
- Subsequent to quarter end, we are currently tracking approximately 400,000 square feet of new prospective tenants, including approximately 200,000 square feet of prospective tenants that have identified FSP assets on their respective short lists of potential locations.
- We believe that our continuing portfolio of real estate is well located, primarily in the Sunbelt and Mountain West geographic regions, and consists of high-quality assets with upside leasing potential in a post-COVID-19 environment.

Investment Highlights

- On August 31, 2022, we sold 380 Interlocken and 390 Interlocken in Broomfield, Colorado for \$102.5 million in aggregate gross proceeds and recorded a gain of approximately \$24.1 million.
- Subject to market conditions and satisfactory outcomes on prospective transactions, we anticipate one or more dispositions to occur during the fourth quarter of 2022 and will provide updates as appropriate.
- We are currently working with identified potential purchasers on new potential dispositions that would result in approximately \$180 million in aggregate gross proceeds.
- Disposition proceeds are intended to be used for debt reduction, dividends, and other general corporate purposes.
- Potential disposition candidates under consideration for the fourth quarter of 2022 and for subsequent quarters include: Blue Lagoon in Miami, Florida; Eldridge Green and Park Ten in Houston, Texas; 909 Davis in Evanston, Illinois; and Pershing Park in Atlanta, Georgia. However, this list of potential disposition candidates should not be construed as meaning that the Company will actually dispose of all such properties. The Company makes disposition decisions based on a variety of factors, including achievement of pricing objectives, market conditions and other corporate factors.

Stock Repurchases

- During the first quarter of 2022, we repurchased approximately 847,000 shares of our common stock for approximately \$4.8 million pursuant to our previously announced stock repurchase plan. We did not repurchase any shares of our common stock during the second or third quarter of 2022.
- Approximately \$26.9 million remains authorized for potential future repurchases of our common stock pursuant to our previously announced stock repurchase plan.

Dividends

- On October 7, 2022, pursuant to our variable quarterly dividend policy, we announced that our Board of Directors declared a quarterly cash dividend for the three months ended September 30, 2022 of \$0.01

per share of common stock that will be paid on November 10, 2022 to stockholders of record on October 21, 2022.

Non-GAAP Financial Information

A reconciliation of Net income to FFO, AFFO and Sequential Same Store NOI and our definitions of FFO, AFFO and Sequential Same Store NOI can be found on Supplementary Schedules H and I.

2022 Net Income, FFO and Disposition Guidance

At this time, due primarily to uncertainty surrounding the timing and amount of proceeds received from property dispositions, we are continuing suspension of Net Income and FFO guidance. We are updating our previously announced disposition guidance for full-year 2022 as we execute on our strategy to dispose of certain properties that we believe have met their short to intermediate term valuation objectives and whose value may not be accurately reflected in our share price. Anticipated dispositions in 2022 are estimated to result in aggregate gross proceeds in the range of approximately \$102.5 million to \$200 million. We intend to use the proceeds of any future dispositions for debt reduction, repurchases of our stock, dividends and other general corporate purposes. This guidance reflects our current expectations of economic and market conditions and is subject to change. Our disposition guidance is subject to change for a variety of reasons, including economic conditions, office market conditions and geopolitical events. We will update our disposition guidance quarterly in our earnings releases. There can be no assurance that the Company's actual results will not differ materially from the estimates set forth above.

Real Estate Update

Supplementary schedules provide property information for the Company's owned and managed real estate portfolio as of September 30, 2022. The Company will also be filing an updated supplemental information package that will provide stockholders and the financial community with additional operating and financial data. The Company will file this supplemental information package with the SEC and make it available on its website at www.fspreit.com.

Today's news release, along with other news about Franklin Street Properties Corp., is available on the Internet at www.fspreit.com. We routinely post information that may be important to investors in the Investor Relations section of our website. We encourage investors to consult that section of our website regularly for important information about us and, if they are interested in automatically receiving news and information as soon as it is posted, to sign up for E-mail Alerts.

Earnings Call

A conference call is scheduled for November 2, 2022 at 11:00 a.m. (ET) to discuss the third quarter 2022 results. To access the call, please dial 1-844-200-6205 and use access code 735617. Internationally, the call may be accessed by dialing 1-929-526-1599 and using access code 735617. To listen via live audio webcast, please visit the Webcasts & Presentations section in the Investor Relations section of the Company's website (www.fspreit.com) at least ten minutes prior to the start of the call and follow the posted directions. The webcast will also be available via replay from the above location starting one hour after the call is finished.

About Franklin Street Properties Corp.

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. To learn more about FSP please visit our website at www.fspreit.com.

Forward-Looking Statements

Statements made in this press release that state FSP's or management's intentions, beliefs, expectations, or predictions for the future may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This press release may also contain forward-looking statements, such as those relating to our ability to lease space in the future, expectations for dispositions, potential stock repurchases, the payment of dividends and the repayment of debt in future periods, value creation/enhancement in future periods and expectations for growth and leasing activities in future periods that are based on current judgments and current knowledge of management and are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those indicated in such forward-looking statements. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements. Investors are cautioned that our forward-looking statements involve risks and uncertainty, including without limitation, 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, high inflation rates, 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 real estate properties at pricing levels comparable to recent historical portfolio dispositions, 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, increases in the level of general and administrative costs as a percentage of revenues as revenues decrease as a result of property dispositions, unanticipated repairs, additional staffing, insurance increases and real estate tax valuation reassessments. See the "Risk Factors" set forth in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021 and in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, as the same may be updated from time to time in subsequent filings with the United States Securities and Exchange Commission. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, acquisitions, dispositions, performance or achievements. We will not update any of the forward-looking statements after the date of this press release to conform them to actual results or to changes in our expectations that occur after such date, other than as required by law.

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Franklin Street Properties Corp. Financial Results
 Supplementary Schedule A
 Condensed Consolidated Statements of Operations
 (Unaudited)

(in thousands, except per share amounts)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue:				
Rental	\$ 40,366	\$ 50,326	\$ 122,994	\$ 164,671
Related party revenue:				
Management fees and interest income from loans	466	419	1,393	1,246
Other	4	57	17	69
Total revenue	40,836	50,802	124,404	165,986
Expenses:				
Real estate operating expenses	13,369	14,373	38,547	45,664
Real estate taxes and insurance	8,951	10,200	26,713	34,461
Depreciation and amortization	15,148	18,862	49,004	62,379
General and administrative	3,232	3,749	10,997	11,857
Interest	6,110	7,928	17,140	26,582
Total expenses	46,810	55,112	142,401	180,943
Loss on extinguishment of debt	(78)	(236)	(78)	(403)
Impairment and loan loss reserve	(717)	—	(1,857)	—
Gain on sale of properties, net	24,077	8,632	24,077	29,258
Income (loss) before taxes and equity in income of non-consolidated REITs	17,308	4,086	4,145	13,898
Tax expense	62	51	167	174
Equity in income of non-consolidated REITs	—	421	—	421
Net income	\$ 17,246	\$ 4,456	\$ 3,978	\$ 14,145
Weighted average number of shares outstanding, basic and diluted	103,236	106,905	103,372	107,196
Net income per share, basic and diluted	\$ 0.17	\$ 0.04	\$ 0.04	\$ 0.13

Franklin Street Properties Corp. Financial Results
 Supplementary Schedule B
 Condensed Consolidated Balance Sheets
 (Unaudited)

(in thousands, except share and par value amounts)	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Assets:		
Real estate assets:		
Land	\$ 131,556	\$ 146,844
Buildings and improvements	1,397,303	1,457,209
Fixtures and equipment	10,656	11,404
	1,539,515	1,615,457
Less accumulated depreciation	420,532	424,487
Real estate assets, net	1,118,983	1,190,970
Acquired real estate leases, less accumulated amortization of \$19,535 and \$40,423, respectively	11,177	14,934
Cash, cash equivalents and restricted cash	8,717	40,751
Tenant rent receivables	1,309	1,954
Straight-line rent receivable	50,885	49,024
Prepaid expenses and other assets	6,961	4,031
Related party mortgage loan receivable, less allowance for credit loss of \$1,857 and \$0, respectively	22,143	24,000
Other assets: derivative asset	4,266	—
Office computers and furniture, net of accumulated depreciation of \$1,099 and \$1,198, respectively	170	198
Deferred leasing commissions, net of accumulated amortization of \$20,826 and \$21,099, respectively	37,459	38,311
Total assets	\$ 1,262,070	\$ 1,364,173
Liabilities and Stockholders' Equity:		
Liabilities:		
Bank note payable	\$ 65,000	\$ —
Term loans payable, less unamortized financing costs of \$308 and \$714, respectively	164,692	274,286
Series A & Series B Senior Notes, less unamortized financing costs of \$535 and \$658, respectively	199,465	199,342
Accounts payable and accrued expenses	50,371	89,493
Accrued compensation	3,159	4,704
Tenant security deposits	5,726	6,219
Lease liability	862	1,159
Other liabilities: derivative liabilities	—	5,239
Acquired unfavorable real estate leases, less accumulated amortization of \$536 and \$2,285, respectively	234	528
Total liabilities	489,509	580,970
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, \$.0001 par value, 20,000,000 shares authorized, none issued or outstanding	—	—
Common stock, \$.0001 par value, 180,000,000 shares authorized, 103,235,914 and 103,998,520 shares issued and outstanding, respectively	10	10
Additional paid-in capital	1,334,776	1,339,226
Accumulated other comprehensive loss	4,266	(5,239)
Accumulated distributions in excess of accumulated earnings	(566,491)	(550,794)
Total stockholders' equity	772,561	783,203
Total liabilities and stockholders' equity	\$ 1,262,070	\$ 1,364,173

Franklin Street Properties Corp. Financial Results
Supplementary Schedule C
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in thousands)	For the Nine Months Ended September 30,	
	2022	2021
Cash flows from operating activities:		
Net income	\$ 3,978	\$ 14,145
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	50,472	64,390
Amortization of above and below market leases	(88)	(38)
Shares issued as compensation	394	338
Equity in income of non-consolidated REITs	—	(421)
Distributions from non-consolidated REITs	—	421
Loss on extinguishment of debt	78	403
Impairment and loan loss reserve	1,857	—
Gain on sale of properties, net	(24,077)	(29,258)
Changes in operating assets and liabilities:		
Tenant rent receivables	645	4,975
Straight-line rents	(4,064)	(3,103)
Lease acquisition costs	(2,659)	(1,666)
Prepaid expenses and other assets	(1,670)	(1,035)
Accounts payable and accrued expenses	(6,388)	(8,389)
Accrued compensation	(1,545)	(436)
Tenant security deposits	(493)	(2,508)
Payment of deferred leasing commissions	(7,086)	(10,857)
Net cash provided by operating activities	9,354	26,961
Cash flows from investing activities:		
Property improvements, fixtures and equipment	(38,035)	(55,008)
Proceeds received from sales of properties	102,007	319,357
Net cash provided by investing activities	63,972	264,349
Cash flows from financing activities:		
Distributions to stockholders	(52,956)	(28,985)
Stock repurchases	(4,843)	(8,244)
Borrowings under bank note payable	80,000	76,500
Repayments of bank note payable	(15,000)	(80,000)
Repayments of Term Loans	(110,000)	(245,000)
Deferred financing costs	(2,561)	—
Net cash used in financing activities	(105,360)	(285,729)
Net increase (decrease) in cash, cash equivalents and restricted cash	(32,034)	5,581
Cash, cash equivalents and restricted cash, beginning of year	40,751	4,150
Cash, cash equivalents and restricted cash, end of period	\$ 8,717	\$ 9,731

Franklin Street Properties Corp. Earnings Release
 Supplementary Schedule D
 Real Estate Portfolio Summary Information
 (Unaudited & Approximated)

Commercial portfolio lease expirations (1)

<u>Year</u>	<u>Total Square Feet</u>	<u>% of Portfolio</u>
2022	52,558	0.8%
2023	443,407	6.9%
2024	706,684	11.0%
2025	440,323	6.8%
2026	443,470	6.9%
Thereafter (2)	4,347,512	67.6%
	<u>6,433,954</u>	<u>100.0%</u>

(1) Percentages are determined based upon total square footage.

(2) Includes 1,548,746 square feet of vacancies at our operating properties as of September 30, 2022.

(dollars & square feet in 000's)

<u>State</u>	<u>As of September 30, 2022</u>				
	<u>Properties</u>	<u>Investment</u>	<u>% of Portfolio</u>	<u>Square Feet</u>	<u>% of Portfolio</u>
Colorado	4	\$ 460,116	41.2%	2,145	33.3%
Texas	9	330,433	29.5%	2,423	37.7%
Georgia	1	50,613	4.5%	160	2.5%
Minnesota	3	122,485	10.9%	758	11.8%
Virginia	1	32,636	2.9%	298	4.6%
Florida	1	69,244	6.2%	213	3.3%
Illinois	2	44,928	4.0%	372	5.8%
North Carolina	1	8,528	0.8%	64	1.0%
Total	<u>22</u>	<u>\$ 1,118,983</u>	<u>100.0%</u>	<u>6,433</u>	<u>100.0%</u>

Franklin Street Properties Corp. Earnings Release
 Supplementary Schedule E
 Portfolio and Other Supplementary Information
 (Unaudited & Approximated)

Recurring Capital Expenditures

(in thousands)	For the Three Months Ended			Nine Months
	31-Mar-22	30-Jun-22	30-Sep-22	Ended
				30-Sep-22
Tenant improvements	\$ 1,877	\$ 5,453	\$ 6,813	\$ 14,143
Deferred leasing costs	3,032	1,327	2,053	6,412
Non-investment capex	5,065	6,736	9,289	21,090
	<u>\$ 9,974</u>	<u>\$ 13,516</u>	<u>\$ 18,155</u>	<u>\$ 41,645</u>

	For the Three Months Ended				Year Ended
	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21	31-Dec-21
Tenant improvements	\$ 4,491	\$ 4,277	\$ 3,952	\$ 1,881	\$ 14,601
Deferred leasing costs	2,597	1,922	2,371	1,319	8,209
Non-investment capex	5,336	3,793	4,528	4,672	18,329
	<u>\$ 12,424</u>	<u>\$ 9,992</u>	<u>\$ 10,851</u>	<u>\$ 7,872</u>	<u>\$ 41,139</u>

Square foot & leased percentages

	September 30, 2022	December 31, 2021
Owned or Operating Properties:		
Number of properties	22	24
Square feet	6,433,954	6,911,225
Leased percentage	75.9%	78.4%
Managed Properties - Single Asset REITs (SARs):		
Number of properties	1	2
Square feet	213,760	348,545
Total Owned or Operating and Managed Properties:		
Number of properties	23	26
Square feet	6,647,714	7,259,770

Franklin Street Properties Corp. Earnings Release
 Supplementary Schedule F
 Percentage of Leased Space
 (Unaudited & Estimated)

	<u>Property Name</u>	<u>Location</u>	<u>Square Feet</u>	<u>% Leased (1) as of 30-Jun-22</u>	<u>Second Quarter Average % Leased (2)</u>	<u>% Leased (1) as of 30-Sep-22</u>	<u>Third Quarter Average % Leased (2)</u>
1	FOREST PARK	Charlotte, NC	64,198	78.4%	78.4%	78.4%	78.4%
2	NORTHWEST POINT	Elk Grove Village, IL	177,095	100.0%	100.0%	100.0%	100.0%
3	PARK TEN	Houston, TX	157,609	72.0%	72.0%	72.0%	72.0%
4	PARK TEN PHASE II	Houston, TX	156,746	95.0%	95.0%	95.0%	95.0%
5	GREENWOOD PLAZA	Englewood, CO	196,236	66.3%	77.5%	66.3%	66.3%
6	ADDISON	Addison, TX	289,333	83.0%	83.7%	83.0%	83.0%
7	COLLINS CROSSING	Richardson, TX	300,887	96.1%	96.1%	96.1%	96.1%
8	INNSBROOK	Glen Allen, VA	298,183	47.8%	47.8%	47.8%	47.8%
9	LIBERTY PLAZA	Addison, TX	217,600	76.5%	77.7%	75.5%	75.9%
	380 INTERLOCKEN	Broomfield, CO		60.5%	60.5%	(3)	(3)
	390 INTERLOCKEN	Broomfield, CO		99.4%	99.4%	(3)	(3)
10	BLUE LAGOON	Miami, FL	213,182	98.5%	98.5%	98.5%	98.5%
11	ELDRIDGE GREEN	Houston, TX	248,399	100.0%	100.0%	100.0%	100.0%
12	121 SOUTH EIGHTH ST	Minneapolis, MN	298,121	89.7%	89.8%	88.6%	88.6%
13	801 MARQUETTE AVE	Minneapolis, MN	129,691	91.8%	91.8%	91.8%	77.7%
14	LEGACY TENNYSON CTR	Plano, TX	208,966	40.7%	40.7%	40.7%	40.7%
15	ONE LEGACY	Plano, TX	214,110	63.7%	63.7%	63.7%	63.7%
16	909 DAVIS	Evanston, IL	195,098	93.3%	93.3%	93.3%	93.3%
17	WESTCHASE I & II	Houston, TX	629,025	62.9%	62.8%	64.2%	63.7%
18	1999 BROADWAY	Denver, CO	680,255	66.9%	66.9%	66.9%	66.9%
19	1001 17TH STREET	Denver, CO	657,816	71.0%	75.6%	70.1%	70.7%
20	PLAZA SEVEN	Minneapolis, MN	330,096	82.7%	83.0%	79.3%	79.7%
21	PERSHING PLAZA	Atlanta, GA	160,145	78.1%	78.1%	79.2%	78.5%
22	600 17TH STREET	Denver, CO	611,163	76.9%	76.9%	77.8%	77.8%
	OWNED PORTFOLIO		6,433,954	76.3%	77.1%	75.9%	75.8%

- (1) % Leased as of month's end includes all leases that expire on the last day of the quarter.
 (2) Average quarterly percentage is the average of the end of the month leased percentage for each of the three months during the quarter.
 (3) Properties sold on August 31, 2022.

Franklin Street Properties Corp. Earnings Release
 Supplementary Schedule G
 Largest 20 Tenants – FSP Owned Portfolio
 (Unaudited & Estimated)

The following table includes the largest 20 tenants in FSP’s owned portfolio based on total square feet:

As of September 30, 2022

	Tenant	Sq Ft	% of Portfolio
1	CITGO Petroleum Corporation	248,399	3.9%
2	EOG Resources, Inc.	169,167	2.6%
3	US Government	168,573	2.6%
4	Lennar Homes, LLC	155,808	2.4%
5	Citicorp Credit Services, Inc	146,260	2.3%
6	Kaiser Foundation Health Plan	120,979	1.9%
7	Argo Data Resource Corporation	114,200	1.8%
8	Swift, Currie, McGhee & Hiers, LLP	101,296	1.6%
9	Deluxe Corporation	98,922	1.5%
10	Ping Identity Corp.	89,856	1.4%
11	Permian Resources Operating, LLC	67,856	1.1%
12	Bread Financial Payments, Inc.	67,274	1.0%
13	PricewaterhouseCoopers LLP	66,304	1.0%
14	Hall and Evans LLC	65,878	1.0%
15	Cyxtera Management, Inc.	61,826	1.0%
16	Precision Drilling (US) Corporation	59,569	0.9%
17	Schwegman, Lundberg & Woessner, P.A.	58,263	0.9%
18	EMC Corporation	57,100	0.9%
19	ID Software, LLC	57,100	0.9%
20	Houghton Mifflin, Co.	55,643	0.9%
	Total	<u>2,030,273</u>	<u>31.6%</u>

Franklin Street Properties Corp. Earnings Release
 Supplementary Schedule H
 Reconciliation and Definitions of Funds From Operations (“FFO”) and
 Adjusted Funds From Operations (“AFFO”)

A reconciliation of Net income to FFO and AFFO is shown below and a definition of FFO and AFFO is provided on Supplementary Schedule I. Management believes FFO and AFFO are used broadly throughout the real estate investment trust (REIT) industry as measurements of performance. The Company has included the National Association of Real Estate Investment Trusts (NAREIT) FFO definition as of May 17, 2016 in the table and notes that other REITs may not define FFO in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently. The Company’s computation of FFO and AFFO may not be comparable to FFO or AFFO reported by other REITs or real estate companies that define FFO or AFFO differently.

Reconciliation of Net Income to FFO and AFFO:	Three Months Ended		Nine Months Ended	
(In thousands, except per share amounts)	September 30,		September 30,	
	2022	2021	2022	2021
Net income	\$ 17,246	\$ 4,456	\$ 3,978	\$ 14,145
Impairment and loan loss reserve	717	—	1,857	—
Gain on sale of properties, net	(24,077)	(8,632)	(24,077)	(29,258)
Equity in income from non-consolidated REITs	—	(421)	—	(421)
FFO from non-consolidated REITs	—	421	—	421
Depreciation & amortization	15,114	18,861	48,916	62,340
NAREIT FFO	9,000	14,685	30,674	47,227
Lease Acquisition costs	41	112	206	297
Funds From Operations (FFO)	<u>\$ 9,041</u>	<u>\$ 14,797</u>	<u>\$ 30,880</u>	<u>\$ 47,524</u>
Funds From Operations (FFO)	\$ 9,041	\$ 14,797	\$ 30,880	\$ 47,524
Loss on extinguishment of debt	78	236	78	403
Reverse FFO from non-consolidated REITs	—	(421)	—	(421)
Distributions from non-consolidated REITs	—	421	—	421
Amortization of deferred financing costs	461	618	1,468	2,011
Shares issued as compensation	—	—	394	338
Straight-line rent	(1,160)	(245)	(4,064)	(3,190)
Tenant improvements	(6,813)	(3,952)	(14,143)	(12,720)
Leasing commissions	(2,053)	(2,371)	(6,412)	(6,890)
Non-investment capex	(9,289)	(4,528)	(21,090)	(13,657)
Adjusted Funds From Operations (AFFO)	<u>\$ (9,735)</u>	<u>\$ 4,555</u>	<u>\$ (12,889)</u>	<u>\$ 13,819</u>
Per Share Data				
EPS	\$ 0.17	\$ 0.04	\$ 0.04	\$ 0.13
FFO	\$ 0.09	\$ 0.14	\$ 0.30	\$ 0.44
AFFO	\$ (0.09)	\$ 0.04	\$ (0.12)	\$ 0.13
Weighted average shares (basic and diluted)	<u>103,236</u>	<u>106,905</u>	<u>103,372</u>	<u>107,196</u>

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 as of May 17, 2016 in the table 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.

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.

Franklin Street Properties Corp. Earnings Release
Supplementary Schedule I

Reconciliation and Definition of Sequential Same Store results to property Net Operating Income (NOI) and Net Income

Net Operating Income (“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 Sequential Same Store. The comparative Sequential Same Store results include properties held for the periods presented and exclude our 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. 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. The calculations of NOI and Sequential Same Store are shown in the following table:

(in thousands)	Rentable Square Feet or RSF	Three Months Ended 30-Sep-22	Three Months Ended 30-Jun-22	Inc (Dec)	% Change
Region					
East	362	\$ 391	\$ 475	\$ (84)	(17.7)%
MidWest	1,130	3,905	4,850	(945)	(19.5)%
South	2,796	5,902	5,611	291	5.2 %
West	2,146	6,401	6,609	(208)	(3.1)%
Property NOI* from Operating Properties	6,434	16,599	17,545	(946)	(5.4)%
Dispositions and Redevelopment Properties (a)	-	1,068	1,574	(506)	(2.2)%
NOI*	6,434	\$ 17,667	\$ 19,119	\$ (1,452)	(7.6)%
Sequential Same Store		\$ 16,599	\$ 17,545	\$ (946)	(5.4)%
Less Nonrecurring Items in NOI* (b)		494	1,258	(764)	4.3 %
Comparative Sequential Same Store		\$ 16,105	\$ 16,287	\$ (182)	(1.1)%

Reconciliation to Net income (loss)	Three Months Ended	Three Months Ended
	30-Sep-22	30-Jun-22
Net income (loss)	\$ 17,246	\$ (9,110)
Add (deduct):		
Loss on extinguishment of debt	78	—
Impairment and loan loss reserve	717	1,140
Gain on sale of properties, net	(24,077)	—
Management fee income	(274)	(267)
Depreciation and amortization	15,148	18,185
Amortization of above/below market leases	(34)	(45)
General and administrative	3,233	3,981
Interest expense	6,109	5,664
Interest income	(461)	(455)
Non-property specific items, net	(18)	26
NOI*	\$ 17,667	\$ 19,119

- (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.

*Excludes NOI from investments in and interest income from secured loans to non-consolidated REITs.



Franklin Street Properties Corp.
Supplemental Operating & Financial Data

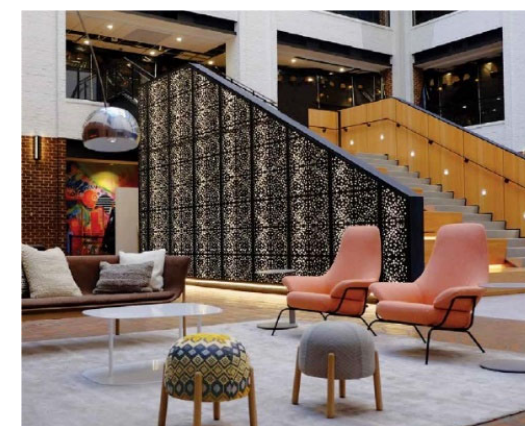
401 Edgewater Place ~Wakefield, MA 01880
781.557.1300.~ www.fspreit.com



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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 geopolitical events, increasing inflation, 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.



801 Marquette, 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 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 September 30, 2022, the Company owned and operated a portfolio of real estate consisting of 22 operating properties and one managed Sponsored REIT. From time-to-time, the Company may acquire, develop or redevelop real estate, make additional secured loans or acquire its 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

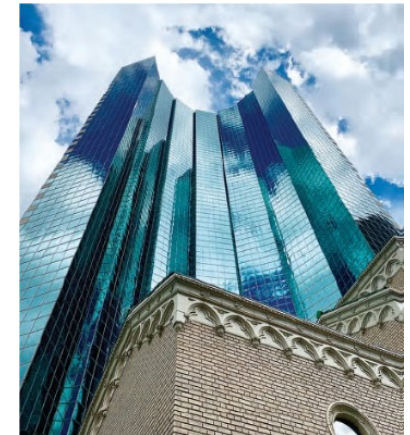
Inquiries

Inquiries should be directed to: Georgia Touma
877.686.9496 or InvestorRelations@fस्पreit.com

(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, 2022)

Corporate Headquarters	Wakefield, MA
Fiscal Year-End	31-Dec
Total Properties	22
Total Square Feet	6.4 Million
Trading Symbol	FSP
Exchange	NYSE American
Common Shares Outstanding	103,235,914
Total Market Capitalization	\$0.7 Billion (1)
Insider Holdings	5.52%



1999 Broadway, Denver, CO



Summary of Financial Highlights

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

	30-Sep-22	30-Jun-22	31-Mar-22	31-Dec-21	30-Sep-21
Income Items:					
Rental revenue	\$ 40,366	\$ 40,831	\$ 41,797	\$ 42,910	\$ 50,326
Total revenue	40,836	41,304	42,264	43,372	50,802
Net income (loss)	17,246	(9,110)	(4,158)	78,572	4,456
Adjusted EBITDA*	15,250	15,891	16,918	17,518	22,900
FFO*	9,041	10,257	11,582	10,955	14,797
AFFO*	(9,735)	(4,072)	918	3,241	4,555
Per Share Data:					
EPS	\$ 0.17	\$ (0.09)	\$ (0.04)	\$ 0.75	\$ 0.04
FFO*	\$ 0.09	\$ 0.10	\$ 0.11	\$ 0.10	\$ 0.14
AFFO*	\$ (0.09)	\$ (0.04)	\$ 0.01	\$ 0.03	\$ 0.04
Weighted Average Shares (diluted)	103,236	103,193	103,691	105,098	106,905
Closing share price	\$ 2.63	\$ 4.17	\$ 5.90	\$ 5.95	\$ 4.64
Dividend declared	\$ 0.01	\$ 0.09	\$ 0.09	\$ 0.41	\$ 0.09
Balance Sheet Items:					
Real estate, net	\$ 1,118,983	\$ 1,186,157	\$ 1,187,348	\$ 1,190,970	\$ 1,344,692
Other assets, net	143,087	145,562	149,772	173,203	161,837
Total assets, net	1,262,070	1,331,719	1,337,120	1,364,173	1,506,529
Total liabilities, net	489,509	577,687	567,234	580,970	751,456
Shareholders' equity	772,561	754,032	769,886	783,203	755,073
Market Capitalization and Debt:					
Total Market Capitalization (a)	\$ 701,510	\$ 960,494	\$ 1,123,596	\$ 1,093,791	\$ 1,165,136
Total debt outstanding (excluding unamortized financing costs)	\$ 430,000	\$ 530,000	\$ 515,000	\$ 475,000	\$ 675,000
Debt to Total Market Capitalization	61.3%	55.2%	45.8%	43.4%	57.9%
Net Debt to Adjusted EBITDA ratio*	6.9	8.3	7.4	6.2	7.3
Operating Properties Leasing Statistics (b):					
Operating properties assets	22	24	24	24	26
Operating properties total SF	6,433,954	6,915,715	6,915,609	6,911,225	7,671,275
Operating properties % leased	75.9%	76.3%	77.3%	78.4%	80.0%

(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 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 28.



Condensed Consolidated Income Statements

(\$ in thousands, except per share amounts)

	For the Three Months Ended			For the	For the Three Months Ended				For the
	31-Mar-22	30-Jun-22	30-Sep-22	Nine Months Ended 30-Sep-22	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21	Year Ended 31-Dec-21
Revenue:									
Rental	\$ 41,797	\$ 40,831	\$ 40,366	\$ 122,994	\$ 58,623	\$ 55,722	\$ 50,326	\$ 42,910	\$ 207,581
Related party revenue:									
Management fees and interest income from loans	460	467	466	1,393	410	417	419	454	1,700
Other	7	6	4	17	6	6	57	8	77
Total revenue	42,264	41,304	40,836	124,404	59,039	56,145	50,802	43,372	209,358
Expenses:									
Real estate operating expenses	12,834	12,344	13,369	38,547	15,939	15,352	14,373	15,217	60,881
Real estate taxes and insurance	8,719	9,043	8,951	26,713	12,366	11,895	10,200	6,600	41,061
Depreciation and amortization	15,670	18,186	15,148	49,004	24,381	19,136	18,862	16,165	78,544
General and administrative	3,784	3,981	3,232	10,997	4,146	3,962	3,749	4,041	15,898
Interest	5,366	5,664	6,110	17,140	8,600	10,054	7,928	5,691	32,273
Total expenses	46,373	49,218	46,810	142,401	65,432	60,399	55,112	47,714	228,657
Loss on extinguishment of debt	—	—	(78)	(78)	—	(167)	(236)	(498)	(901)
Impairment and loan loss reserve	—	(1,140)	(717)	(1,857)	—	—	—	—	—
Gain on sale of properties, net	—	—	24,077	24,077	—	20,626	8,632	83,876	113,134
Income (loss) before taxes on income and equity in income of non-consolidated REITs	(4,109)	(9,054)	17,308	4,145	(6,393)	16,205	4,086	79,036	92,934
Tax expense on income	49	56	62	167	67	56	51	464	638
Equity in income of non-consolidated REITs	—	—	—	—	—	—	421	—	421
Net income (loss)	\$ (4,158)	\$ (9,110)	\$ 17,246	\$ 3,978	\$ (6,460)	\$ 16,149	\$ 4,456	\$ 78,572	\$ 92,717
Weighted average number of shares outstanding, basic and diluted	103,691	103,193	103,236	103,372	107,328	107,359	106,905	105,098	106,667
Net income (loss) per share, basic and diluted	\$ (0.04)	\$ (0.09)	\$ 0.17	\$ 0.04	\$ (0.06)	\$ 0.15	\$ 0.04	\$ 0.75	\$ 0.87



Condensed Consolidated Balance Sheets

(in thousands)

	March 31, 2022	June 30, 2022	September 30, 2022	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
Assets:							
Real estate assets:							
Land	\$ 146,844	\$ 146,844	\$ 131,556	\$ 189,155	\$ 170,377	\$ 161,767	\$ 146,844
Buildings and improvements	1,465,312	1,477,913	1,397,303	1,954,838	1,731,690	1,630,729	1,457,209
Fixtures and equipment	11,819	12,192	10,656	13,308	11,643	11,727	11,404
	1,623,975	1,636,949	1,539,515	2,157,301	1,913,710	1,804,223	1,615,457
Less accumulated depreciation	436,627	450,792	420,532	555,688	500,163	459,531	424,487
Real estate assets, net	1,187,348	1,186,157	1,118,983	1,601,613	1,413,547	1,344,692	1,190,970
Acquired real estate leases, net	13,453	12,373	11,177	25,836	21,932	19,864	14,934
Cash, cash equivalents and restricted cash	10,983	4,693	8,717	4,113	24,180	9,731	40,751
Tenant rent receivables, net	2,041	2,627	1,309	4,337	3,116	2,681	1,954
Straight-line rent receivable, net	51,309	54,354	50,885	69,743	61,475	58,132	49,024
Prepaid expenses and other assets	7,403	6,863	6,961	5,873	5,405	5,547	4,031
Related party mortgage loan receivable, less allowance for credit loss	24,000	22,860	22,143	21,000	21,000	21,000	24,000
Other assets: derivative asset	—	1,951	4,266	—	—	—	—
Office computers and furniture, net of accumulated depreciation	204	187	170	147	167	153	198
Deferred leasing commissions, net	40,379	39,654	37,459	56,771	49,793	44,729	38,311
Total assets	\$ 1,337,120	\$ 1,331,719	\$ 1,262,070	\$ 1,789,433	\$ 1,600,615	\$ 1,506,529	\$ 1,364,173
Liabilities and Stockholders' Equity:							
Liabilities:							
Bank note payable	\$ 40,000	\$ 55,000	\$ 65,000	\$ 27,500	\$ —	\$ —	\$ —
Term loan payable, net of unamortized financing costs	274,402	274,518	164,692	717,668	563,151	473,648	274,286
Series A & Series B Senior Notes	199,383	199,424	199,465	199,219	199,260	199,301	199,342
Accounts payable and accrued expenses	44,700	39,315	50,371	63,456	50,799	59,309	89,493
Accrued compensation	1,206	2,252	3,159	1,390	2,309	3,482	4,704
Tenant security deposits	5,837	5,819	5,726	8,041	6,807	6,169	6,219
Lease liability	1,061	962	862	1,444	1,350	1,256	1,159
Other liabilities: derivative liabilities	195	—	—	13,698	9,425	7,583	5,239
Acquired unfavorable real estate leases, net	450	397	234	1,433	829	708	528
Total liabilities	567,234	577,687	489,509	1,033,849	833,930	751,456	580,970
Commitments and contingencies							
Stockholders' Equity:							
Preferred stock	—	—	—	—	—	—	—
Common stock	10	10	10	11	11	11	10
Additional paid-in capital	1,334,383	1,334,776	1,334,776	1,357,131	1,357,469	1,349,225	1,339,226
Accumulated other comprehensive loss	(195)	1,951	4,266	(13,698)	(9,425)	(7,583)	(5,239)
Accumulated distributions in excess of accumulated earnings	(564,312)	(582,705)	(566,491)	(587,860)	(581,370)	(586,580)	(550,794)
Total stockholders' equity	769,886	754,032	772,561	755,584	766,685	755,073	783,203
Total liabilities and stockholders' equity	\$ 1,337,120	\$ 1,331,719	\$ 1,262,070	\$ 1,789,433	\$ 1,600,615	\$ 1,506,529	\$ 1,364,173



Condensed Consolidated Statements of Cash Flows

(in thousands)

	Nine Months Ended September 30,	
	2022	2021
Cash flows from operating activities:		
Net income	\$ 3,978	\$ 14,145
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	50,472	64,390
Amortization of above and below market leases	(88)	(38)
Shares issued as compensation	394	338
Loss on extinguishment of debt	78	403
Impairment and loan loss reserve	1,857	—
Gain on sale of properties, net	(24,077)	(29,258)
Equity in income from non-consolidated REITs	—	(421)
Distributions from non-consolidated REITs	—	421
Changes in operating assets and liabilities:		
Tenant rent receivables	645	4,975
Straight-line rents	(4,064)	(3,103)
Lease acquisition costs	(2,659)	(1,666)
Prepaid expenses and other assets	(1,670)	(1,035)
Accounts payable and accrued expenses	(6,388)	(8,389)
Accrued compensation	(1,545)	(436)
Tenant security deposits	(493)	(2,508)
Payment of deferred leasing commissions	(7,086)	(10,857)
Net cash provided by operating activities	9,354	26,961
Cash flows from investing activities:		
Property improvements, fixtures and equipment	(38,035)	(55,008)
Proceeds received from sales of properties	102,007	319,357
Net cash provided by investing activities	63,972	264,349
Cash flows from financing activities:		
Distributions to stockholders	(52,956)	(28,985)
Stock repurchases	(4,843)	(8,244)
Borrowings under bank note payable	80,000	76,500
Repayments of bank note payable	(15,000)	(80,000)
Repayment of term loan payable	(110,000)	(245,000)
Deferred Financing Costs	(2,561)	—
Net cash used in financing activities	(105,360)	(285,729)
Net increase (decrease) in cash, cash equivalents and restricted cash	(32,034)	5,581
Cash, cash equivalents and restricted cash, beginning of period	40,751	4,150
Cash, cash equivalents and restricted cash, end of period	\$ 8,717	\$ 9,731



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

(in thousands)	Rentable Square Feet or RSF	Three Months Ended			Nine Months Ended 30-Sep-22	Three Months Ended			Nine Months Ended 30-Sep-21	Inc (Dec)	% Change
		31-Mar-22	30-Jun-22	30-Sep-22		31-Mar-21	30-Jun-21	30-Sep-21			
Region											
East	362	\$ 497	\$ 475	\$ 391	\$ 1,363	\$ 504	\$ 523	\$ 612	\$ 1,639	\$ (276)	(16.8)%
MidWest	1,130	3,897	4,850	3,905	12,652	3,217	3,243	3,158	9,618	3,034	31.5 %
South	2,796	5,817	5,611	5,902	17,330	7,095	7,070	6,162	20,327	(2,997)	(14.7)%
West	2,146	8,070	6,609	6,401	21,080	8,721	8,392	8,643	25,756	(4,676)	(18.2)%
Property NOI* from Operating Properties	6,434	18,281	17,545	16,599	52,425	19,537	19,228	18,575	57,340	(4,915)	(8.6)%
Dispositions and Redevelopment Properties (a)	-	1,300	1,574	1,068	3,942	10,223	8,772	6,788	25,783	(21,841)	(23.6)%
Property NOI*	6,434	\$ 19,581	\$ 19,119	\$ 17,667	\$ 56,367	\$ 29,760	\$ 28,000	\$ 25,363	\$ 83,123	\$ (26,756)	(32.2)%
Same Store		\$ 18,281	\$ 17,545	\$ 16,599	\$ 52,425	\$ 19,537	\$ 19,228	\$ 18,575	\$ 57,340	\$ (4,915)	(8.6)%
Less Nonrecurring Items in NOI* (b)		273	1,258	494	2,025	32	34	281	347	1,678	(3.0)%
Comparative Same Store		\$ 18,008	\$ 16,287	\$ 16,105	\$ 50,400	\$ 19,505	\$ 19,194	\$ 18,294	\$ 56,993	\$ (6,593)	(11.6)%

- (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 28.



FFO* & AFFO* Reconciliation

(in thousands, except per share amounts)

	Three Months Ended			Nine Months Ended	Three Months Ended				Year Ended
	31-Mar-22	30-Jun-22	30-Sep-22	30-Sep-22	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21	31-Dec-21
Net income (loss)	\$ (4,158)	\$ (9,110)	\$ 17,246	\$ 3,978	\$ (6,460)	\$ 16,149	\$ 4,456	\$ 78,572	\$ 92,717
Impairment and loan loss reserve	—	1,140	717	1,857	—	—	—	—	—
Gain on sale of properties, net	—	—	(24,077)	(24,077)	—	(20,626)	(8,632)	(83,876)	(113,134)
Equity in income from non-consolidated REITs	—	—	—	—	—	—	(421)	—	(421)
FFO from non-consolidated REITs	—	—	—	—	—	—	421	—	421
Depreciation & amortization	15,661	18,141	15,114	48,916	24,349	19,130	18,861	16,169	78,509
NAREIT FFO*	11,503	10,171	9,000	30,674	17,889	14,653	14,685	10,865	58,092
Lease Acquisition costs	79	86	41	206	116	69	112	90	387
Funds From Operations (FFO)*	\$ 11,582	\$ 10,257	\$ 9,041	\$ 30,880	\$ 18,005	\$ 14,722	\$ 14,797	\$ 10,955	\$ 58,479
Adjusted Funds From Operations (AFFO)*									
Funds From Operations (FFO)*	\$ 11,582	\$ 10,257	\$ 9,041	\$ 30,880	\$ 18,005	\$ 14,722	\$ 14,797	\$ 10,955	\$ 58,479
Loss on extinguishment of debt	—	—	78	78	—	167	236	498	901
Reverse FFO from non-consolidated REITs	—	—	—	—	—	—	(421)	—	(421)
Distributions from non-consolidated REITs	—	—	—	—	—	—	421	—	421
Amortization of deferred financing costs	526	481	461	1,468	707	686	618	487	2,498
Shares issued as compensation	—	394	—	394	—	338	—	—	338
Straight-line rent	(1,216)	(1,688)	(1,160)	(4,064)	(1,904)	(1,041)	(245)	(827)	(4,017)
Tenant improvements	(1,877)	(5,453)	(6,813)	(14,143)	(4,491)	(4,277)	(3,952)	(1,881)	(14,601)
Leasing commissions	(3,032)	(1,327)	(2,053)	(6,412)	(2,597)	(1,922)	(2,371)	(1,319)	(8,209)
Non-investment capex	(5,065)	(6,736)	(9,289)	(21,090)	(5,336)	(3,793)	(4,528)	(4,672)	(18,329)
Adjusted Funds From Operations (AFFO)*	\$ 918	\$ (4,072)	\$ (9,735)	\$ (12,889)	\$ 4,384	\$ 4,880	\$ 4,555	\$ 3,241	\$ 17,060
Per Share Data:									
EPS	\$ (0.04)	\$ (0.09)	\$ 0.17	\$ 0.04	\$ (0.06)	\$ 0.15	\$ 0.04	\$ 0.75	\$ 0.87
FFO*	0.11	0.10	0.09	0.30	0.17	0.14	0.14	0.10	0.55
AFFO*	0.01	(0.04)	(0.09)	(0.12)	0.04	0.05	0.04	0.03	0.16
Weighted Average Shares (basic and diluted)	103,691	103,193	103,236	103,372	107,328	107,359	106,905	105,098	106,667

* See Appendix for Non-GAAP Financial Measures Definitions beginning on page 28.



EBITDA* & Adjusted EBITDA* Reconciliation

(in thousands, except ratio amounts)

	Three Months Ended			Nine Months Ended	Three Months Ended				Year Ended
	31-Mar-22	30-Jun-22	30-Sep-22	30-Sep-22	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21	31-Dec-21
Net income (loss)	\$ (4,158)	\$ (9,110)	\$ 17,246	\$ 3,978	\$ (6,460)	\$ 16,149	\$ 4,456	\$ 78,572	\$ 92,717
Interest expense	5,366	5,664	6,110	17,140	8,600	10,054	7,928	5,691	32,273
Depreciation and amortization	15,661	18,141	15,114	48,916	24,349	19,130	18,861	16,169	78,509
Income taxes	49	56	62	167	67	56	51	464	638
EBITDA*	\$ 16,918	\$ 14,751	\$ 38,532	\$ 70,201	\$ 26,556	\$ 45,389	\$ 31,296	\$ 100,896	\$ 204,137
Loss on extinguishment of debt	—	—	78	78	—	167	236	498	901
Impairment and loan loss reserve	—	1,140	717	1,857	—	—	—	—	—
Gain on sale of properties, net	—	—	(24,077)	(24,077)	—	(20,626)	(8,632)	(83,876)	(113,134)
Adjusted EBITDA*	\$ 16,918	\$ 15,891	\$ 15,250	\$ 48,059	\$ 26,556	\$ 24,930	\$ 22,900	\$ 17,518	\$ 91,904
Interest expense	\$ 5,366	\$ 5,664	\$ 6,110	\$ 17,140	\$ 8,600	\$ 10,054	\$ 7,928	\$ 5,691	\$ 32,273
Scheduled principal payments	—	—	—	—	—	—	—	—	—
Interest and scheduled principal payments	\$ 5,366	\$ 5,664	\$ 6,110	\$ 17,140	\$ 8,600	\$ 10,054	\$ 7,928	\$ 5,691	\$ 32,273
Interest coverage ratio	3.15	2.81	2.50	2.80	3.09	2.48	2.89	3.08	2.85
Debt service coverage ratio	3.15	2.81	2.50	2.80	3.09	2.48	2.89	3.08	2.85
Debt excluding unamortized financing costs	\$ 515,000	\$ 530,000	\$ 430,000		\$ 947,500	\$ 765,000	\$ 675,000	\$ 475,000	
Cash, cash equivalents and restricted cash	10,983	4,693	8,717		4,113	24,180	9,731	40,751	
Net Debt (Debt less Cash, cash equivalents and restricted cash)	\$ 504,017	\$ 525,307	\$ 421,283		\$ 943,387	\$ 740,820	\$ 665,269	\$ 434,249	
Adjusted EBITDA*	\$ 16,918	\$ 15,891	\$ 15,250		\$ 26,556	\$ 24,930	\$ 22,900	\$ 17,518	
Annualized	\$ 67,672	\$ 63,564	\$ 61,000		\$ 106,224	\$ 99,720	\$ 91,600	\$ 70,072	
Net Debt-to-Adjusted EBITDA ratio*	7.4	8.3	6.9		8.9	7.4	7.3	6.2	

* See Appendix for Non-GAAP Financial Measures Definitions beginning on page 28. 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.



Reconciliation of Net Income (Loss) to Property NOI*

(in thousands)

	Three Months Ended			Nine Months Ended	Three Months Ended			Nine Months Ended
	31-Mar-22	30-Jun-22	30-Sep-22	30-Sep-22	31-Mar-21	30-Jun-21	30-Sep-21	30-Sep-21
Net income (loss)	\$ (4,158)	\$ (9,110)	\$ 17,246	\$ 3,978	\$ (6,460)	\$ 16,149	\$ 4,456	\$ 14,145
Add (deduct):								
Loss on extinguishment of debt	—	—	78	78	—	167	236	403
Impairment and loan loss reserve	—	1,140	717	1,857	—	—	—	—
Gain on sale of properties, net	—	—	(24,077)	(24,077)	—	(20,626)	(8,632)	(29,258)
Management fee income	(291)	(267)	(274)	(832)	(465)	(403)	(380)	(1,248)
Depreciation and amortization	15,670	18,185	15,148	49,003	24,381	19,136	18,862	62,379
Amortization of above/below market leases	(9)	(45)	(34)	(88)	(32)	(6)	—	(38)
General and administrative	3,784	3,981	3,233	10,998	4,146	3,962	3,749	11,857
Interest expense	5,366	5,664	6,109	17,139	8,600	10,054	7,928	26,582
Interest income	(451)	(455)	(461)	(1,367)	(394)	(399)	(404)	(1,197)
Equity in income of non-consolidated REITs	—	—	—	—	—	—	(421)	(421)
Non-property specific items, net	(330)	26	(18)	(322)	(16)	(34)	(31)	(81)
Property NOI*	<u>\$ 19,581</u>	<u>\$ 19,119</u>	<u>\$ 17,667</u>	<u>\$ 56,367</u>	<u>\$ 29,760</u>	<u>\$ 28,000</u>	<u>\$ 25,363</u>	<u>\$ 83,123</u>

* See Appendix for Non-GAAP Financial Measures Definitions beginning on page 28.



Debt Summary

(in thousands)

	<u>Maturity Date</u>	<u>Maximum Amount of Loan</u>	<u>Amount Drawn at 30-Sep-22</u>	<u>Interest Rate (a) Components</u>	<u>Interest Rate at 30-Sep-22</u>	<u>Facility Fee</u>
BofA Revolver	12-Jan-24	\$ 237,500	\$ 65,000	SOFR + 1.95%	4.95%	0.35%
BMO Term Loan Tranche B	31-Jan-24	165,000	165,000	2.39% + 1.65%	4.04%	
Series A Senior Notes	20-Dec-24	116,000	116,000		4.49%	
Series B Senior Notes	20-Dec-27	84,000	84,000		4.76%	
		<u>\$ 602,500</u>	<u>\$ 430,000</u>		<u>4.44%</u>	

- The table above is a summary of our debt as of September 30, 2022. Additional information on our debt can be found in our Annual Report on Form 10-K for the year ended December 31, 2021, as updated in our Quarterly Reports on Form 10-Q, on file with the U.S. Securities and Exchange Commission.
- On January 10, 2022, we entered into a new BofA Revolver for borrowings of up to \$217.5 million, which is a SOFR based loan. The new BofA Revolver matures on January 12, 2024. On February 10, 2022, we increased our BofA Revolver availability by \$20.0 million to \$237.5 million as part of an accordion feature that is available to increase borrowing capacity up to an amount not exceeding \$750 million in the aggregate.
- The BofA Revolver is subject to a 35 basis point facility fee, which translates into approximately \$0.8 million annually.
- 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 \$1.7 million.
- On September 30, 2021, October 25, 2021 and September 6, 2022, we repaid \$90 million, \$200 million and \$110 million, respectively, of the term loan that was part of our credit facility with Bank of America, N.A. as administrative agent and the other lending institutions party thereto, which had \$400 million outstanding prior to such repayments and has been fully repaid.

(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-22	30-Jun-22	30-Sep-22	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21
Market Data:							
Shares Outstanding	103,152	103,236	103,236	107,328	107,395	105,633	103,999
Closing market price per share	\$ 5.90	\$ 4.17	\$ 2.63	\$ 5.45	\$ 5.26	\$ 4.64	\$ 5.95
Market capitalization	\$ 608,596	\$ 430,494	\$ 271,510	\$ 584,939	\$ 564,896	\$ 490,136	\$ 618,791
Total debt outstanding excluding unamortized financing costs	515,000	530,000	430,000	947,500	765,000	675,000	475,000
Total Market Capitalization	\$ 1,123,596	\$ 960,494	\$ 701,510	\$ 1,532,439	\$ 1,329,896	\$ 1,165,136	\$ 1,093,791
Dividend Data:							
Total dividends declared for the quarter	\$ 9,360	\$ 9,284	\$ 1,032	\$ 9,660	\$ 9,659	\$ 9,666	\$ 9,506
Common dividend declared per share	\$ 0.09	\$ 0.09	\$ 0.01	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.41
Declared dividend as a % of Net income (loss) per share	(224)%	(102)%	6%	(150)%	60%	216%	55%
Declared dividend as a % of AFFO* per share	1017%	(228)%	(11)%	220%	198%	211%	1330%
Liquidity:							
Cash, cash equivalents and restricted cash	\$ 10,983	\$ 4,693	\$ 8,717	\$ 4,113	\$ 24,180	\$ 9,731	\$ 40,751
Revolver:							
Gross potential available under the BofA Revolver	237,500	237,500	237,500	600,000	600,000	600,000	600,000
Less:							
Outstanding balance	(40,000)	(55,000)	(65,000)	(27,500)	—	—	—
Total Liquidity	\$ 208,483	\$ 187,193	\$ 181,217	\$ 576,613	\$ 624,180	\$ 609,731	\$ 640,751

* See page 9 for a reconciliation of Net Income (Loss) to AFFO and the Appendix for Non-GAAP Financial Measures Definitions beginning on page 28.



Owned Portfolio Overview

	As of the Quarter Ended				
	30-Sep-22	30-Jun-22	31-Mar-22	31-Dec-21	30-Sep-21
Operating Properties:					
Number of properties	22	24	24	24	26
Square feet	6,433,954	6,915,715	6,915,609	6,911,225	7,671,275
Leased percentage	75.9%	76.3%	77.3%	78.4%	80.0%
Redevelopment Properties (a):					
Number of properties	—	—	—	—	1
Square feet	—	—	—	—	111,469
Leased percentage	0.0%	0.0%	0.0%	0.0%	0.0%
Total Owned Properties:					
Number of properties	22	24	24	24	27
Square feet	6,433,954	6,915,715	6,915,609	6,911,225	7,782,744
Leased percentage	75.9%	76.3%	77.3%	78.4%	78.8%
Managed Properties - Single Asset REITs (SARs):					
Number of properties	1	1	2	2	2
Square feet	213,760	213,760	348,545	348,545	348,545
Total Operating, Redevelopment and Managed Properties:					
Number of properties	23	25	26	26	29
Square feet	6,647,714	7,129,475	7,264,154	7,259,770	8,131,289

(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						
Richmond, VA							Chicago						
Innsbrook	Glen Allen	VA	298,183	47.8%	48.8%	\$ 18.94	Northwest Point	Elk Grove Village	IL	177,095	100.0%	100.0%	\$ 31.64
							909 Davis Street	Evanston	IL	195,098	93.3%	92.2%	\$ 41.91
Charlotte, NC							Minneapolis						
Forest Park	Charlotte	NC	64,198	78.4%	78.4%	\$ 23.38	121 South 8th Street	Minneapolis	MN	298,121	88.6%	89.6%	\$ 24.85
							801 Marquette Ave	Minneapolis	MN	129,691	91.8%	89.2%	\$ 22.38
							Plaza Seven	Minneapolis	MN	330,096	79.3%	81.8%	\$ 33.56
East Region Total			362,381	53.2%	54.1%	\$ 20.08	Midwest Region Total			1,130,101	88.9%	89.4%	\$ 31.13

(a) Weighted Occupied Percentage for the nine months ended September 30, 2022.
 (b) Weighted Average GAAP Rent per Occupied Square Foot.



Owned Portfolio Overview

<u>MSA / Property Name</u>	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>Percent Leased</u>	<u>Wtd Occupied Percentage (a)</u>	<u>GAAP Rent (b)</u>	<u>MSA / Property Name</u>	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>Percent Leased</u>	<u>Wtd Occupied Percentage (a)</u>	<u>GAAP Rent (b)</u>
South Region							West Region						
Dallas-Fort Worth							Denver						
Legacy Tennyson Center	Plano	TX	208,966	40.7%	40.8%	\$ 30.81	1999 Broadway	Denver	CO	680,255	66.9%	66.5%	\$ 33.64
One Legacy Circle	Plano	TX	214,110	63.7%	58.6%	\$ 36.94	Greenwood Plaza	Englewood	CO	196,236	66.3%	81.3%	\$ 26.95
Addison Circle	Addison	TX	289,333	83.0%	70.1%	\$ 33.73	1001 17th Street	Denver	CO	657,816	70.1%	78.6%	\$ 34.62
Collins Crossing	Richardson	TX	300,887	96.1%	86.1%	\$ 26.58	600 17th Street	Denver	CO	611,163	77.8%	77.5%	\$ 34.01
Liberty Plaza	Addison	TX	217,600	75.5%	70.3%	\$ 23.79							
Houston							West Region Total						
Park Ten	Houston	TX	157,609	72.0%	72.0%	\$ 29.02				2,145,470	70.9%	74.7%	\$ 33.40
Eldridge Green	Houston	TX	248,399	100.0%	100.0%	\$ 26.89	Total Owned Properties						
Park Ten Phase II	Houston	TX	156,746	95.0%	95.0%	\$ 28.61				6,433,954	75.9%	72.7%	\$ 30.45
Westchase I & II	Houston	TX	629,025	64.2%	55.3%	\$ 27.26							
Miami-Ft. Lauderdale-West Palm Beach													
Blue Lagoon Drive	Miami	FL	213,182	98.5%	73.6%	\$ 28.68							
Atlanta													
Pershing Plaza	Atlanta	GA	160,145	79.2%	19.4%	\$ 24.92							
South Region Total			<u>2,796,002</u>	<u>77.5%</u>	<u>66.9%</u>	<u>\$ 28.64</u>							

(a) Weighted Occupied Percentage for the nine months ended September 30, 2022.

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

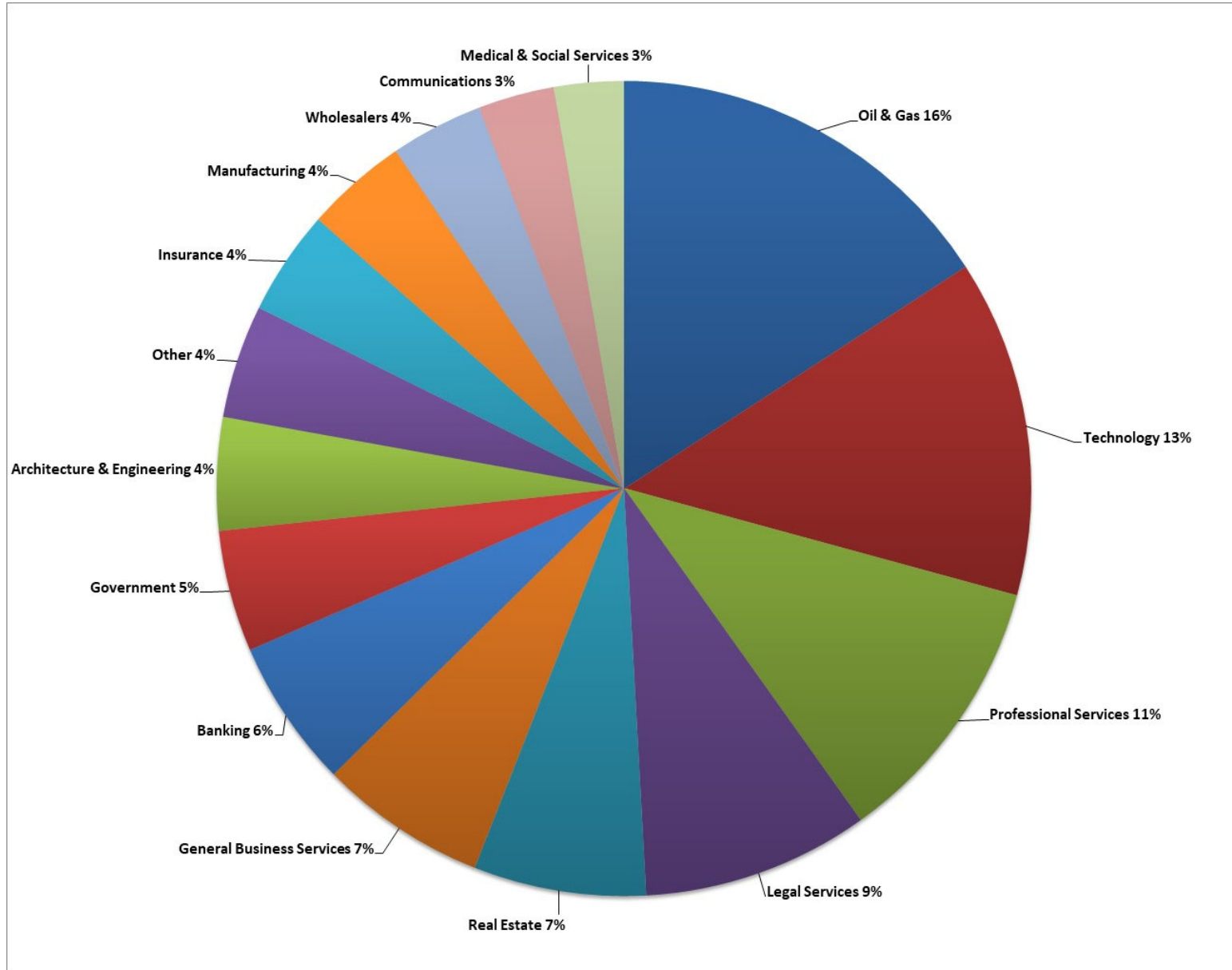


Managed Portfolio Overview

<u>MSA / Property Name</u>	<u>City</u>	<u>State</u>	<u>Square Feet</u>
Midwest Region			
Indianapolis			
Monument Circle	Indianapolis	IN	213,760
Total Managed			213,760
Total Owned & Managed			6,647,714

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	CITGO Petroleum Corporation	1	126	248,399	3.9%	\$ 2,849,137	2.0%	
2	EOG Resources, Inc.	1	51	169,167	2.6%	6,062,945	4.3%	
3	US Government (b)	2	40, 100	168,573	2.6%	6,316,496	4.5%	
4	Lennar Homes, LLC	1	174	155,808	2.4%	6,247,901	4.4%	
5	Citicorp Credit Services, Inc	1	59	146,260	2.3%	4,947,976	3.5%	
6	Kaiser Foundation Health Plan	1	20	120,979	1.9%	3,936,728	2.8%	
7	Argo Data Resource Corporation (c)	1	11, 95	114,200	1.8%	3,358,622	2.4%	
8	Swift, Currie, McGhee & Hiers, LLP (d)	1	132	101,296	1.6%	—	0.0%	
9	Deluxe Corporation	1	178	98,922	1.5%	3,018,289	2.1%	
10	Ping Identity Corp.	1	45	89,856	1.4%	3,543,022	2.5%	
11	Permian Resources Operating, LLC (e)	1	109	67,856	1.1%	2,807,881	2.0%	
12	Bread Financial Payments, Inc. (f)	1	45	67,274	1.0%	2,758,234	2.0%	
13	PricewaterhouseCoopers LLP	1	76	66,304	1.0%	2,329,953	1.7%	
14	Hall and Evans LLC	1	83	65,878	1.0%	2,455,474	1.7%	
15	Cyxtera Management, Inc.	1	88	61,826	1.0%	2,191,403	1.5%	
16	Precision Drilling (US) Corporation	1	68	59,569	0.9%	2,033,090	1.4%	
17	Schwegman, Lundberg & Woessner, P.A. (g)	1	8, 64	58,263	0.9%	1,663,730	1.2%	
18	EMC Corporation	1	24	57,100	0.9%	1,638,770	1.2%	
19	ID Software, LLC	1	80	57,100	0.9%	1,609,649	1.1%	
20	Houghton Mifflin Co.	1	54	55,643	0.9%	2,391,016	1.7%	
				Total	2,030,273	31.6%	\$ 62,160,316	44.0%

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 September 30, 2022 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 28,550 square feet expiring in 2023. The remaining 85,650 square feet expire in 2030.
- (d) Lease commenced on September 19, 2022 and rent commences on September 19, 2023.
- (e) Formerly known as Centennial Resource Production, LLC.
- (f) Formerly known as ADS Alliance Data Systems, Inc.
- (g) Includes 11,994 square feet expiring in 2023. The remaining 46,269 square feet expire in 2028.



Leasing Activity

(Owned Portfolio)

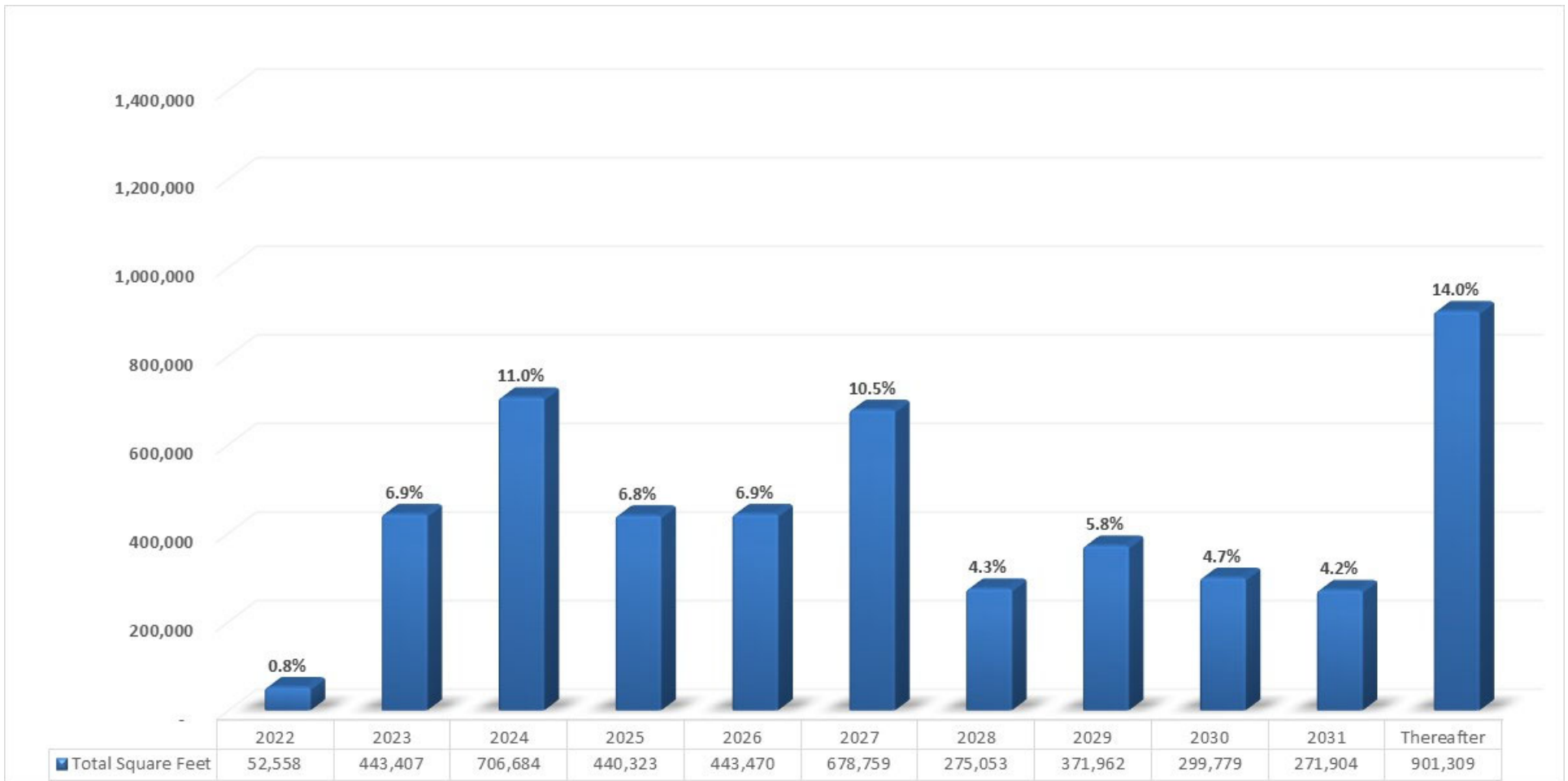
	Nine Months Ended		Year Ended	Year Ended
	30-Sep-22	30-Sep-21	31-Dec-21	31-Dec-20
Leasing Activity (a) (in Square Feet - SF)				
New leasing	217,000	270,000	370,000	368,000
Renewals and expansions	125,000	622,000	665,000	762,000
	<u>342,000</u>	<u>892,000</u>	<u>1,035,000</u>	<u>1,130,000</u>
Other information per SF (Activity on a year-to-date basis)				
GAAP Rents on leasing	\$ 33.40	\$ 30.10	\$ 30.86	\$ 28.47
Weighted average lease term	7.0 Years	7.8 Years	7.7 Years	8.3 Years
 Increase over average GAAP rents in prior year (b)	 9.6%	 2.0%	 2.5%	 7.7%
 Average free rent	 6 Months	 8 Months	 7 Months	 5 Months
Tenant Improvements	\$ 35.60	\$ 25.08	\$ 25.89	\$ 34.07
Leasing Costs	\$ 12.83	\$ 11.61	\$ 11.45	\$ 11.36

- (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

(Owned Portfolio)





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
2022	11 (c)	52,558	\$ 1,611,480	\$ 30.66	1.1%	1.1%
2023	49	443,407	14,686,847	33.12	10.4%	11.5%
2024	48	706,684	22,447,038	31.76	16.0%	27.5%
2025	53	440,323	14,285,944	32.44	10.1%	37.6%
2026	33	443,470	15,853,920	35.75	11.2%	48.8%
2027	23	678,759	21,067,763	31.04	14.9%	63.7%
2028	18	275,053	7,923,659	28.81	5.6%	69.3%
2029	15	371,962	10,248,365	27.55	7.3%	76.6%
2030	11	299,779	8,024,769	26.77	5.7%	82.3%
2031	8	271,904	9,949,942	36.59	7.0%	89.3%
2032 and thereafter	43	901,309 (d)	15,050,888	16.70	10.7%	100.0%
Leased total	312	4,885,208	\$ 141,150,615	\$ 28.89	100.0%	
Vacancies as of 9/30/22		1,548,746				
Total Portfolio Square Footage		6,433,954				

- (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 September 30, 2022 multiplied by 12. Tenant reimbursements generally include payment of real estate taxes, operating expenses and common area maintenance and utility charges.
- (c) Includes 4 leases that are month-to-month.
- (d) Includes 89,401 square feet that are non-revenue producing building amenities.



Capital Expenditures

(in thousands)

	For the Three Months Ended			Nine Months Ended
	31-Mar-22	30-Jun-22	30-Sep-22	30-Sep-22
Tenant improvements	\$ 1,877	\$ 5,453	\$ 6,813	\$ 14,143
Deferred leasing costs	3,032	1,327	2,053	6,412
Non-investment capex	5,065	6,736	9,289	21,090
Total Capital Expenditures	<u>\$ 9,974</u>	<u>\$ 13,516</u>	<u>\$ 18,155</u>	<u>\$ 41,645</u>

	For the Three Months Ended				Year Ended
	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21	31-Dec-21
Tenant improvements	\$ 4,491	\$ 4,277	\$ 3,952	\$ 1,881	\$ 14,601
Deferred leasing costs	2,597	1,922	2,371	1,319	8,209
Non-investment capex	5,336	3,793	4,528	4,672	18,329
Total Capital Expenditures	<u>\$ 12,424</u>	<u>\$ 9,992</u>	<u>\$ 10,851</u>	<u>\$ 7,872</u>	<u>\$ 41,139</u>

First generation leasing and investment capital was \$6.2 million for nine months ended September 30, 2022 and \$32.0 million for the year ended December 31, 2021.



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

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>
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
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	(1,657)
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



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-22	Interest Rate at 30-Sep-22
Mortgage loan secured by property					
FSP Monument Circle LLC (1)	Indianapolis, IN	30-Jun-23	\$ 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.



Net Asset Value Components

(in thousands except per share data)

	As of
	30-Sep-22
Total Market Capitalization Values	
Shares outstanding	103,235.9
Closing price	<u>\$ 2.63</u>
Market capitalization	<u>\$ 271,510</u>
Debt	<u>430,000</u>
Total Market Capitalization	<u>\$ 701,510</u>
	3 Months
	Ended
	30-Sep-22
NOI Components	
Same Store NOI (1)	\$ 16,599
Acquisitions (1) (2)	<u>—</u>
Property NOI (1)	16,599
Full quarter adjustment (3)	<u>—</u>
Stabilized portfolio	\$ 16,599
Financial Statement Reconciliation:	
Rental Revenue	\$ 40,366
Rental operating expenses	(13,369)
Real estate taxes and insurance	(8,951)
NOI from dispositions & redevelopment properties	(1,068)
Taxes (4)	(62)
Management & other fees (5)	<u>(317)</u>
Property NOI (1)	<u>\$ 16,599</u>

Assets:	
Loans outstanding on secured RE	\$ 22,143
Investments in SARs (book basis)	—
Straight-line rent receivable	50,885
Asset held for sale	—
Cash, cash equivalents and restricted cash	8,717
Tenant rent receivables	1,309
Prepaid expenses	4,539
Office computers and furniture	170
Other assets:	
Deferred financing costs, net	2,463
Other assets: Derivative Market Value	4,266
Other assets - Right-to-Use Asset	<u>802</u>
	<u>\$ 95,294</u>
Liabilities:	
Debt (excluding contra for unamortized financing costs)	\$ 430,000
Accounts payable & accrued expenses	53,530
Tenant security deposits	5,726
Other liabilities: lease liability	862
Other liabilities: derivative liability	<u>—</u>
	<u>\$ 490,118</u>

Other information:	
Leased SF to be FFO producing during 2022 and 2023 (in 000's)	<u>187</u>
Straight-line rental revenue current quarter	<u>\$ 1,160</u>
Management fee income current quarter	\$ 5
Interest income from secured loans	<u>461</u>
Management fees and interest income from loans	<u>\$ 466</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 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 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 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.



Investor Relations Contact
Georgia Touma ~ 877.686.9496
InvestorRelations@fspreit.com

Franklin Street Properties Corp.
Supplemental Operating & Financial Data

401 Edgewater Place ~Wakefield, MA 01880
781.557.1300 ~ www.fspreit.com