Franklin Street Properties

Annual Report 2021

Franklin Street Properties Corp.

Franklin Street Properties Corp. (FSP) (NYSE American: FSP) is a real estate investment trust (REIT) 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. FSP's real estate operations include property acquisitions and dispositions, leasing, development, redevelopment and asset management. As of December 31, 2021, FSP's directly owned real estate portfolio of 24 owned properties was approximately 78.4% leased.

This Annual Report contains "forward-looking statements" within the meaning of federal securities laws. For more information, please refer to the discussion in the first paragraph of Part II, Item 7 in the attached Annual Report on Form 10-K for the year ended December 31, 2021.

COVER PROPERTY: PERSHING PARK PLAZA – ATLANTA, GA

ABOVE PROPERTY: 801 MARQUETTE – MINNEAPOLIS, MN

Fellow Stockholders

I am pleased to report strong execution on our 2021 strategies to reduce debt and to lease space. 2021 highlights include the sale of 999 Peachtree on October 22, 2021 for $223.9 million and a recorded gain of approximately $86.8 million, the lease of approximately 100,000 square feet with a new tenant at Pershing Park, and a lease renewal for approximately 250,000 square feet at Eldridge Green. As of December 31, 2021, we have sold ten properties in 2021 for aggregate gross proceeds of approximately $603 million and an aggregate, weighted-average, in-place capitalization rate (on both GAAP and cash basis) of approximately 5.5%. Between September 30, 2020 and December 31, 2021, we reduced our total indebtedness by approximately 53% from approximately $1.0 billion to approximately $475 million.

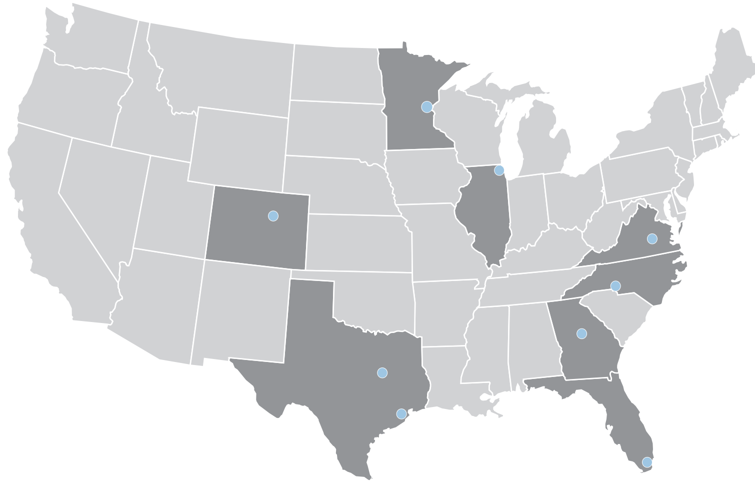
We remain encouraged by the strong level of demand that our real estate assets have received in the market from a diverse pool of potential buyers. Aggregate pricing on the properties sold exceeded our expectations and reinforced our belief that we are unlocking embedded value for our stockholders that has not been reflected in the price of our common stock. We continue to believe that the current price of our common stock does not accurately reflect the value of our underlying real estate assets and intend to continue our current strategy of seeking to increase stockholder value through the sale of select properties where we believe that short to intermediate term valuation potential has been reached. We intend to use the proceeds from any future dispositions for continued debt reduction, repurchases of our common stock, any special dividends required to meet REIT requirements, and other general corporate purposes.

We look forward to 2022 with anticipation and optimism.

Thank you for your continued support.

George J. Carter

Chairman and Chief Executive Officer



COLORADO

FLORIDA

GEORGIA

ILLINOIS

MINNESOTA

NORTH CAROLINA

TEXAS

VIRGINIA

1999 BROADWAY – DENVER, CO

Following is the Annual Report on Form 10-K
for the fiscal year ended December 31, 2021

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 001-32470

FRANKLIN STREET PROPERTIES CORP.
(Exact name of registrant as specified in its charter)

Maryland	**04-3578653**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
401 Edgewater Place, Suite 200, Wakefield, Massachusetts	**01880**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(781) 557-1300**

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

Title of each class:	Trading Symbol(s)	Name of each exchange on which registered:
Common Stock, $.0001 par value per share	FSP	NYSE American

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒.
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐.

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒.

The aggregate market value of the voting and non-voting common equity held by non-affiliates based on the closing sale price as reported on NYSE American, as of the last business day of the registrant's most recently completed second fiscal quarter, June 30, 2021, was approximately $537,721,714.

There were 103,998,520 shares of common stock of the registrant outstanding as of February 4, 2022.

Documents incorporated by reference: The registrant intends to file a definitive proxy statement pursuant to Regulation 14A, promulgated under the Securities Exchange Act of 1934, as amended, to be used in connection with the registrant's Annual Meeting of Stockholders to be held on May 10, 2022 (the "Proxy Statement"). The information required in response to Items 10 — 14 of Part III of this Form 10-K, other than that contained in Part I under the caption, "Information about our Executive Officers," is hereby incorporated by reference to the Proxy Statement.

TABLE OF CONTENTS

PART I		1
Item 1.	Business	1
Item 1A.	Risk Factors	8
Item 1B.	Unresolved Staff Comments	18
Item 2.	Properties	19
Item 3.	Legal Proceedings	22
Item 4.	Mine Safety Disclosures	22
PART II		23
Item 5.	Market For Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	23
	Stock Performance Graph	23
Item 6.	[Reserved]	24
Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	25
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	48
Item 8.	Financial Statements and Supplementary Data	49
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	49
Item 9A.	Controls and Procedures	50
Item 9B.	Other Information	51
Item 9C.	Disclosure Regaring Foreign Jurisdictions that Prevent Inspection	51
PART III		52
Item 10.	Directors, Executive Officers and Corporate Governance	52
Item 11.	Executive Compensation	52
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	52
Item 13.	Certain Relationships and Related Transactions, and Director Independence	52
Item 14.	Principal Accounting Fees and Services	52
PART IV		53
Item 15.	Exhibits and Financial Statement Schedules	53
Item 16	Form 10-K Summary	56
SIGNATURES		57

PART I

Item 1. Business

History

Our company, Franklin Street Properties Corp., which we refer to as FSP Corp., the Company, we or our, is a Maryland corporation that operates in a manner intended to qualify as a real estate investment trust, or REIT, for federal income tax purposes. Our common stock is traded on the NYSE American under the symbol "FSP". FSP Corp. is the successor to Franklin Street Partners Limited Partnership, or the FSP Partnership, which was originally formed as a Massachusetts general partnership in January 1997 as the successor to a Massachusetts general partnership that was formed in 1981. On January 1, 2002, the FSP Partnership converted into FSP Corp., which we refer to as the conversion. As a result of this conversion, the FSP Partnership ceased to exist and we succeeded to the business of the FSP Partnership. In the conversion, each unit of both general and limited partnership interests in the FSP Partnership was converted into one share of our common stock. As a result of the conversion, we hold, directly and indirectly, 100% of the interest in three former subsidiaries of the FSP Partnership: FSP Investments LLC, FSP Property Management LLC, and FSP Holdings LLC. We operate some of our business through these subsidiaries.

Our Business

We are a REIT focused on commercial real estate investments primarily in office markets and currently operate in only one segment: real estate operations. The principal revenue sources for our real estate operations include rental income from real estate leasing, interest income from secured loans made on office properties, property dispositions and fee income from asset/property management and development.

We invest in infill and central business district office properties in the United States sunbelt and mountain west regions as well as select opportunistic markets. We believe that the United States sunbelt and mountain west regions have macro-economic drivers that have the potential to increase occupancies and rents. We seek value-oriented investments with an eye towards long-term growth and appreciation, as well as current income.

Previously we also operated in an investment banking segment, which was discontinued in December 2011. Our investment banking segment generated brokerage commissions, loan origination fees, development services and other fees related to the organization of single-purpose entities that own real estate and the private placement of equity in those entities. We refer to these entities, which are organized as corporations and operated in a manner intended to qualify as REITs, as Sponsored REITs. On December 15, 2011, we announced that our broker/dealer subsidiary, FSP Investments LLC, would no longer sponsor the syndication of shares of preferred stock in newly-formed Sponsored REITs. On July 15, 2014, FSP Investments LLC withdrew its registration as a broker/dealer with FINRA.

From time-to-time we may acquire real estate or invest in real estate by making secured loans on real estate. We may also pursue on a selective basis the sale of our properties to take advantage of the value creation and demand for our properties, or for geographic or property specific reasons.

Real Estate

We own and operate a portfolio of real estate consisting of 24 office properties as of December 31, 2021. We derive rental revenue from income paid to us by tenants of these properties. See Item 2 of this Annual Report on Form 10-K for more information about our properties. From time-to-time we dispose of properties generating gains or losses in an ongoing effort to improve and upgrade our portfolio.

We provide asset management, property management, property accounting, investor and/or development services to our portfolio and certain of our Sponsored REITs through our subsidiaries FSP Investments LLC and FSP Property Management LLC. FSP Corp. recognizes revenue from its receipt of fee income from Sponsored REITs that have not been consolidated or acquired by us. Neither FSP Investments LLC nor FSP Property Management LLC receives any rental income.

From time-to-time we may make secured loans to Sponsored REITs in the form of mortgage loans or revolving lines of credit to fund construction costs, capital expenditures, leasing costs and for other purposes. We anticipate that these loans will be repaid at their maturity or earlier from long-term financings of the underlying properties, cash flows from the underlying properties or some other capital event. We refer to these loans as Sponsored REIT Loans. We had one Sponsored REIT Loan secured by real estate outstanding as of December 31, 2021, from which we derive interest income.

Sustainability

As an owner of commercial real estate, a sector with significant environmental, social and governance, or ESG, impact, we strive to maximize shareholder value through the prudent application of sound ESG strategies. Our efforts have been awarded recognition from various third party review entities, such as GRESB, ENERGY STAR and LEED.

Impact of COVID-19

The COVID-19 pandemic has caused severe disruptions in the U.S. and global economies and has had and is expected to continue to have an adverse impact on our financial condition and results of operations. This impact could be materially adverse to the extent that the current COVID-19 pandemic, or future pandemics, cause tenants to be unable to pay their rent or reduce the demand for commercial real estate. See "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information.

Investment Objectives

Our investment objectives are to create shareholder value by increasing revenue from rental, dividend, interest and fee income and net gains from sales of properties and increase the cash available for distribution in the form of dividends to our stockholders. We expect that we will continue to derive real estate revenue from owned properties and Sponsored REIT Loans and fees from asset management, property management and investor services. We may also acquire additional real properties.

Although our property portfolio is focused on properties in the central business districts of Atlanta, Dallas, Denver, Houston and Minneapolis, we may acquire, and have acquired, real properties in any geographic area of the United States and of any property type. We own 24 office properties that are located in eight different states as of December 31, 2021. See Item 2 of this Annual Report on Form 10-K for more information about our properties.

In 2021, we determined that further debt reduction would provide greater financial flexibility and potentially increase shareholder value. We continue to believe that the current price of our common stock does not accurately reflect the value of our underlying real estate assets and intend to continue the strategy we initially adopted in 2021 of seeking to increase shareholder value through the sale of select properties where we believe that short to intermediate term valuation potential has been reached. Pursuant to this strategy, we anticipate that dispositions in 2022 will result in estimated aggregate gross proceeds in the range of approximately $250 million to $350 million.

As a result, from time to time, as market conditions warrant, we expect to sell properties owned by us in 2022. In 2021, we sold 10 office properties located in four different states for aggregate gross sale proceeds of $602.7 million, at a net gain of $113.1 million. In 2020, we sold an office property located in Durham, North Carolina for gross proceeds of approximately $89.7 million, at a net gain of approximately $41.9 million. We did not sell any properties during 2019.

As we continue to execute on our property disposition strategy, our revenue, Funds From Operations, and capital expenditures are likely to decrease in the short term. Proceeds from dispositions are intended to be used for the repayment of debt, repurchases of our common stock, any special dividends required to meet REIT requirements, and other general corporate purposes.

We rely on the following principles in selecting real properties for acquisition by FSP Corp. and managing them after acquisition:

- we seek to buy or develop investment properties at a price which produces value for investors and avoid overpaying for real estate merely to outbid competitors;
- we seek to buy or develop properties in excellent locations with substantial infrastructure in place around them and avoid investing in locations where the future construction of such infrastructure is speculative;
- we seek to buy or develop properties that are well-constructed and designed to appeal to a broad base of users and avoid properties where quality has been sacrificed for cost savings in construction or which appeal only to a narrow group of users;
- we aggressively manage, maintain and upgrade our properties and refuse to neglect or undercapitalize management, maintenance and capital improvement programs; and
- we believe that we have the ability to hold properties through down cycles because we generally do not have mortgage debt on the Company, which could place the properties at risk of foreclosure. As of February 4, 2022, none of our owned properties were subject to mortgage debt.

Competition

With respect to our real estate investments, we face competition in each of the markets where our properties are located. In order to establish, maintain or increase the rental revenues for a property, it must be competitive on location, cost and amenities with other buildings of similar use. Some of our competitors may have significantly more resources than we do and may be able to offer more attractive rental rates or services. On the other hand, some of our competitors may be smaller or have less fixed overhead costs, less cash or other resources that make them willing or able to accept lower rents in order to maintain a certain occupancy level. In markets where there is not currently significant existing property competition, our competitors may decide to enter the market and build new buildings to compete with our existing projects or those in a development stage. Our competition is not only with other developers, but also with property users who choose to own their building or a portion of the building in the form of an office condominium. Competitive conditions are affected by larger market forces beyond our control, such as general economic conditions, which may increase competition among landlords for quality tenants, and individual decisions by tenants that are beyond our control.

Governmental Regulations

Under various federal, state and local laws, ordinances and regulations, we, as an owner or operator of real property may become liable for the costs of removal or remediation of certain hazardous substances released on or in our property. Such laws may impose liability without regard to whether the owner or operator knew of, or caused, the release of such hazardous substances. The presence of hazardous substances on a property may adversely affect the owner's ability to sell such property or to borrow using such property as collateral, and it may cause the owner of the property to incur substantial remediation costs. In addition to claims for cleanup costs, the presence of hazardous substances on a property could result in the owner incurring substantial liabilities as a result of a claim by a private party for personal injury or a claim by an adjacent property owner for property damage.

All of our properties are required to comply with the Americans With Disabilities Act, or ADA, and the regulations, rules and orders that may be issued thereunder. The ADA has separate compliance requirements for "public accommodations" and "commercial facilities," but generally requires that buildings be made accessible to persons with disabilities. Compliance with ADA requirements might require, among other things, removal of access barriers. Noncompliance with such requirements could result in the imposition of fines by the U.S. government or an award of damages to private litigants.

In addition, we are required to operate our properties in compliance with fire and safety regulations, building codes and other land use regulations, as they may be adopted by governmental agencies and bodies and become applicable to our properties. Compliance with such requirements may require us to make substantial capital expenditures, which expenditures would reduce cash otherwise available for distribution to our stockholders.

The provisions of the tax code governing the taxation of REITs are very technical and complex, and although we expect that we will be organized and will operate in a manner that will enable us to meet such requirements, no assurance can be given that we will always succeed in doing so. If in any taxable year we do not qualify as a REIT, we would be taxed as a corporation and distributions to our stockholders would not be deductible by us in computing our taxable income. In addition, if we were to fail to qualify as a REIT, we could be disqualified from treatment as a REIT in the year in which such failure occurred and for the next four taxable years and, consequently, we would be taxed as a regular corporation during such years. Failure to qualify for even one taxable year could result in a significant reduction of our cash available for distribution to our stockholders or could require us to incur indebtedness or liquidate investments in order to generate sufficient funds to pay the resulting federal income tax liabilities.

See "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information.

Human Capital

We had 32 and 34 employees as February 4, 2022 and December 31, 2021, respectively. Women represent 46.9% of our employees, of which 40.0% hold management level/leadership roles. We endeavor to maintain a workplace that is free from discrimination or harassment on the basis of color, race, sex, national origin, ethnicity, religion, age, disability, sexual orientation, gender identification or expression or any other status protected by applicable law. We regularly conduct training to prevent harassment and discrimination. The Company's basis for recruitment, hiring, development, training, compensation and advancement of employees is qualifications, performance, skills and experience. Many of our employees have a long tenure with the Company. Our employees are compensated without regard to gender, race and ethnicity, and our compensation program is designed to attract and retain talent. During the COVID-19 pandemic, employees have been offered work-from-home flexibility to meet personal and family needs.

Available Information

We make available, free of charge through our website http://www.fspreit.com our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended as soon as reasonably practicable after we electronically file such material with the Securities and Exchange Commission, or SEC.

We will voluntarily provide paper copies of our filings and code of ethics upon written request received at the address on the cover of this Annual Report on Form 10-K, free of charge.

Information about our Directors

The following table sets forth the names, ages and positions of all our directors as of February 4, 2022.

Name	Age	Position
George J. Carter	73	Chief Executive Officer and Chairman of the Board
John N. Burke (1) (2) (3) (4)	60	Director
Brian N. Hansen (1) (2) (3) (5)	50	Director
Kenneth Hoxsie (1) (3) (6)	71	Director
Dennis J. McGillicuddy (1)	80	Director
Georgia Murray (1) (2) (7)	71	Director
Kathryn P. O'Neil (1) (2) (3)	58	Director

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Nominating and Corporate Governance Committee
(4) Chair of the Audit Committee
(5) Chair of the Compensation Committee
(6) Chair of the Nominating and Corporate Governance Committee

(7) Lead Independent Director

George J. Carter, age 73, is Chief Executive Officer and has been Chairman of the Board of Directors of FSP Corp. since 2002. Mr. Carter also was the President of FSP Corp. from 2002 to May 2016. Mr. Carter is responsible for all aspects of the business of FSP Corp. and its affiliates, with special emphasis on the evaluation, acquisition and structuring of real estate investments. Prior to the conversion, he was President of the general partner of the FSP Partnership and was responsible for all aspects of the business of the FSP Partnership and its affiliates. From 1992 through 1996 he was President of Boston Financial Securities, Inc. ("Boston Financial"). Prior to joining Boston Financial, Mr. Carter was owner and developer of Gloucester Dry Dock, a commercial shipyard in Gloucester, Massachusetts. From 1979 to 1988, Mr. Carter served as Managing Director in charge of marketing at First Winthrop Corporation, a national real estate and investment banking firm headquartered in Boston, Massachusetts. Prior to that, he held a number of positions in the brokerage industry including those with Merrill Lynch & Co. and Loeb Rhodes & Co. Mr. Carter is a graduate of the University of Miami (B.S.).

John N. Burke, age 60, has been a Director of FSP Corp. since 2004 and Chair of the Audit Committee since June 2004. Mr. Burke is a certified public accountant with over 30 years of experience in the practice of public accounting working with both private and publicly traded companies with extensive experience serving clients in the real estate and REIT industry. His experience includes analysis and evaluation of financial reporting, accounting systems, internal controls and audit matters. Mr. Burke has been involved as an advisor on several public offerings, private equity and debt financings and merger and acquisition transactions. Mr. Burke's consulting experience includes a wide range of accounting, tax and business planning matters. Prior to starting his own firm in 2003, Mr. Burke was an Audit Partner in the Boston office of BDO USA, LLP. Mr. Burke is a member of the American Institute of Certified Public Accountants and the Massachusetts Society of CPAs. Mr. Burke earned an M.S. in Taxation and studied undergraduate accounting at Bentley University.

Brian N. Hansen, age 50, has been a Director of FSP Corp. since 2012 and became Chair of the Compensation Committee in February 2021. Since 2007, Mr. Hansen has served as President and Chief Operating Officer of Confluence Investment Management LLC, a St. Louis based Registered Investment Advisor. Prior to founding Confluence in 2007, Mr. Hansen served as a Managing Director in A.G. Edwards' Financial Institutions & Real Estate Investment Banking practice. While at A.G. Edwards, Mr. Hansen advised a wide variety of Real Estate Investment Trusts on numerous capital markets transactions, including public and private offerings of debt and equity securities as well as the analysis of various merger & acquisition opportunities. Prior to joining A.G. Edwards, Mr. Hansen served as a Manager in Arthur Andersen LLP's Audit & Business Advisory practice. Mr. Hansen has served on the boards of a number of non-profit entities and currently serves on the Finance Council and as the Investment Committee Chair of the Archdiocese of St. Louis and as a member of the St. Louis County Retirement Board. Mr. Hansen earned his M.B.A. from the Kellogg School of Management at Northwestern University and his Bachelor of Science in Commerce from DePaul University. Mr. Hansen is a Certified Public Accountant.

Kenneth A. Hoxsie, age 71, has been a Director of FSP Corp. since January 2016 and became Chair of the Nominating and Corporate Governance Committee in February 2021. Mr. Hoxsie was a Partner at the international law firm of Wilmer Cutler Pickering Hale and Dorr LLP ("WilmerHale") until his retirement in December 2015. He joined Hale and Dorr (the predecessor of WilmerHale) in 1981, subsequently worked at Copley Real Estate Advisors, an institutional real estate investment advisory firm, and rejoined Hale and Dorr in 1994. Mr. Hoxsie has over 30 years' experience in real estate capital markets transactions, fund formation, public company counseling and mergers and acquisitions and has advised the Company since its formation in 1997. Mr. Hoxsie earned his J.D. (Cum Laude) from Harvard Law School, his M.A. from Harvard University and his B.A. (Summa Cum Laude) from Amherst College, where he was elected to Phi Beta Kappa.

Dennis J. McGillicuddy, age 80, has been a Director of FSP Corp. since May 2002. Mr. McGillicuddy graduated from the University of Florida with a B.A. degree and from the University of Florida Law School with a J.D. degree. In 1968, Mr. McGillicuddy joined Barry Silverstein in founding Coaxial Communications, a cable television company. In 1998 and 1999, Coaxial sold its cable systems. Mr. McGillicuddy has served on the boards of various charitable organizations. He is currently President of the Board of Trustees of Florida Studio Theater, a professional non-

profit theater organization, and is President, Vice-Chairman and Director of All-Star Children's Foundation, an organization engaged in creating a new paradigm for foster care.

Georgia Murray, age 71, has been a Director of FSP Corp. since April 2005 and Lead Independent Director since February 2014. Ms. Murray is retired from Lend Lease Real Estate Investments, Inc., where she served as a Principal from November 1999 until May 2000. From 1973 through October 1999, Ms. Murray worked at The Boston Financial Group, Inc., serving as Senior Vice President and a Director at times during her tenure. Boston Financial was an affiliate of the Boston Financial Group, Inc. She is a past Trustee of the Urban Land Institute and a past President of the Multifamily Housing Institute. Ms. Murray previously served on the Board of Directors of Capital Crossing Bank. She also serves on the boards of numerous non-profit entities. Ms. Murray is a graduate of Newton College.

Kathryn P. O'Neil, age 58, has been a Director of FSP Corp. since January 2016. Ms. O'Neil was a Director at Bain Capital in the Investor Relations area where she focused on Private Equity and had oversight of the Investment Advisory sector from 2011 until her retirement in 2014. From 1999 to 2007, Ms. O'Neil was a Partner at FLAG Capital Management LLC, a manager of fund-of-funds investment vehicles in private equity, venture capital, real estate and natural resources. Previously, Ms. O'Neil was an Investment Consultant at Cambridge Associates where she specialized in Alternative Assets. Ms. O'Neil currently serves on a variety of non-profit boards, including the Peabody Essex Museum where she is a Director and a member of the Finance and Investment Committees, Horizon's for Homeless Children where she is a Director and serves on the Executive and Finance Committees, and the Trustees of Reservations where she serves on the President's Council and was a member of the Investment Committee from 2006 to 2020. Ms. O'Neil is a Trustee Emeritus of Colby College and a former member of the Board of Overseers of the Boston Museum of Science. Ms. O'Neil holds a B.A. (Summa Cum Laude) and M.A. (Honorary) from Colby College where she was elected to Phi Beta Kappa. Ms. O'Neil received her M.B.A. from The Harvard Graduate School of Business Administration.

Information about our Executive Officers

The following table sets forth the names, ages and positions of all our executive officers as of February 4, 2022.

Name	Age	Position
George J. Carter (1)	73	Chief Executive Officer and Chairman of the Board
Jeffrey B. Carter	50	President and Chief Investment Officer
Scott H. Carter	50	Executive Vice President, General Counsel and Secretary
John G. Demeritt	61	Executive Vice President, Chief Financial Officer and Treasurer
John F. Donahue	55	Executive Vice President
Eriel Anchondo	44	Executive Vice President and Chief Operating Officer

(1) Information about George J. Carter is set forth above. See "Directors of FSP Corp."

Jeffrey B. Carter, age 50, is President and Chief Investment Officer of FSP Corp. Mr. Carter served as Executive Vice President and Chief Investment Officer from February 2012 until May 2016, when he was appointed as President in addition to his position as Chief Investment Officer. Previously, Mr. Carter served as Senior Vice President and Director of Acquisitions of FSP Corp. from 2005 to 2012 and as Vice President - Acquisitions from 2003 to 2005. Mr. Carter oversees the day-to-day execution of the Company's strategic objectives and business plan. In addition, Mr. Carter is primarily responsible for developing and implementing the Company's investment strategy, including coordination of acquisitions and dispositions. Prior to joining FSP Corp., Mr. Carter worked in Trust Administration for Northern Trust Bank in Miami, Florida. Mr. Carter is a graduate of Arizona State University (B.A.), The George Washington University (M.A.) and Cornell University (M.B.A.). Mr. Carter's father, George J. Carter, serves as Chief Executive Officer and Chairman of the Board of Directors of FSP Corp. and Mr. Carter's brother, Scott H. Carter, serves as Executive Vice President, General Counsel and Secretary of FSP Corp.

Scott H. Carter, age 50, is Executive Vice President, General Counsel and Secretary of FSP Corp. Mr. Carter has served as General Counsel since February 2008. Mr. Carter joined FSP Corp. in October 2005 as Senior Vice President and In-house Counsel. Mr. Carter is primarily responsible for the management of all of the legal affairs of FSP Corp. and its affiliates. Prior to joining FSP Corp. in October 2005, Mr. Carter was associated with the law firm of

Nixon Peabody LLP, which he originally joined in 1999. At Nixon Peabody LLP, Mr. Carter concentrated his practice on the areas of real estate syndication, acquisitions and finance. Mr. Carter received a Bachelor of Business Administration (B.B.A.) degree in Finance and Marketing and a Juris Doctor (J.D.) degree from the University of Miami. Mr. Carter is admitted to practice law in the Commonwealth of Massachusetts. Mr. Carter's father, George J. Carter, serves as Chief Executive Officer and Chairman of the Board of Directors of FSP Corp. and Mr. Carter's brother, Jeffrey B. Carter, serves as President and Chief Investment Officer of FSP Corp.

John G. Demeritt, age 61, is Executive Vice President, Chief Financial Officer and Treasurer of FSP Corp. and has been Chief Financial Officer since March 2005. Mr. Demeritt previously served as Senior Vice President, Finance and Principal Accounting Officer from September 2004 to March 2005. Prior to September 2004, Mr. Demeritt was a Manager with Caturano & Company, an independent accounting firm (which later merged with McGladrey) where he focused on Sarbanes Oxley compliance. Previously, from March 2002 to March 2004 he provided consulting services to public and private companies where he focused on SEC filings, evaluation of business processes and acquisition integration. During 2001 and 2002 he was Vice President of Financial Planning & Analysis at Cabot Industrial Trust, a publicly traded real estate investment trust, which was acquired by CalWest in December 2001. From October 1995 to December 2000 he was Controller and Officer of The Meditrust Companies, a publicly traded real estate investment trust (formerly known as The La Quinta Companies, which was then acquired by the Blackstone Group), where he was involved with a number of merger and financing transactions. Prior to that, from 1986 to 1995 he had financial and accounting responsibilities at three other public companies, and was previously associated with Laventhol & Horwath, an independent accounting firm from 1983 to 1986. Mr. Demeritt is a Certified Public Accountant and holds a Bachelor of Science degree from Babson College.

John F. Donahue, age 55, is Executive Vice President of FSP Corp. and President of FSP Property Management LLC and has held those positions since May 2016. Mr. Donahue is primarily responsible for the oversight of the management of all of the real estate assets of FSP Corp. and its affiliates. Mr. Donahue joined FSP Corp. in August 2001 as Vice President of FSP Property Management LLC. From 2001 to May 2016, Mr. Donahue was responsible for the management of real estate assets of FSP Corp. and its affiliates. From 1992 to 2001, Mr. Donahue worked in the pension fund advisory business for GE Capital and AEW Capital Management with oversight of office, research and development, industrial and land investments. From 1989 to 1992, Mr. Donahue worked for Krupp Realty in various accounting and finance roles. Mr. Donahue holds a Bachelor of Science in Business Administration degree from Bryant College.

Eriel Anchondo, age 44, is Executive Vice President and Chief Operating Officer of FSP Corp. and has held those positions since May 2016. Mr. Anchondo joined FSP Corp. in 2015 as Senior Vice President of Operations. Mr. Anchondo is responsible for ensuring that the Company has the proper operational controls, administrative and reporting procedures, and people systems and infrastructure in place to effectively grow the organization and maintain financial strength and operating efficiency. Prior to joining FSP Corp., from July 2014 to December 2014, Mr. Anchondo provided consulting services to the retail banking division of ISBAN, which is part of the Technology and Operations division of the Santander Group of financial institutions. From May 2007 to July 2013, Mr. Anchondo was employed by Mercer, a global consulting leader in talent, health, retirement, and investments, as an Employee Education Manager across all lines of Mercer's business. From May 2005 to May 2007, Mr. Anchondo was a Communications Consultant at New York Life Investment Management. From December 2002 to May 2005, Mr. Anchondo worked in the Preferred Client Services Group at Putnam Investments. Mr. Anchondo is a graduate of Boston University (B.A.) and Cornell University (M.B.A.).

Each of the above executive officers has been a full-time employee of FSP Corp. for the past five fiscal years.

Item 1A. Risk Factors

The following material factors, among others, could cause actual results to differ materially from those indicated by forward-looking statements made in this Annual Report on Form 10-K and presented elsewhere by management from time-to-time.

Risks Related to the COVID-19 Pandemic

The COVID-19 pandemic has caused severe disruptions in the U.S. and global economies and has had and is expected to continue to have an adverse impact on our financial condition and results of operations. This impact could be materially adverse to the extent that the current COVID-19 pandemic, or future pandemics, cause tenants to be unable to pay their rent or reduce the demand for commercial real estate, or cause other impacts described below.

The COVID-19 pandemic in many countries, including the United States, continues to adversely impact global economic activity and has contributed to significant volatility and negative pressure in financial markets. The global impact of the pandemic has been evolving and many countries, including the United States, have reacted by instituting a range of evolving measures designed to contain the spread of COVID-19 and mitigate its public health effects.

Many U.S. cities and states, including cities and states where our properties are located, have also instituted quarantines, restrictions on travel, restrictions on types of business that may continue to operate, and/or restrictions on types of construction projects that may continue. There can be no assurances as to the length of time any such continuing restrictions will remain in place.

Any ongoing negative economic impacts arising from the pandemic or any prolongation or worsening of the pandemic, including as a result of additional waves or variants of the COVID-19 disease, or the emergence of another future pandemic, could adversely affect us and/or our tenants due to, among other factors:

- the unavailability of personnel, including our executive officers and other leaders that are part of our management team, and the inability to recruit, attract and retain skilled personnel;
- difficulty accessing debt and equity capital on attractive terms, or at all—a severe disruption and instability in the global financial markets or deteriorations in credit and financing conditions may affect our and our tenants' ability to access capital necessary to fund business operations or replace or renew maturing liabilities on a timely basis on attractive terms, and may adversely affect the valuation of financial assets and liabilities, any of which could affect our ability to meet liquidity and capital expenditure requirements or have a material adverse effect on our business, financial condition, results of operations and cash flows;
- an inability to operate in affected areas, or delays in the supply of products or services from the vendors that are needed to operate effectively, including without limitation, the ability to complete construction on time and on budget;
- a reduction in demand for oil as a result of decreased economic activity and travel restrictions which, if sustained, could have an adverse impact on occupancy and rental rates in the markets where we own properties, including energy-influenced markets such as Dallas, Denver and Houston, where we have a significant concentration of properties; and
- tenants' inability to pay rent on their leases or our inability to re-lease space that is or becomes vacant, which inability, if extreme, could cause us to: (i) no longer be able to maintain our current level of dividends in order to preserve liquidity and (ii) be unable to meet our debt obligations to lenders, and/or be unable to meet debt covenants, either of which could trigger a default or defaults and cause us to have to sell properties or refinance debt on unattractive terms.

The COVID-19 pandemic has adversely impacted our properties and operating results and will continue to do so to the extent it reduces occupancy, increases the cost of operation, results in limited hours, results in decreased rental receipts, results in increased borrowings or necessitates the closure of such properties. In addition, quarantines, states of emergencies and other measures taken to curb the spread of COVID-19 may negatively impact the ability of our properties to continue to obtain necessary goods and services or provide adequate staffing, which may also adversely affect our properties and operating results.

Some of our existing tenants and potential tenants operate in industries that are being adversely affected by the disruption to business caused by this pandemic. Tenants have been, and may in the future be, required to suspend operations at our properties for extended periods of time. For example, some of our retail tenants have been, and may continue to be, closed for an extended period of time or only open certain hours of the day. Some of our tenants have requested rent concessions and more tenants may request rent concessions or may not pay rent in the future. This could lead to increased rent delinquencies and/or defaults under leases, a lower demand for rentable space leading to increased concessions or lower occupancy, increased tenant improvement capital expenditures, or reduced rental rates to maintain occupancies. For example, on December 21, 2020, the parent company of a tenant that leases approximately 130,000 square feet filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code, resulting in a writeoff charge of $3.1 million. Our operations could be materially negatively affected if the economic downturn is prolonged, which could adversely affect our operating results, ability to pay dividends, our ability to repay or refinance our existing indebtedness, and the price of our common stock.

The continuing evolution of this situation precludes any prediction as to the ultimate impact of the COVID-19 pandemic. The full extent of the impact and effects of the COVID-19 pandemic on our future financial performance, as a whole, and, specifically, on our real estate property holdings are uncertain at this time. The impact will depend on the availability, administration rates and effectiveness of vaccines and therapeutics and future developments, and other factors that are generally beyond our knowledge or control, including the severity and containment of certain COVID-19 variants, the continued duration and severity of the pandemic, and how quickly and to what extent normal economic and operating conditions can resume. COVID-19 and the current financial, economic and capital markets environment, and future developments in these and other areas, present uncertainty and risk with respect to our performance, financial condition, results of operations, cash flows, and the price of our common stock.

Risks Related to our Indebtedness

If a Sponsored REIT defaults on a Sponsored REIT Loan, we may be required to request additional draws, keep balances outstanding on our existing debt, exercise any maturity date extension rights, seek new debt or use our cash balance to repay our existing debt, which may reduce cash available for distribution to our stockholders or for other corporate purposes.

From time-to-time, we may make secured loans to Sponsored REITs in the form of mortgage loans or revolving lines of credit to fund construction costs, capital expenditures, leasing costs and for other purposes. We refer to these loans as Sponsored REIT Loans. We anticipate that each Sponsored REIT Loan will be repaid at maturity or earlier from long term financing of the property securing the loan, cash flows from that underlying property or some other capital event. If a Sponsored REIT defaults on a Sponsored REIT Loan, the Sponsored REIT could be unable to fully repay the Sponsored REIT Loan and we may have to satisfy our obligations under our existing debt through other means, including without limitation, requesting additional draws, keeping balances outstanding, exercising any maturity date extension rights, seeking new debt, and/or using our cash balance. If that happens, we may have less cash available for distribution to our stockholders or for other corporate purposes.

Our operating results and financial condition could be adversely affected if we are unable to refinance the BofA Revolver, the BofA Term Loan, the BMO Term Loan, the Series A Notes or the Series B Notes.

There can be no assurance that we will be able to refinance the BofA Revolver, the BofA Term Loan, the BMO Term Loan, the Series A Notes or the Series B Notes (each as defined in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations) upon their respective maturities, or that any such refinancings would be on terms as favorable as the terms of the BofA Revolver, the BofA Term Loan, the BMO Term

Loan, the Series A Notes, or the Series B Notes, or that we will be able to otherwise obtain funds by selling assets or raising equity to make required payments on the BofA Revolver, the BofA Term Loan, the BMO Term Loan, the Series A Notes or the Series B Notes. If we are unable to refinance the BofA Revolver, the BofA Term Loan, the BMO Term Loan, the Series A Notes or the Series B Notes at maturity or meet our payment obligations, the amount of our distributable cash flow and our financial condition would be adversely affected.

Failure to comply with covenants in the documents evidencing the BofA Revolver, the BofA Term Loan, the BMO Term Loan, the Series A Notes or the Series B Notes could adversely affect our financial condition.

The documents evidencing the BofA Revolver, the BofA Term Loan, the BMO Term Loan, the Series A Notes and the Series B Notes contain customary affirmative and negative covenants, including limitations with respect to indebtedness, liens, investments, mergers and acquisitions, disposition of assets, changes in business, certain restricted payments, the requirement to have subsidiaries provide a guaranty in the event that they incur recourse indebtedness and transactions with affiliates. In addition, subject to certain tax-related exceptions, the documents evidencing the BofA Revolver restrict our ability to make dividend distributions that exceed 95% of our good faith estimate of projected funds from operations for the applicable fiscal year. The documents evidencing the BofA Revolver, the BofA Term Loan, the BMO Term Loan, the Series A Notes and the Series B Notes contain some or all of the following financial covenants: minimum tangible net worth; maximum leverage ratio; maximum secured leverage ratio; minimum fixed charge coverage ratio; maximum unencumbered leverage ratio; and minimum unsecured interest coverage. Our continued ability to borrow under the BofA Revolver and our continued general compliance with the BofA Revolver, the BofA Term Loan, the BMO Term Loan, the Series A Notes and the Series B Notes is subject to ongoing compliance with our financial and other covenants. Failure to comply with such covenants could cause a default under the BofA Revolver, the BofA Term Loan, the BMO Term Loan, the Series A Notes or the Series B Notes, and we may then be required to repay them with capital from other sources. Under those circumstances, other sources of capital may not be available to us, or be available only on unattractive terms.

We may use the proceeds of the BofA Revolver, the BofA Term Loan, and the BMO Term Loan to finance the acquisition of real properties and for other permitted investments, to finance investments associated with Sponsored REITs, to refinance or retire indebtedness and for working capital and other general business purposes, all to the extent permitted under the applicable documents. If we breach covenants in the documents evidencing the BofA Revolver, the BofA Term Loan, the BMO Term Loan, the Series A Notes or the Series B Notes, the lenders can declare a default. A default under documents evidencing the BofA Revolver, the BofA Term Loan, the BMO Term Loan, the Series A Notes, or the Series B Notes could result in difficulty financing growth in our business and could also result in a reduction in the cash available for distribution to our stockholders or for other corporate purposes. A default under documents evidencing the BofA Revolver, the BofA Term Loan, the BMO Term Loan, the Series A Notes or the Series B Notes could materially and adversely affect our financial condition and results of operations.

An increase in interest rates would increase our interest costs on variable rate debt and could adversely impact our ability to refinance existing debt or sell assets.

As of December 31, 2021 and January 10, 2022, we had no borrowings under the Former BofA Revolver (as defined in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations). On January 10, 2022, we terminated the Former BofA Revolver two days prior to its scheduled maturity and simultaneously with the closing of the BofA Revolver. As of February 14, 2022, we had borrowings of $35 million drawn and outstanding under the BofA Revolver. Borrowings under the BofA Revolver, which may not exceed $237.5 million outstanding at any time, bear interest at variable rates based on our leverage ratio, from which we may incur additional indebtedness in the future. As of December 31, 2021, $110 million was drawn and outstanding under the BofA Term Loan. The BofA Term Loan includes an accordion feature that allows for an aggregate amount of up to $500 million of additional borrowing capacity. On July 22, 2016, we fixed the base LIBOR rate on the BofA Term Loan at 1.12% until September 27, 2021 by entering into an interest rate swap agreement. Subsequent to expiration of the interest rate swap agreement, interest on the BofA Term Loan has been at variable rates based on our credit rating.

As of December 31, 2021, $165 million was drawn and outstanding under the BMO Term Loan, although such amount may be increased by up to an additional $100 million through the exercise of an accordion feature. The

BMO Term Loan consists of a $55 million tranche A term loan, which was fully repaid on June 4, 2021, and a $165 million tranche B term loan that remains outstanding. Although interest on the BMO Term Loan is at variable rates based on our credit rating, on August 26, 2013, we fixed the base LIBOR rate on the BMO Term Loan at 2.32% per annum until August 26, 2020 by entering into an interest rate swap agreement. On February 20, 2019, we fixed the base LIBOR rate on the BMO Term Loan at 2.39% per annum for the period beginning August 26, 2020 and ending on January 31, 2024, by entering into interest rate swap agreements.

In the future, if interest rates increase, then the interest costs on our unhedged variable rate debt will also increase, which could adversely affect our cash flow, our ability to pay principal and interest on our debt and our ability to make distributions to stockholders. In addition, rising interest rates could limit our ability to incur new debt or to refinance existing debt when it matures. From time to time, we may enter into additional interest rate swap agreements and other interest rate hedging contracts, including swaps, caps and floors. While these agreements are intended to lessen the impact of rising interest rates on us, they also expose us to the risks that the other parties to the agreements will not perform, we could incur significant costs associated with the settlement of the agreements, the agreements will be unenforceable and the underlying transactions will fail to qualify as highly-effective cash flow hedges. In addition, an increase in interest rates could decrease the amount third parties are willing to pay for our assets, thereby limiting our ability to change our portfolio promptly in response to changes in economic or other conditions.

Changes to and replacement of the LIBOR benchmark interest rate could adversely affect our business, financial results and operation.

We may be adversely affected by the expected discontinuance of LIBOR. In July 2017, the United Kingdom Financial Conduct Authority (the regulatory authority over LIBOR) announced that it will plan for a phase out of regulatory oversight of LIBOR interest rate indices after 2021 to allow for an orderly transition to an alternate reference rate. However, the ICE Benchmark Administration, in its capacity as administrator of USD LIBOR, has announced that it intends to extend publication of USD LIBOR (other than one-week and two-month tenors) to June 2023. At this time, no consensus exists as to what rate or rates may become acceptable alternatives to LIBOR and it is impossible to predict the effect of any such alternatives on the value of LIBOR-based securities and variable rate loans, or other securities or financial arrangements, given LIBOR's role in determining market interest rates globally. We are evaluating the potential impact of the eventual replacement of the LIBOR benchmark interest rate, including the possibility of SOFR as the dominant replacement in the United States. In addition, other benchmarks may emerge or other rates may be adopted outside of the United States. Although the full impact of the transition away from LIBOR, including the discontinuance of LIBOR publication and the adoption of a replacement rate for LIBOR, remains unclear, these changes may have an adverse impact on our financing costs with respect to any floating rate indebtedness.

Downgrades in our credit ratings could reduce our access to funding sources in the credit and capital markets.

We are currently assigned a corporate credit rating from Moody's Investors Service, Inc. ("Moody's") based on its evaluation of our creditworthiness. Although our corporate credit rating from Moody's is currently below investment grade, there can be no assurance that we will not be further downgraded. Credit rating reductions or other negative actions by one or more rating agencies could adversely affect our access to funding sources, the cost and other terms of obtaining funding as well as our overall financial condition, operating results and cash flow.

Risks Related to our Operations and Properties

Economic conditions in the United States could have a material adverse impact on our earnings and financial condition.

The economic outlook in the United States is uncertain as a result of the COVID-19 pandemic. Because economic conditions in the United States may affect the demand for office space, real estate values, occupancy levels and property income, current and future economic conditions in the United States could have a material adverse impact on our earnings and financial condition. Economic conditions may be affected by numerous factors, including but not limited to, the pace of economic growth and/or recessionary concerns, inflation, increases in the levels of unemployment, energy prices, changes in currency exchange rates, uncertainty about government fiscal and tax policy, geopolitical

events, the regulatory environment, the availability of credit and interest rates. As of the date of this report, the impact of the COVID-19 pandemic and related fallout from containment and mitigation measures, such as work from home arrangements and the closing of various businesses, is adversely affecting the demand for office space. Future economic factors also may negatively affect the demand for office space, real estate values, occupancy levels and property income.

If we are not able to collect sufficient rents from each of our owned real properties, or investments in Sponsored REITs, or collect interest on Sponsored REIT Loans we fund, we may suffer significant operating losses or a reduction in cash available for future dividends.

A substantial portion of our revenue is generated by the rental income of our real properties and investments in Sponsored REITs. If our properties do not provide us with a steady rental income or we do not collect interest income from Sponsored REIT Loans we fund, our revenues will decrease, which may cause us to incur operating losses in the future and reduce the cash available for distribution to our stockholders.

We may not be able to dispose of properties on acceptable terms or within the time periods we anticipate pursuant to our disposition strategy.

We have adopted a strategy seeking to increase shareholder value through the sale of select properties where we believe that short to intermediate term valuation potential has been reached. Pursuant to this strategy, we anticipate that dispositions of properties in 2022 will result in estimated aggregate gross proceeds in the range of approximately $250 million to $350 million. As we execute this strategy, our revenue, Funds From Operations, and capital expenditures are likely to decrease in the short term. Proceeds from dispositions are intended to be used for the repayment of debt, repurchases of our common stock, any special dividends required to meet REIT requirements, and other general corporate purposes. We may not be able to dispose of properties at acceptable prices or otherwise on anticipated terms and conditions within the time periods contemplated by our disposition strategy, which would adversely affect our ability to use the proceeds as intended and impair our financial flexibility.

We are dependent on key personnel.

We depend on the efforts of George J. Carter, our Chief Executive Officer and Chairman of the Board of Directors; Jeffrey B. Carter, our President and Chief Investment Officer; Scott H. Carter, our General Counsel, Secretary and an Executive Vice President; John G. Demeritt, our Chief Financial Officer, Treasurer and an Executive Vice President; John F. Donahue, our President of FSP Property Management LLC and an Executive Vice President; and Eriel Anchondo, our Chief Operating Officer and an Executive Vice President. If any of our executive officers were to resign, our operations could be adversely affected. We do not have employment agreements with any of our executive officers.

We face risks from tenant defaults or bankruptcies.

If any of our tenants defaults on its lease, we may experience delays in enforcing our rights as a landlord and may incur substantial costs in protecting our investment. In addition, at any time, a tenant of one of our properties may seek the protection of bankruptcy laws, which could result in the rejection and termination of such tenant's lease and thereby cause a reduction in cash available for distribution to our stockholders. For example, on December 21, 2020, the parent company of a tenant that leases approximately 130,000 square feet filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code, resulting in a writeoff charge of $3.1 million.

New acquisitions may fail to perform as expected.

We may fund acquisitions of new properties, if any, with cash, by drawing on the BofA Revolver, by assuming existing indebtedness, by entering into new indebtedness, by issuing debt securities, by issuing shares of our stock or by other means. Our acquisition activities are subject to the following risks:

- acquired properties may fail to perform as expected;
- the actual costs of repositioning, redeveloping or maintaining acquired properties may be greater than our estimates; and

- we may be unable to quickly and efficiently integrate new acquisitions into our existing operations, and this could have an adverse effect on our results of operations and financial condition.

We face risks in owning, developing, redeveloping and operating real property.

An investment in us is subject to the risks incidental to the ownership, development, redevelopment and operation of real estate-related assets. These risks include the fact that real estate investments are generally illiquid, which may affect our ability to vary our portfolio in response to changes in economic and other conditions, as well as the risks normally associated with:

- changes in general and local economic conditions;
- the supply or demand for particular types of properties in particular markets;
- changes in market rental rates;
- the impact of environmental protection laws;
- changes in tax, real estate and zoning laws; and
- the impact of obligations and restrictions contained in title-related documents.

Certain significant costs, such as real estate taxes, utilities, insurance and maintenance costs, generally are not reduced even when a property's rental income is reduced. In addition, environmental and tax laws, interest rate levels, the availability of financing and other factors may affect real estate values and property income. Furthermore, the supply of commercial space fluctuates with market conditions.

We may encounter significant delays in reletting vacant space, resulting in losses of income.

When leases expire, we may incur expenses and may not be able to re-lease the space on the same terms. While we cannot predict when existing vacant space in properties will be leased, if existing tenants with expiring leases will renew their leases or what the terms and conditions of the lease renewals will be, we expect to renew or sign new leases at current market rates for locations in which the buildings are located, which in some cases may be below the expiring rates. Certain leases provide tenants the right to terminate early if they pay a fee. If we are unable to re-lease space promptly, if the terms are significantly less favorable than anticipated or if the costs are higher, we may have to reduce distributions to our stockholders. Typical lease terms range from five to ten years, so up to approximately 20% of our rental revenue from commercial properties could be expected to expire each year.

We face risks of tenant-type concentration.

As of December 31, 2021, approximately 18%, 13% and 11% of our tenants as a percentage of the total rentable square feet operated in the energy services industry, the information technology and computer services industry and the non-legal professional services industry, respectively. An economic downturn in these or any industry in which a high concentration of our tenants operate or in which a significant number of our tenants currently or may in the future operate, could negatively impact the financial condition of such tenants and cause them to fail to make timely rental payments or default on lease obligations, fail to renew their leases or renew their leases on terms less favorable to us, become bankrupt or insolvent, or otherwise become unable to satisfy their obligations to us, which could adversely affect our financial condition and results of operations.

We face risks from geographic concentration.

The properties in our portfolio as of December 31, 2021, by aggregate square footage, are distributed geographically as follows: South — 40.4%, West — 38.0%, Midwest — 16.4% and East — 5.2%. However, within certain of those regions, we hold a larger concentration of our properties in Greater Denver, Colorado — 38.0%, Dallas, Texas — 17.8%, Houston, Texas — 17.2% and Minneapolis, Minnesota — 11.0%. We are likely to face risks to the extent that any of these areas in which we hold a larger concentration of our properties suffer deteriorating economic conditions. As the Dallas, Denver and Houston metropolitan areas have a significant presence in the energy sector, a prolonged period of low oil or natural gas prices, or other factors negatively impacting the energy industry, could have an adverse impact on our ability to maintain the occupancy of our properties in those areas or could cause us to lease

space at rates below current in-place rents, or at rates below the rates we have leased space in those areas in the prior year. In addition, factors negatively impacting the energy industry could reduce the market values of our properties in those areas, which could reduce our net asset value and adversely affect our financial condition and results of operations, or cause a decline in the value of our common stock.

We compete with national, regional and local real estate operators and developers, which could adversely affect our cash flow.

Competition exists in every market in which our properties are currently located and in every market in which properties we may acquire in the future will be located. We compete with, among others, national, regional and numerous local real estate operators and developers. Such competition may adversely affect the percentage of leased space and the rental revenues of our properties, which could adversely affect our cash flow from operations and our ability to make expected distributions to our stockholders. Some of our competitors may have more resources than we do or other competitive advantages. Competition may be accelerated by any increase in availability of funds for investment in real estate. For example, decreases in interest rates tend to increase the availability of funds and therefore can increase competition. To the extent that our properties continue to operate profitably, this will likely stimulate new development of competing properties. The extent to which we are affected by competition will depend in significant part on both local market conditions and national and global economic conditions.

We face possible risks associated with the physical effects of climate change.

The physical effects of climate change could have a material adverse effect on our properties, operations and business. For example, climate change could increase utility and other costs of operating our properties, including increased costs for energy, water, insurance, regulatory compliance and other supply chain materials, which if not offset by rising rental income and/or paid by tenants, could have a material adverse effect on our properties, operations and business. We are also subject to climate change induced severe storm hazards, which to the extent not covered by insurance, could result in significant capital expenditures. Over time, the physical effects of climate change could result in declining demand for office space in our buildings or our inability to operate the buildings at all.

Security breaches and other disruptions could compromise our information and expose us to liability, which could cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data concerning investors in the Sponsored REITS, tenants and vendors. Although we have taken steps to protect the security of our information technology systems and the data maintained in those systems, such systems and infrastructure may be vulnerable to attacks by hackers, computer viruses or ransomware, or breaches due to employee error, malfeasance, impersonation of authorized users or other disruptions. Any such breach or attack could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and continuously become more sophisticated, often are not recognized until launched against a target and may be difficult to detect for a long time, we may be unable to anticipate these techniques or to implement adequate preventive or detective measures. Any unauthorized access, disclosure or other loss of information could result in significant financial exposure, including significant costs to remediate possible injury to the affected parties. We may also be subject to sanctions and civil or criminal penalties if we are found to be in violation of the privacy or security rules under laws protecting confidential information. Any failure to maintain proper functionality and security of our information systems could interrupt our operations, damage our reputation, subject us to liability claims or regulatory penalties and could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Actual or threatened terrorist attacks may adversely affect our ability to generate revenues and the value of our properties.

We have significant investments in markets that may be the targets of actual or threatened terrorism attacks in the future. As a result, some tenants in these markets may choose to relocate their businesses to other markets or to lower-profile office buildings within these markets that may be perceived to be less likely targets of future terrorist

activity. This could result in an overall decrease in the demand for office space in these markets generally or in our properties in particular, which could increase vacancies in our properties or necessitate that we lease our properties on less favorable terms or both. In addition, future terrorist attacks in these markets could directly or indirectly damage our properties, both physically and financially, or cause losses that materially exceed our insurance coverage. As a result of the foregoing, our ability to generate revenues and the value of our properties could decline materially. See also "*We may lose capital investment or anticipated profits if an uninsured event occurs.*"

We may lose capital investment or anticipated profits if an uninsured event occurs.

We carry, or our tenants carry, comprehensive liability, fire and extended coverage with respect to each of our properties, with policy specification and insured limits customarily carried for similar properties. There are, however, certain types of losses that may be either uninsurable or not economically insurable. Should an uninsured material loss occur, we could lose both capital invested in the property and anticipated profits.

Risks Related to Legal and Regulatory Matters

We are subject to possible liability relating to environmental matters, and we cannot assure you that we have identified all possible liabilities.

Under various federal, state and local laws, ordinances and regulations, we, as an owner or operator of real property may become liable for the costs of removal or remediation of certain hazardous substances released on or in our property. Such laws may impose liability without regard to whether the owner or operator knew of, or caused, the release of such hazardous substances. The presence of hazardous substances on a property may adversely affect the owner's ability to sell such property or to borrow using such property as collateral, and it may cause the owner of the property to incur substantial remediation costs. In addition to claims for cleanup costs, the presence of hazardous substances on a property could result in the owner incurring substantial liabilities as a result of a claim by a private party for personal injury or a claim by an adjacent property owner for property damage.

In addition, we cannot assure you that:

- future laws, ordinances or regulations will not impose any material environmental liability;
- the current environmental conditions of our properties will not be affected by the condition of properties in the vicinity of such properties (such as the presence of leaking underground storage tanks) or by third parties unrelated to us;
- tenants will not violate their leases by introducing hazardous or toxic substances into our properties that could expose us to liability under federal or state environmental laws; or
- environmental conditions, such as the growth of bacteria and toxic mold in heating and ventilation systems or on walls, will not occur at our properties and pose a threat to human health.

We are subject to compliance with the Americans With Disabilities Act and fire and safety regulations, any of which could require us to make significant capital expenditures.

All of our properties are required to comply with the Americans With Disabilities Act, or ADA, and the regulations, rules and orders that may be issued thereunder. The ADA has separate compliance requirements for "public accommodations" and "commercial facilities," but generally requires that buildings be made accessible to persons with disabilities. Compliance with ADA requirements might require, among other things, removal of access barriers. Noncompliance with such requirements could result in the imposition of fines by the U.S. government or an award of damages to private litigants.

In addition, we are required to operate our properties in compliance with fire and safety regulations, building codes and other land use regulations, as they may be adopted by governmental agencies and bodies and become applicable to our properties. Compliance with such requirements may require us to make substantial capital expenditures, which expenditures would reduce cash otherwise available for distribution to our stockholders.

We face risks associated with our tenants being designated "Prohibited Persons" by the Office of Foreign Assets Control.

Pursuant to Executive Order 13224 and other laws, the Office of Foreign Assets Control of the United States Department of the Treasury, or OFAC, maintains a list of persons designated as terrorists or who are otherwise blocked or banned, which we refer to as Prohibited Persons. OFAC regulations and other laws prohibit conducting business or engaging in transactions with Prohibited Persons, or collectively, the "OFAC Requirements". Our current leases and certain other agreements require the other party to comply with the OFAC Requirements. If a tenant or other party with whom we contract is placed on the OFAC list, we may be required by the OFAC Requirements to terminate the lease or other agreement. Any such termination could result in a loss of revenue or a damage claim by the other party that the termination was wrongful.

Risks Related to our Common Stock

Our level of dividends may fluctuate.

Because our real estate occupancy levels, rental rates and property disposition levels can fluctuate, there is no predictable recurring level of revenue from such activities and changes in interest rates or in the mix of our fixed and variable rate debt can cause our interest costs to fluctuate. As a result of these fluctuations, the amount of cash available for distribution to our stockholders may fluctuate, which may result in our not being able to maintain or grow dividend levels, including special dividends, in the future.

The real properties held by us may significantly decrease in value.

As of December 31, 2021, we owned 24 properties. Some or all of these properties may decline in value. To the extent our real properties decline in value, our stockholders could lose some or all of the value of their investments. The value of our common stock may be adversely affected if the real properties held by us decline in value since these real properties represent the majority of the tangible assets held by us. Moreover, if we are forced to sell or lease the real property held by us below its initial purchase price or its carrying costs, respectively, or if we are forced to lease real property at below market rates because of the condition of the property or general economic or local market conditions, our results of operations would be adversely affected and such negative results of operations may result in lower dividends being paid to holders of our common stock.

Further issuances of equity securities may be dilutive to current stockholders.

The interests of our existing stockholders could be diluted if we issue additional equity securities to finance future acquisitions, repay indebtedness or to fund other general corporate purposes. Our ability to execute our business strategy depends on our access to an appropriate blend of debt financing, including unsecured lines of credit and other forms of secured and unsecured debt, and equity financing.

The price of our common stock may vary.

The market prices for our common stock may fluctuate with changes in market and economic conditions, including the market perception of real estate investment trusts, or REITs, in general, and changes in our financial condition and results of operations. Such fluctuations may depress the market price of our common stock independent of the financial performance of FSP Corp. The market conditions for REIT stocks generally could affect the market price of our common stock.

Risks Related to our Organization and Structure

Our employee retention plan may prevent changes in control.

During February 2006, our Board of Directors approved a change in control plan, which included a form of retention agreement and discretionary payment plan. Payments under the discretionary plan are capped at 1% of the

market capitalization of FSP Corp. as reduced by the amount paid under the retention plan. The costs associated with these two components of the plan may have the effect of discouraging a third party from making an acquisition proposal for us and may thereby inhibit a change in control under circumstances that could otherwise give the holders of our common stock the opportunity to realize a greater premium over the then-prevailing market prices.

We would incur adverse tax consequences if we failed to qualify as a REIT.

The provisions of the tax code governing the taxation of REITs are very technical and complex, and although we expect that we will be organized and will operate in a manner that will enable us to meet such requirements, no assurance can be given that we will always succeed in doing so. In addition, as a result of our past acquisition of certain Sponsored REITs by merger, which we refer to as target REITs, we might no longer qualify as a REIT. We could lose our ability to so qualify for a variety of reasons relating to the nature of the assets acquired from the target REITs, the identity of the stockholders of the target REITs who become our stockholders or the failure of one or more of the target REITs to have previously qualified as a REIT. Moreover, if one or more of the target REITs that we acquired in May 2008, April 2006, April 2005 or June 2003 did not qualify as a REIT immediately prior to the consummation of its acquisition, we could be disqualified as a REIT as a result of such acquisition.

If in any taxable year we do not qualify as a REIT, we would be taxed as a corporation and distributions to our stockholders would not be deductible by us in computing our taxable income. In addition, if we were to fail to qualify as a REIT, we could be disqualified from treatment as a REIT in the year in which such failure occurred and for the next four taxable years and, consequently, we would be taxed as a regular corporation during such years. Failure to qualify for even one taxable year could result in a significant reduction of our cash available for distribution to our stockholders or could require us to incur indebtedness or liquidate investments in order to generate sufficient funds to pay the resulting federal income tax liabilities.

Provisions in our organizational documents may prevent changes in control.

Our Articles of Incorporation and Bylaws contain provisions, described below, which may have the effect of discouraging a third party from making an acquisition proposal for us and may thereby inhibit a change of control under circumstances that could otherwise give the holders of our common stock the opportunity to realize a premium over the then-prevailing market prices.

Ownership Limits. In order for us to maintain our qualification as a REIT, the holders of our common stock may be limited to owning, either directly or under applicable attribution rules of the Internal Revenue Code, no more than 9.8% of the lesser of the value or the number of our equity shares, and no holder of common stock may acquire or transfer shares that would result in our shares of common stock being beneficially owned by fewer than 100 persons. Such ownership limit may have the effect of preventing an acquisition of control of us without the approval of our board of directors. Our Articles of Incorporation give our board of directors the right to refuse to give effect to the acquisition or transfer of shares by a stockholder in violation of these provisions.

Preferred Stock. Our Articles of Incorporation authorize our board of directors to issue up to 20,000,000 shares of preferred stock, par value $.0001 per share, and to establish the preferences and rights of any such shares issued. The issuance of preferred stock could have the effect of delaying or preventing a change in control even if a change in control may be in our stockholders' best interest.

Increase of Authorized Stock. Our board of directors, without any vote or consent of the stockholders, may increase the number of authorized shares of any class or series of stock or the aggregate number of authorized shares we have authority to issue. The ability to increase the number of authorized shares and issue such shares could have the effect of delaying or preventing a change in control even if a change in control may be in our stockholders' best interest.

Amendment of Bylaws. Our board of directors has the power to amend our Bylaws. This power could have the effect of delaying or preventing a change in control even if a change in control may be in our stockholders' best interests.

Stockholder Meetings. Our Bylaws require advance notice for stockholder proposals to be considered at annual and special meetings of stockholders and for stockholder nominations for election of directors at annual and special meetings of stockholders. The advance notice provisions require a proponent to provide us with detailed information about the proponent and/or nominee. Our Bylaws also provide that stockholders entitled to cast more than 50% of all the votes entitled to be cast at a meeting must join in a request by stockholders to call a special meeting of stockholders and that a specific process for the meeting request must be followed. These provisions could have the effect of delaying or preventing a change in control even if a change in control may be in the best interests of our stockholders.

Supermajority Votes Required. Our Articles of Incorporation require the affirmative vote of the holders of no less than 80% of the shares of capital stock outstanding and entitled to vote in order (i) to amend the provisions of our Articles of Incorporation relating to the removal of directors, limitation of liability of officers and directors or indemnification of officers and directors or (ii) to amend our Articles of Incorporation to impose cumulative voting in the election of directors. These provisions could have the effect of delaying or preventing a change in control even if a change in control may be in our stockholders' best interest.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties

Set forth below is information regarding our properties as of December 31, 2021:

Property Location	Date of Purchase (1)	Approx. Square Feet	Percent Leased as of 12/31/21	Approx. Number of Tenants	Major Tenants (2)
Office					
600 Forest Point Circle	7/8/99	64,198	78.4 %	2	Willis Towers Watson Southeast Inc.
Charlotte, NC 28273					Flexential Corp.
50 Northwest Point Rd.	12/5/01	177,095	100.0 %	2	Citicorp Credit Services, Inc.
Elk Grove Village, IL 60005					NCS Pearson, Inc.
16285 Park Ten Place	6/27/02	157,609	72.0 %	7	Penn Virginia Corporation
Houston, TX 77084					Blade Energy Partners, Ltd.
					Ranger Oil Corporation
15601 Dallas Parkway	9/30/02	289,325	75.8 %	11	Cyxtera Management Inc.
Addison, TX 75001					WDT Acquisition Corporation
					Aerotek, Inc.
1500 & 1600 N. Greenville Ave.	3/3/03	300,887	84.4 %	6	ARGO Data Resource Corp.
Richardson, TX 75081					EMC Corporation
					Id Software, LLC
5600, 5620 & 5640 Cox Road	7/16/03	298,183	57.2 %	5	ChemTreat, Inc.
Glen Allen, VA 23060					General Electric Company
380 Interlocken Crescent	8/15/03	240,359	60.5 %	6	VMWare, Inc.
Broomfield, CO 80021					Sierra Financial Services, Inc.
5505 Blue Lagoon Drive (4)	11/6/03	213,182	73.6 %	1	Lennar Homes, LLC
Miami, FL 33126					
1293 Eldridge Parkway	1/16/04	248,399	100.0 %	1	CITGO Petroleum Corporation
Houston, TX 77077					
6550 & 6560 Greenwood Plaza	2/24/05	196,236	100.0 %	3	Kaiser Foundation Health Plan
Englewood, CO 80111					DirecTV, Inc.
16290 Katy Freeway	9/28/05	156,746	95.0 %	7	Olin Corporation
Houston, TX 77094					Hargrove and Associates, Inc.
					Bluware, Inc.
5055 & 5057 Keller Springs Rd.	2/24/06	217,191	83.4 %	24	Acrisure, LLC
Addison, TX 75001					
390 Interlocken Crescent	12/21/06	241,512	99.4 %	6	The Vail Corporation
Broomfield, CO 80021					AppExtremes, LLC
121 South Eighth Street	6/29/10	298,121	90.2 %	42	Schwegman, Lundberg & Woessner
Minneapolis, MN 55402					

Property Location	Date of Purchase (1)	Approx. Square Feet	Percent Leased as of 12/31/21	Approx. Number of Tenants	Major Tenants (2)
801 Marquette Ave. South	6/29/10	129,821	91.8 %	3	Common Grounds Minneapolis I, LLC
Minneapolis, MN 55402					Greater Minneapolis Convention & Visitor Association
					Deluxe Corporation
5100 & 5160 Tennyson Pkwy	3/10/11	207,049	41.1 %	4	ARK-LA-TEX Financial Services, LLC
Plano, TX 75024					
7500 Dallas Parkway	3/24/11	214,110	57.9 %	7	ADS Alliance Data Systems, Inc.
Plano, TX 75024					
909 Davis Street	9/30/11	195,098	93.3 %	9	Houghton Mifflin Co.
Evanston, IL 60201					Aptinyx, Inc.
					Northshore University Healthsystem
					Industrious Evn 909 Davis Street
10370 & 10350 Richmond Ave.	11/1/12	629,025	57.6 %	34	See Footnote 3
Houston, TX 77042					
1999 Broadway	5/22/13	680,255	67.0 %	36	United States Government
Denver, CO 80202					
1001 17th Street	8/28/13	655,420	95.2 %	18	Ovintiv USA Inc.
Denver, CO 80202					WPX Energy. Inc.
					Hall and Evans, LLC
					Ping Identity Corp.
45 South Seventh Street	6/6/16	330,096	83.6 %	25	PricewaterhouseCoopers LLP
Minneapolis, MN 55402					Haworth Marketing & Media Company
1420 Peachtree Street, NE	8/10/16	160,145	76.6 %	4	Swift, Currie, McGhee & Hiers, LLP
Atlanta, GA 30309					
600 17th Street	12/1/16	611,163	80.7 %	38	EOG Resources, Inc.
Denver, CO 80202					
Total Owned Portfolio		**6,911,225**	**78.4** %		

(1) Date of purchase or merged entity date of purchase.
(2) Major tenants that occupy 10% or more of the space in an individual property.
(3) No tenant occupies more than 10% of the space.

All of the properties listed above are owned, directly or indirectly, by us. None of our properties are subject to any mortgage loans. We have no other material undeveloped or unimproved properties, or proposed programs for material renovation or development of any of our properties in 2022. We believe that our properties are adequately covered by insurance as of December 31, 2021.

The information presented below provides the weighted average GAAP rent per square foot for the year ended December 31, 2021 for our properties and weighted occupancy square feet and percentages. GAAP rent includes the impact of tenant concessions and reimbursements. This table does not include information about properties held by our investments in nonconsolidated REITs or those which we have provided Sponsored REIT Loans.

Property Name	City	State	Year Built or Renovated	Net Rentable Square Feet	Weighted Occupied Sq. Ft.	Weighted Occupied Percentage as of December 31, 2021 (a)	Weighted Average Rent per Occupied Square Feet (b)
Forest Park	Charlotte	NC	1999/2020	64,198	36,233	56.4 %	$ 24.68
Innsbrook	Glen Allen	VA	1999	298,183	170,680	57.2 %	18.71
East total				**362,381**	**206,913**	**57.1 %**	**19.76**
Northwest Point	Elk Grove Village	IL	1999	177,095	177,095	100.0 %	31.00
909 Davis Street	Evanston	IL	2002	195,098	182,104	93.3 %	41.97
121 South 8th Street	Minneapolis	MN	1974	298,121	259,246	87.0 %	24.01
801 Marquette Ave	Minneapolis	MN	1923/2017	129,821	83,566	64.4 %	19.61
Plaza Seven	Minneapolis	MN	1987	330,096	281,407	85.3 %	34.27
Midwest total				**1,130,231**	**983,418**	**87.0 %**	**31.16**
Blue Lagoon Drive	Miami	FL	2002/2021	213,182	143,152	67.2 %	26.15
Park Ten	Houston	TX	1999	157,609	113,258	71.9 %	29.96
Addison Circle	Addison	TX	1999	289,325	233,688	80.8 %	32.92
Collins Crossing	Richardson	TX	1999	300,887	251,933	83.7 %	27.03
Eldridge Green	Houston	TX	1999	248,399	248,399	100.0 %	27.43
Park Ten Phase II	Houston	TX	2006	156,746	148,924	95.0 %	28.98
Liberty Plaza	Addison	TX	1985	217,191	159,853	73.6 %	22.61
Legacy Tennyson Center	Plano	TX	1999/2008	207,049	95,242	46.0 %	25.55
One Legacy Circle	Plano	TX	2008	214,110	121,229	56.6 %	38.35
Westchase I & II	Houston	TX	1983/2008	629,025	332,503	52.9 %	27.51
Pershing Park Plaza	Atlanta	GA	1989	160,145	77,574	48.4 %	32.89
South Total				**2,793,668**	**1,925,755**	**68.9 %**	**28.65**
380 Interlocken	Broomfield	CO	2000	240,359	152,916	63.6 %	32.80
1999 Broadway	Denver	CO	1986	680,255	459,580	67.6 %	32.72
1001 17th Street	Denver	CO	1977/2006	655,420	624,615	95.3 %	36.24
600 17th Street	Denver	CO	1982	611,163	512,705	83.9 %	32.73
Greenwood Plaza	Englewood	CO	2000	196,236	196,236	100.0 %	25.79
390 Interlocken	Broomfield	CO	2002	241,512	239,991	99.4 %	32.64
West Total				**2,624,945**	**2,186,043**	**83.3 %**	**33.10**
Total Owned Properties				**6,911,225**	**5,302,129**	**76.7 %**	**$ 30.60**

(a) Based on weighted occupied square feet for the year ended December 31, 2021, including month-to-month tenants, divided by the property's net rentable square footage.

(b) Represents annualized GAAP rental revenue for the year ended December 31, 2021 per weighted occupied square foot.

The information presented below is a lease expiration table for ten years and thereafter, stating (i) the number of tenants whose leases will expire, (ii) the total area in square feet covered by such leases, (iii) the annual rental represented by such leases in dollars and by square feet, and (iv) the percentage of gross annual rental represented by such leases.

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	54 (c)	503,150	$ 16,927,555	$ 33.64	10.5 %	10.5 %
2023	43	313,234	10,601,811	33.85	6.6 %	17.1 %
2024	50	738,892	23,275,750	31.50	14.4 %	31.5 %
2025	51	507,056	16,009,360	31.57	9.9 %	41.4 %
2026	31	532,267	19,064,325	35.82	11.8 %	53.2 %
2027	22	697,549	23,297,104	33.40	14.4 %	67.6 %
2028	15	273,175	7,513,529	27.50	4.7 %	72.3 %
2029	13	338,249	9,241,476	27.32	5.7 %	78.0 %
2030	8	422,110	13,861,254	32.84	8.6 %	86.6 %
2031	8	290,886	10,718,039	36.85	6.6 %	93.2 %
2032 and thereafter	37	798,533 (d)	10,887,055	13.63	6.8 %	100.0 %
Leased total	332	5,415,101	$ 161,397,258	$ 29.81	100.0 %	
Vacancies as of 12/31/21		1,496,124				
Total Portfolio Square Footage		6,911,225				

(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 December 31, 2021 multiplied by 12. Tenant reimbursements generally include payment of real estate taxes, operating expenses and common area maintenance and utility charges.
(c) Includes 3 leases that are month-to-month.
(d) Includes 91,958 square feet that are non-revenue producing building amenities.

Item 3. Legal Proceedings

From time to time, we may be subject to legal proceedings and claims that arise in the ordinary course of our business. Although occasional adverse decisions (or settlements) may occur, we believe that the final disposition of such matters will not have a material adverse effect on our financial position, cash flows or results of operations.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

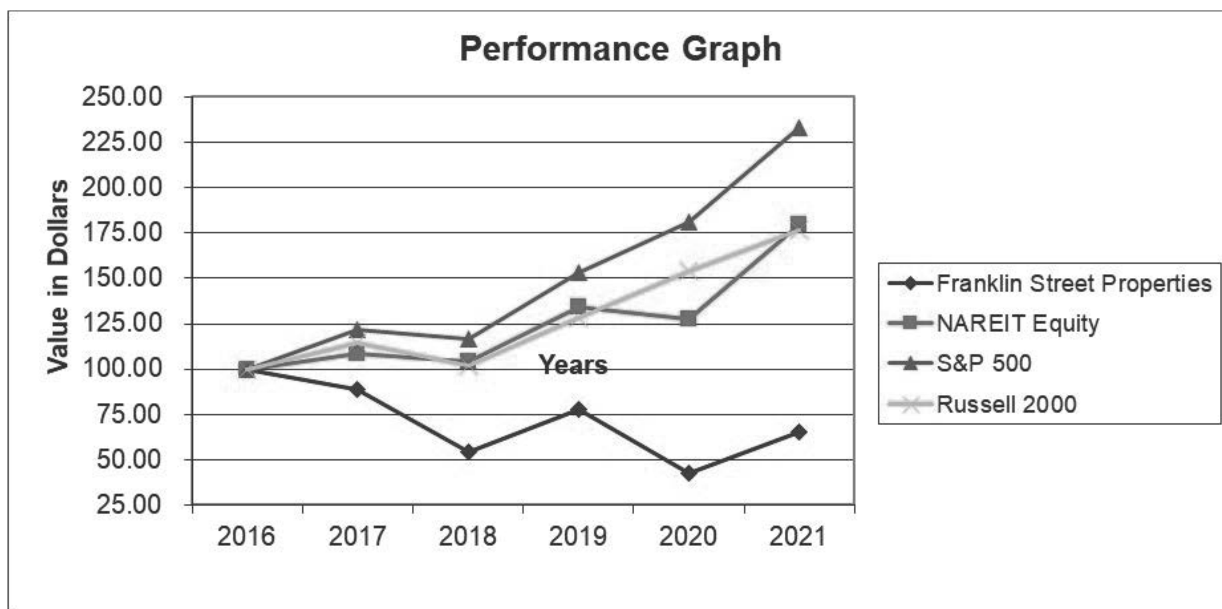
Our common stock is listed on the NYSE American under the symbol "FSP".

As of February 1, 2022, there were 15,167 holders of our common stock, including both holders of record and participants in securities position listings.

While not guaranteed, we expect to continue to pay cash dividends on our common stock in the future. See Part I, Item 1A Risk Factors, "Our level of dividends may fluctuate." for additional information.

STOCK PERFORMANCE GRAPH

The following graph compares the cumulative total stockholder return on the Company's common stock between December 31, 2016 and December 31, 2021 with the cumulative total return of (1) the NAREIT Equity Index, (2) the Standard & Poor's 500 Composite Stock Price Index ("S&P 500") and (3) the Russell 2000 Total Return Index over the same period. This graph assumes the investment of $100.00 on December 31, 2016 and assumes that any distributions are reinvested.



	As of December 31,					
	2016	2017	2018	2019	2020	2021
FSP	$ 100	$ 88	$ 54	$ 78	$ 43	$ 66
NAREIT Equity	100	109	104	134	127	180
S&P 500	100	122	116	153	181	233
Russell 2000	100	115	102	128	154	176

Notes to Graph:
The above performance graph and related information shall not be deemed "soliciting material" or to be "filed" with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

On June 23, 2021, FSP Corp. announced that the Board of Directors of FSP Corp. had authorized the repurchase of up to $50 million of the Company's common stock from time to time in the open market, privately negotiated transactions or other manners as permitted by federal securities laws. The repurchase authorization may be suspended or discontinued at any time.

The following table provides information about purchases by Franklin Street Properties Corp. during the quarter ended December 31, 2021 of equity securities that are registered by the Company pursuant to Section 12 of the Securities Exchange Act of 1934:

	(a)	**(b)**	**(c)**	**(d)**
Period	**Total Number of Shares (or Units) Purchased**	**Average Price Paid per Share (or Unit)**	**Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs**	**Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs**
October 1, 2021 through October 31, 2021	0	N/A	0	$41,755,544
November 1, 2021 through November 30, 2021	943,749	$6.01	943,749	$36,080,087
December 1, 2021 through December 31, 2021	690,456	$6.26	690,456	$31,755,550
Total:	1,634,205	$6.12	1,634,205	$31,755,550

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report. Historical results and percentage relationships set forth in the consolidated financial statements, including trends which might appear, should not be taken as necessarily indicative of future operations. The following discussion and other parts of this Annual Report on Form 10-K may also contain forward-looking statements based on current judgments and current knowledge of management, which 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, 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, expectations for future property dispositions, expectations for potential repurchases of our common stock and the potential payment of special dividends, changes in interest rates as a result of economic market conditions, 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, uncertainties relating to fiscal policy, changes in government regulations and regulatory uncertainty, 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, increases in the level of general and administrative costs as a percentage of revenues as revenues decrease as a result of property dispositions, additional staffing, insurance increases and real estate tax valuation reassessments. See "Risk Factors" in Item 1A. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We may not update any of the forward-looking statements after the date this Annual Report on Form 10-K is filed to conform them to actual results or to changes in our expectations that occur after such date, other than as required by law.

Overview

FSP Corp., or we or the Company, operates in a single reportable segment: real estate operations. The real estate operations market involves real estate rental operations, leasing, secured financing of real estate and services provided for asset management, property management, property acquisitions, dispositions and development. Our current strategy is to invest in infill and central business district office properties in the United States sunbelt and mountain west regions as well as select opportunistic markets. We believe that the United States sunbelt and mountain west regions have macro-economic drivers that have the potential to increase occupancies and rents. We seek value-oriented investments with an eye towards long-term growth and appreciation, as well as current income.

As of December 31, 2021, approximately 6.0 million square feet, or approximately 86.3% of our total owned portfolio, was located in Atlanta, Dallas, Denver, Houston and Minneapolis.

The main factor that affects our real estate operations is the broad economic market conditions in the United States. These market conditions affect the occupancy levels and the rent levels on both a national and local level. We have no influence on broader economic/market conditions. We look to acquire and/or develop quality properties in good locations in order to lessen the impact of downturns in the market and to take advantage of upturns when they occur.

We continue to believe that the current price of our common stock does not accurately reflect the value of our underlying real estate assets and intend to continue the strategy we initially adopted in 2021 of seeking to increase shareholder value through the sale of select properties where we believe that short to intermediate term valuation potential has been reached. Pursuant to this strategy, we anticipate that dispositions in 2022 will result in estimated gross proceeds in the range of approximately $250 million to $350 million. As we continue to execute this strategy, our revenue, Funds From Operations, and capital expenditures are likely to decrease in the short term. Proceeds from dispositions are intended to be used for the repayment of debt, repurchases of our common stock, any special dividends required to meet REIT requirements, and other general corporate purposes.

For the year ended December 31, 2021, our disposition strategy resulted in gross sale proceeds of approximately $603 million, and we repaid approximately $508 million of debt. Specifically, on May 27, 2021, we sold One Ravinia, Two Ravinia and One Overton Park in Atlanta Georgia for aggregate gross proceeds of approximately $219.5 million, on June 29, 2021, we sold Loudoun Technology Center in Sterling, Virginia for gross proceeds of approximately $17.25 million, on August 31, 2021, we sold River Crossing in Indianapolis, Indiana for gross proceeds of $35 million, on September 23, 2021, we sold Timberlake and Timberlake East, in Chesterfield, Missouri for aggregate gross proceeds of $67 million, on October 22, 2021, we sold 999 Peachtree in Atlanta Georgia for gross proceeds of approximately $223.9 million and on November 16, 2021, we sold two office properties in Chantilly, Virginia for aggregate gross proceeds of approximately $40 million. During the three months ended June 30, 2021, we repaid approximately $155 million of term loan indebtedness and the approximately $47.5 million that had been drawn under our revolving line of credit. During the three months ended September 30, 2021, we repaid $90 million of term loan indebtedness. During the three months ended December 31, 2021, we repaid approximately $215 million of indebtedness.

On June 15, 2021, the credit rating for our senior unsecured debt was downgraded by Moody's Investor Service to Ba1 from Baa3. The interest rate applicable to borrowings under our credit facilities is based in part on the rating of our debt. We anticipate that as a result of this downgrade we will incur an additional approximately $2.4 million in additional interest costs over a full twelve month period based on our borrowings as of December 31, 2021.

Trends and Uncertainties

COVID-19 Outbreak

Beginning in January 2020, there was a global outbreak of COVID-19, which continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. It has already disrupted global travel supply chains, adversely impacted global commercial activity, and its long-term economic impact remains uncertain. Considerable uncertainty still surrounds the COVID-19 pandemic and its potential effects on the population, including the spread of more contagious variants of the virus, as well as the availability, administration rates and effectiveness of vaccines, therapeutics and any responses taken on a national and local level by government authorities and businesses. The travel restrictions, limits on hours of operations and/or closures of various businesses and other efforts to curb the spread of COVID-19 significantly disrupted business activity globally, including in the markets where we own properties. Many of our tenants have been subject to various quarantine restrictions, and do not fully occupy the space that they lease. The pandemic has had an adverse impact on economic and market conditions in various sectors of the economy. However, the evolving nature of the pandemic makes it difficult to ascertain the long-term impact it will have on commercial real estate markets and our business. Nevertheless, the COVID-19 pandemic presents material uncertainty and risk with respect to the performance of our properties and our financial results, such as the potential negative impact to the businesses of our tenants, the potential negative impact to leasing efforts and occupancy at our properties, the potential closure of certain of our assets for an extended period, uncertainty regarding future rent collection levels or requests for rent concessions from our tenants, the occurrence of a default under any of our debt agreements, the potential for increased borrowing costs, our ability to refinance existing indebtedness or to secure new sources of capital on favorable terms, fluctuations in our level of dividends, increased costs of operations, our ability to complete required capital expenditures in a timely manner and on budget, decrease in values of our real estate assets, changes in law and/or regulation, and uncertainty regarding government and regulatory policy. We are unable to estimate the impact the COVID-19 pandemic will have on our future financial results at this time. See "Risk Factors" in Item 1A.

We have been following and directing our vendors to follow the guidelines from the Centers for Disease Control and other applicable authorities to minimize the spread of COVID-19 among our employees, tenants, vendors and visitors, as well as at our properties. During the year ended December 31, 2021, all of our properties remained open for business. Some of our tenants have requested rent concessions, and more tenants may request rent concessions or may not pay rent in the future. Future rent concession requests or nonpayment of rent could lead to increased rent delinquencies and/or defaults under leases, a lower demand for rentable space leading to increased concessions or lower occupancy, extended lease terms, increased tenant improvement capital expenditures, or reduced rental rates to maintain occupancies. We review each rent concession request on a case by case basis and may or may not provide rent concessions, depending on the specific circumstances involved. Cash, cash equivalents and restricted cash were $40.8 million as of December 31, 2021. Management believes that existing cash, cash anticipated to be generated internally by operations and our existing availability under the BofA Revolver ($202.5 million available as of February 14, 2022), will be sufficient to meet working capital requirements and anticipated capital expenditures for at least the next 12 months. Although there is no guarantee that we will be able to obtain the funds necessary for our future growth, we anticipate generating funds from continuing real estate operations. We believe that we have adequate funds to cover unusual expenses and capital improvements, in addition to normal operating expenses. Our ability to maintain or increase our level of dividends to stockholders, however, depends in significant part upon the level of rental income from our real estate properties and the amount, timing and terms of any property dispositions.

Economic Conditions

Various sectors of the economy in the United States have been adversely impacted as a result of the COVID-19 pandemic. Economic conditions directly affect the demand for office space, our primary income producing asset. In addition, the broad economic market conditions in the United States are typically affected by numerous factors, including but not limited to, inflation and employment levels, energy prices, the pace of economic growth and/or recessionary concerns, uncertainty about government fiscal, monetary, trade and tax policies, changes in currency exchange rates, geopolitical events, the regulatory environment, the availability of credit, and interest rates. As of the date of this report, the impact of the COVID-19 pandemic and related fallout from containment and mitigation measures, such as work from home arrangements and the closing of various businesses, is adversely affecting the demand for office space in the United States.

Real Estate Operations

As of December 31, 2021, our real estate portfolio was comprised of 24 operating properties, which we also refer to as our owned properties. Previously we had redevelopment properties, which we referred to as our redevelopment properties, that were in the process of being redeveloped, or were completed but not yet stabilized. Our 24 operating properties were approximately 78.4% leased as of December 31, 2021, a decrease from 85.0% leased as of December 31, 2020. The 6.6% decrease in leased space was a result of the impact from the disposition of ten properties in 2021and lease expirations and terminations, which exceeded leasing completed during the year ended December 31, 2021. As of December 31, 2021, we had approximately 1,496,000 square feet of vacancy in our operating properties compared to approximately 1,397,000 square feet of vacancy at December 31, 2020. During the year ended December 31, 2021, we leased approximately 1,035,000 square feet of office space, of which approximately 665,000 square feet were with existing tenants, at a weighted average term of 7.7 years. On average, tenant improvements for such leases were $25.89 per square foot, lease commissions were $11.45 per square foot and rent concessions were approximately seven months of free rent. Average GAAP base rents under such leases were $30.86 per square foot, or 2.5% higher than average rents in the respective properties as applicable compared to the year ended December 31, 2020.

As of December 31, 2021, we had no redevelopment properties. On November 16, 2021, we sold a property known as Stonecroft in Chantilly, Virginia and another property located in Chantilly, Virginia for aggregate gross sales proceeds of approximately $40 million. Stonecroft had been our sole redevelopment property prior to its sale.

Our property known as Blue Lagoon in Miami, Florida, was substantially completed during the first quarter of 2021, and had previously been classified as a redevelopment property. As of December 31, 2021, the property had leases signed and a tenant occupying approximately 73.6% of the rentable square feet of the property.

As of December 31, 2021, leases for approximately 7.3% and 4.5% of the square footage in our owned portfolio are scheduled to expire during 2022 and 2023, respectively. As the first quarter of 2022 begins, we believe that our operating properties are stabilized, with a balanced lease expiration schedule, and that existing vacancy is being actively marketed to numerous potential tenants. While leasing activity at our properties has continued, we believe that the COVID-19 outbreak and related containment and mitigation measures may limit or delay new tenant leasing during at least the first quarter of 2022 and potentially in future periods.

While we cannot generally predict when an existing vacancy in our owned portfolio will be leased or if existing tenants with expiring leases will renew their leases or what the terms and conditions of the lease renewals will be, we expect to renew or sign new leases at then-current market rates for locations in which the buildings are located, which could be above or below the expiring rates. Also, we believe the potential exists for any of our tenants to default on its lease or to seek the protection of bankruptcy. If any of our tenants defaults on its lease, we may experience delays in enforcing our rights as a landlord and may incur substantial costs in protecting our investment. In addition, at any time, a tenant of one of our properties may seek the protection of bankruptcy laws, which could result in the rejection and termination of such tenant's lease and thereby cause a reduction in cash available for distribution to our stockholders.

Real Estate Acquisition and Investment Activity

During 2021:

- on October 29, 2021, the Company agreed to amend and restate its existing Sponsored REIT Loan to FSP Monument Circle LLC to extend the maturity date from December 6, 2022 to June 30, 2023 and to advance an additional $3.0 million tranche of indebtedness to FSP Monument Circle LLC with the same June 30, 2023 maturity date, effectively increasing the aggregate principal amount of the Sponsored REIT Loan from $21 million to $24 million. In addition, the Company agreed to defer all principal and interest payments due under the Sponsored REIT Loan until the maturity date on June 30, 2023. As part of its consideration for agreeing to amend and restate the Sponsored REIT Loan, the Company obtained from the stockholders of the parent of FSP Monument Circle LLC the right to vote their shares in favor of any sale of the property owned by FSP Monument Circle LLC any time on or after January 1, 2023.
- we continued to actively explore additional potential real estate investment opportunities.

During 2020:

- we continued to actively explore additional potential real estate investment opportunities.

During 2019:

- during the year ended December 31, 2019, we received approximately $1.1 million as full repayment of a Sponsored REIT Loan with FSP Satellite Place Corp. ("Satellite Place") and we received approximately $51 million as full repayment of a Sponsored REIT Loan with FSP Energy Tower I Corp.;
- on February 2, 2019, we received a cash distribution of approximately $0.2 million from the liquidating trust of Grand Boulevard (defined below) and on July 29, 2021, we received a final liquidating distribution of approximately $0.1 million; and
- on April 3, 2019 we received a cash distribution of approximately $1.0 million from the liquidating trust of East Wacker (defined below);

Property Dispositions and Assets Held for Sale

We sold three office properties located in Atlanta, Georgia on May 27, 2021 for an aggregate sales price of approximately $219.5 million, at a net gain of approximately $22.8 million. We sold an office property in Dulles, Virginia on June 29, 2021 for a sales price of approximately $17.3 million, at a loss of $2.1 million. We sold an office property located in Indianapolis, Indiana on August 31, 2021 for a sales price of approximately $35 million, at a loss of approximately $1.7 million. We sold two office properties located in Chesterfield, Missouri on September 23, 2021 for

an aggregate sales price of approximately $67 million, at a gain of approximately $10.3 million. On October 22, 2021, we sold an office property in Atlanta Georgia for a sales price of approximately $223.9 million, at a gain of approximately $86.8 million. On November 16, 2021, we sold two office properties in Chantilly, Virginia for an aggregate sales price of approximately $40 million, at a loss of approximately $2.9 million. There were no properties held for sale as of December 31, 2021.

We used the proceeds of the dispositions principally to repay outstanding indebtedness.

The dispositions of these properties did not represent a strategic shift that has a major effect on our operations and financial results. Our current strategy is to continue to invest in the sunbelt region of the United States. Accordingly, the properties sold remained classified within continuing operations for all periods presented.

In 2020, we sold an office property located in Durham, North Carolina, for a sales price of approximately $89.7 million, at a gain of approximately $41.9 million. The disposal of this property did not represent a strategic shift that has a major effect on the Company's operations and financial results. Accordingly, the property remained classified within continuing operations for all periods presented and there were no assets held for sale at December 31, 2020 or December 31, 2019.

We continue to believe that the current price of our common stock does not accurately reflect the value of our underlying real estate assets and intend to continue the strategy we initially adopted in 2021 of seeking to increase shareholder value through the sale of select properties where we believe that short to intermediate term valuation potential has been reached. Pursuant to this strategy, we anticipate that dispositions in 2022 will result in estimated gross proceeds in the range of approximately $250 million to $350 million. As we continue to execute this strategy, our revenue, Funds From Operations, and capital expenditures are likely to decrease in the short term. Proceeds from dispositions are intended to be used for the repayment of debt, repurchases of our common stock, any special dividends required to meet REIT requirements, and other general corporate purposes.

Critical Accounting Estimates

We have certain critical accounting policies that are subject to judgments and estimates by our management and uncertainties of outcome that affect the application of these policies. We base our estimates on historical experience and on various other assumptions we believe to be reasonable under the circumstances. On an on-going basis, we evaluate our estimates. In the event estimates or assumptions prove to be different from actual results, adjustments are made in subsequent periods to reflect more current information. The accounting policies that we believe are most critical to the understanding of our financial position and results of operations, and that require significant management estimates and judgments, are discussed below. Significant estimates in the consolidated financial statements include the allowance for doubtful accounts, purchase price allocations, useful lives of fixed assets, impairment considerations and the valuation of derivatives.

Critical accounting policies are those that have the most impact on the reporting of our financial condition and results of operations and those requiring significant judgments and estimates. We believe that our judgments and estimates are consistently applied and produce financial information that fairly presents our results of operations. Our most critical accounting policies involve our investments in Sponsored REITs and our investments in real property. These policies affect our:

- allocation of purchase price;
- allowance for doubtful accounts;
- allowance for loan losses on mortgage loans;
- assessment of the carrying values and impairments of long lived assets;
- useful lives of fixed assets and intangibles;
- valuation of derivatives;
- classification of leases; and
- ownership of stock in a Sponsored REIT and related interests.

These policies involve significant judgments made based upon our experience, including judgments about current valuations, ultimate realizable value, estimated useful lives, salvage or residual value, the ability of our tenants to perform their obligations to us, current and future economic conditions and competitive factors in the markets in which our properties are located. Competition, economic conditions and other factors may cause occupancy declines in the future. In the future we may need to revise our carrying value assessments to incorporate information which is not now known and such revisions could increase or decrease our depreciation expense related to properties we own, result in the classification of our leases as other than operating leases or decrease the carrying values of our assets.

Allocation of Purchase Price

We allocate the value of real estate acquired among land, buildings, improvements and identified intangible assets and liabilities, which may consist of the value of above market and below market leases, the value of in-place leases, and the value of tenant relationships. Purchase price allocations and the determination of the useful lives are based on management's estimates. Under some circumstances we may rely upon studies commissioned from independent real estate appraisal firms in determining the purchase price allocations.

Purchase price allocated to land and building and improvements is based on management's determination of the relative fair values of these assets assuming the property was vacant. Management determines the fair value of a property using methods similar to those used by independent appraisers. Purchase price allocated to above or below market leases is based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases including consideration of potential lease renewals and (ii) our estimate of fair market lease rates for the corresponding leases, measured over a period equal to the remaining non-cancelable terms of the respective leases. This aggregate value is allocated between in-place lease values and tenant relationships based on management's evaluation of the specific characteristics of each tenant's lease; however, the value of tenant relationships has not been separated from in-place lease value because such value and its consequence to amortization expense is immaterial for acquisitions reflected in our financial statements. Factors considered by us in performing these analyses include (i) an estimate of carrying costs during the expected lease-up periods, including real estate taxes, insurance and other operating income and expenses, and (ii) costs to execute similar leases in current market conditions, such as leasing commissions, legal and other related costs. If future acquisitions result in our allocating material amounts to the value of tenant relationships, those amounts would be separately allocated and amortized over the estimated life of the relationships.

Allowance for Doubtful Accounts

We provided an allowance for doubtful accounts based on collectability. We recognize the effect of a change in our assessment of whether the collectability of operating lease receivables are probable as an adjustment to lease income rather than bad debt expense.

Impairment

We periodically evaluate our real estate properties for impairment indicators. These indicators may include declining tenant occupancy, weak or declining tenant profitability, cash flow or liquidity, our decision to dispose of an asset before the end of its estimated useful life or legislative, economic or market changes that permanently reduce the value of our investments. If indicators of impairment are present, we evaluate the carrying value of the property by comparing it to its expected future undiscounted cash flows. If the sum of these expected future cash flows is less than the carrying value, we reduce the net carrying value of the property to the present value of these expected future cash flows. This analysis requires us to judge whether indicators of impairment exist and to estimate likely future cash flows. If we misjudge or estimate incorrectly or if future tenant profitability, market or industry factors differ from our expectations, we may record an impairment charge which is inappropriate or fail to record a charge when we should have done so, or the amount of such charges may be inaccurate.

Depreciation and Amortization Expense

We compute depreciation expense using the straight-line method over estimated useful lives of up to 39 years for buildings and improvements, and up to 15 years for personal property. Costs incurred in connection with leasing

(primarily tenant improvements and leasing commissions) are capitalized and amortized over the lease period. The allocated cost of land is not depreciated. The value of above or below-market leases is amortized over the remaining non-cancelable periods of the respective leases as an adjustment to rental income. The value of in-place leases, exclusive of the value of above-market and below-market in-place leases, is also amortized over the remaining non-cancelable periods of the respective leases. If a lease is terminated prior to its stated expiration, all unamortized amounts relating to that lease are written off. Inappropriate allocation of acquisition costs, or incorrect estimates of useful lives, could result in depreciation and amortization expenses which do not appropriately reflect the allocation of our capital expenditures over future periods, as is required by generally accepted accounting principles.

Derivative Instruments

We recognize derivatives on the balance sheet at fair value. Derivatives that do not qualify, or are not designated as hedge relationships, must be adjusted to fair value through income. Derivative instruments designated in a hedge relationship to mitigate exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Cash flow hedges are accounted for by recording the fair value of the derivative instrument on the balance sheet as either an asset or liability. To the extent hedges are effective, a corresponding amount, adjusted for swap payments, is recorded in accumulated other comprehensive income within stockholders' equity. Amounts are then reclassified from accumulated other comprehensive income to the income statement in the period or periods the hedged forecasted transaction affects earnings. The ineffective portion of a derivative's change in fair value will be recognized in earnings in the same period in which the hedged interest payments affect earnings, which may increase or decrease reported net income and stockholders' equity prospectively, depending on future levels of interest rates and other variables affecting the fair values of derivative instruments and hedged items, but will have no effect on cash flows. Derivative instruments designated in a hedge relationship to mitigate exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. We currently have no fair value hedges outstanding. Fair values of derivatives are subject to significant variability based on changes in interest rates and counterparty credit risk. To the extent we enter into fair value hedges in the future, the results of such variability could be a significant increase or decrease in our derivative assets, derivative liabilities, book equity, and/or earnings.

Lease Classification

Some of our real estate properties are leased on a triple net basis, pursuant to non-cancelable, fixed term, operating leases. Each time we enter a new lease or materially modify an existing lease we evaluate whether it is appropriately classified as a financing lease or as an operating lease. The classification of a lease as financing or operating affects the carrying value of a property, as well as our recognition of rental payments as revenue. These evaluations require us to make estimates of, among other things, the remaining useful life and market value of a property, discount rates and future cash flows. Incorrect assumptions or estimates may result in misclassification of our leases.

Ownership of Stock in a Sponsored REIT and Related Interests

We held preferred stock interests in two Sponsored REITs, both of which were liquidated during 2018. As a result of our common and preferred stock interests in these two Sponsored REITs, we exercised influence over, but did not control these entities. These preferred stock interests were accounted for using the equity method. Under the equity method of accounting our cost basis was adjusted by our share of the Sponsored REITs' operations and distributions received. We also agreed to vote our preferred shares (i) with respect to any merger in the same manner that a majority of the other stockholders of the Sponsored REIT vote for or against the merger and (ii) with respect to any other matter presented to a vote by the stockholders of these Sponsored REITs in the same proportion as shares voted by other stockholders of that Sponsored REIT.

The equity investments in Sponsored REITS were reviewed for impairment each reporting period. The Company recorded impairment charges when events or circumstances indicate a decline in the fair value below the carrying value of the investment has occurred and such decline is other than temporary.

Results of Operations

The following table shows financial results for the years ended December 31, 2021 and 2020.

	Year ended December 31,		
(in thousands)	2021	2020	Change
Revenues:			
Rental	$ 207,581	$ 244,207	$ (36,626)
Related party revenue:			
Management fees and interest income from loans	1,700	1,610	90
Other	77	31	46
Total revenues	209,358	245,848	(36,490)
Expenses:			
Real estate operating expenses	60,881	66,940	(6,059)
Real estate taxes and insurance	41,061	48,390	(7,329)
Depreciation and amortization	78,544	88,558	(10,014)
General and administrative	15,898	14,997	901
Interest	32,273	36,026	(3,753)
Total expenses	228,657	254,911	(26,254)
Loss on extinguishment of debt	(901)	—	(901)
Gain on sale of properties, net	113,134	41,928	71,206
Income before taxes on income and equity in income of non-consolidated REITs	92,934	32,865	60,069
Tax expense on income	638	250	388
Equity in income of non-consolidated REITs	421	—	421
Net income	$ 92,717	$ 32,615	$ 60,102

Comparison of the year ended December 31, 2021 to the year ended December 31, 2020

Revenues

Total revenues decreased by $36.5 million to $209.4 million for the year ended December 31, 2021, as compared to the year ended December 31, 2020. The decrease was primarily a result of:

- A decrease in rental revenue of approximately $36.6 million arising primarily from the sale of ten properties in the last twelve months and a tenant bankruptcy in December 2020 and other losses of rental income from leases that expired after December 31, 2020. These decreases were partially offset by rental income earned from leases commencing after December 31, 2020. Our leased space in our operating properties was 78.4% at December 31, 2021 and 85.0% at December 31, 2020.

Expenses

Total expenses decreased by $26.3 million to $228.7 million for the year ended December 31, 2021, as compared to the year ended December 31, 2020. The decrease was primarily a result of:

- A decrease in real estate operating expenses and real estate taxes and insurance of approximately $13.4 million, primarily as a result of the sale of ten properties in the last twelve months.
- A decrease to depreciation and amortization of approximately $10.0 million, primarily as a result of the sale of ten properties in the last twelve months.

- A decrease in interest expense of approximately $3.8 million. The decrease was primarily from debt repayments made during 2021 and lower interest rates during the year ended December 31, 2021 compared to the year ended December 31, 2020.

These decreases were partially offset by:

- An increase in general and administrative expenses of $0.9 million, which was primarily attributable to an increase in public company related expenses.

Loss on extinguishment of debt

During the year ended December 31, 2021, we repaid debt and incurred a loss on extinguishment of debt of $0.9 million related to unamortized deferred financing costs on the dates of the repayments.

Gain on sale of properties, net

During the year ended December 31, 2021, we sold three office properties located in Atlanta, Georgia on May 27, 2021 for an aggregate sales price of approximately $219.5 million, at a net gain of approximately $22.8 million. We sold an office property in Dulles, Virginia on June 29, 2021 for a sales price of approximately $17.3 million, at a loss of $2.1 million. We sold an office property located in Indianapolis, Indiana on August 31, 2021, for a sales price of approximately $35 million, at a loss of approximately $1.7 million. We sold two office properties located in Chesterfield, Missouri on September 23, 2021 for an aggregate sales price of approximately $67 million, at a gain of approximately $10.3 million. We sold an office property located in Atlanta, Georgia on October 22, 2021, for a sales price of approximately $223.9 million, at a gain of approximately $86.8 million. We sold two office properties located in Chantilly, Virginia on November 16, 2021, for an aggregate sales price of approximately $40 million, at a loss of approximately $2.9 million.

During the year ended December 31, 2020, we sold an office property located in Durham, North Carolina on December 23, 2020 for a sales price of approximately $89.7 million, at a gain of approximately $41.9 million.

Tax expense on income

Included in income taxes is the Revised Texas Franchise Tax, which is a tax on revenues from Texas properties, which decreased $16,000 during the year ended December 31, 2021, as compared to the year ended December 31, 2020. We incurred $404,000 in state income taxes as a result of using some net operating loss carryforwards, which are not fully useable for some state income tax purposes during the year ended December 31, 2021.

Net income

Net income for the year ended December 31, 2021 was $92.7 million compared to a net income of $32.6 million for the year ended December 31, 2020, for the reasons described above.

The following table shows financial results for the years ended December 31, 2020 and 2019.

(in thousands)	Year ended December 31, 2020	2019	Change
Revenues:			
Rental	$ 244,207	$ 265,527	$ (21,320)
Related party revenue:			
Management fees and interest income from loans	1,610	3,517	(1,907)
Other	31	21	10
Total revenues	245,848	269,065	(23,217)
Expenses:			
Real estate operating expenses	66,940	72,311	(5,371)
Real estate taxes and insurance	48,390	47,871	519
Depreciation and amortization	88,558	90,909	(2,351)
General and administrative	14,997	14,473	524
Interest	36,026	36,757	(731)
Total expenses	254,911	262,321	(7,410)
Gain on sale of property	41,928	—	41,928
Income before taxes on income	32,865	6,744	26,121
Taxes on income	250	269	(19)
Net income	$ 32,615	$ 6,475	$ 26,140

Comparison of the year ended December 31, 2020 to the year ended December 31, 2019

Revenue

Total revenues decreased by $23.2 million to $245.8 million for the year ended December 31, 2020, as compared to the year ended December 31, 2019. The decrease was primarily a result of:

- A decrease in rental revenue of approximately $21.3 million arising primarily from the loss of rental income from leases that expired after December 31, 2019 and during the year ended December 31, 2020, compared to the year ended December 31, 2019. In December 2020, a tenant filed for bankruptcy and was put on a cash basis resulting in a $3.1 million charge against revenue to write-off receivables from the lease. These decreases were partially offset by rental income earned from leases commencing after December 31, 2019. Our leased space in our operating properties was 85.0% at December 31, 2020 and 87.6% at December 31, 2019.
- A decrease of approximately $1.8 million in interest income from Sponsored REIT Loans primarily as a result of repayment of approximately $51 million of these loans in June 2019.

Expenses

Total expenses decreased by $7.4 million to $255.0 million for the year ended December 31, 2020, as compared to the year ended December 31, 2019. The decrease was primarily a result of:

- A decrease in real estate operating expenses and real estate taxes and insurance of approximately $4.8 million.
- A decrease to depreciation and amortization of approximately $2.4 million.
- A decrease in interest expense of approximately $0.7 million. The decrease was primarily from lower interest rates during the year ended December 31, 2020 compared to the year ended December 31, 2019.

These decreases were partially offset by:

- An increase in general and administrative expenses of $0.5 million, which was primarily attributable to an increase in public company related expenses.

Gain on sale of property

We sold an office property located in Durham, North Carolina on December 23, 2020 for a sales price of approximately $89.7 million, at a gain of approximately $41.9 million. We did not sell any properties during the year ended December 31, 2019.

Tax expense on income

Included in income taxes is the Revised Texas Franchise Tax, which is a tax on revenues from Texas properties, which decreased $144,000 and federal and other income taxes, which increased by $125,000, during the year ended December 31, 2020, as compared to the year ended December 31, 2019, primarily as a result of a refund arising due to the provisions of the Tax Cuts and Jobs Act of 2017 during the year ended December 31, 2019.

Net income

Net income for the year ended December 31, 2020 was $32.6 million compared to a net income of $6.5 million for the year ended December 31, 2019, for the reasons described above.

Non-GAAP Financial Measures

Funds From Operations

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 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 (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 and note that other REITs may not define FFO in accordance with the 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 and cash flows from operating, investing and financing activities in the consolidated financial statements.

The calculations of FFO are shown in the following table:

	For the Year December 31,		
(in thousands):	**2021**	**2020**	**2019**
Net income	$ 92,717	$ 32,615	$ 6,475
Gain on sale of properties	(113,134)	(41,928)	—
Equity in income of non-consolidated REITs	(421)	—	—
FFO from non-consolidated REITs	421	—	—
Depreciation and amortization	78,509	88,244	90,507
NAREIT FFO	58,092	78,931	96,982
Lease Acquisition costs	387	467	560
Funds From Operations	$ 58,479	$ 79,398	$ 97,542

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 selling, general and administrative expenses, depreciation and amortization, including amortization of acquired above and below market lease intangibles and impairment charges, interest expense, less equity in earnings of nonconsolidated REITs, interest income, management fee income, hedge ineffectiveness, gains or losses on the sale of assets and excludes non-property specific income and expenses. The information presented includes footnotes and the data is shown by region with properties owned in the periods presented, which we call Same Store. The comparative Same Store results include properties held for the periods presented and exclude properties that are redevelopment properties. We also exclude properties that have been placed in service, but that do not have operating activity for all periods presented, dispositions and significant nonrecurring income such as bankruptcy settlements and lease termination fees. 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 are shown in the following table:

	Net Operating Income (NOI)*				
(in thousands) Region	Rentable Square Feet	Year Ended 31-Dec-21	Year Ended 31-Dec-20	Inc (Dec)	% Change
East	298	$ 1,615	$ 1,537	$ 78	5.1 %
MidWest	1,000	13,085	12,614	471	3.7 %
South	2,581	23,757	26,244	(2,487)	(9.5)%
West	2,625	40,518	44,656	(4,138)	(9.3)%
Property NOI from the continuing portfolio	6,504	78,975	85,051	(6,076)	(7.1)%
Dispositions, Non-Operating, Development or Redevelopment		25,106	41,596	(16,490)	(10.7)%
Property NOI		$ 104,081	$ 126,647	$ (22,566)	(17.8)%
Same Store		$ 78,975	$ 85,051	$ (6,076)	(7.1)%
Less Nonrecurring Items in NOI (a)		510	1,532	(1,022)	1.0 %
Comparative Same Store		$ 78,465	$ 83,519	$ (5,054)	(6.1)%

Reconciliation to Net income	Year Ended 31-Dec-21	Year Ended 31-Dec-20
Net Income	$ 92,717	$ 32,615
Add (deduct):		
Loss on extinguishment of debt	901	—
Gain on sale of property	(113,134)	(41,928)
Management fee income	(1,559)	(1,872)
Depreciation and amortization	78,544	88,558
Amortization of above/below market leases	(34)	(313)
General and administrative	15,898	14,997
Interest expense	32,273	36,026
Interest income	(1,639)	(1,540)
Equity in losses of non-consolidated REITs	(421)	—
Non-property specific items, net	535	104
Property NOI	$ 104,081	$ 126,647

(a) 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.

Liquidity and Capital Resources

Cash and cash equivalents were $40.8 million and $4.2 million at December 31, 2020 and December 31, 2019, respectively. The increase of $36.6 million is attributable to $36.3 million provided by operating activities, plus $505.5 million provided by investing activities and less $505.2 million used in financing activities. Management believes that existing cash, cash anticipated to be generated internally by operations and our existing availability under the BofA Revolver ($202.5 million available as of February 14, 2022), will be sufficient to meet working capital requirements and anticipated capital expenditures for at least the next 12 months. Although there is no guarantee that we will be able to obtain the funds necessary for our future growth, we anticipate generating funds from continuing real estate operations. We believe that we have adequate funds to cover unusual expenses and capital improvements, in addition to normal operating expenses. Our ability to maintain or increase our level of dividends to stockholders, however, depends in significant part upon the level of rental income from our real properties and our interest costs.

Operating Activities

Cash provided by our operating activities of $36.3 million is primarily attributable to net income of $92.7 million excluding the gain on sale of a property of $113.1 million plus the add-back of $77.9 million of non-cash expenses, plus a decrease in tenant rent receivables of $5.7 million, proceeds received from a liquidating distribution from a non-consoldiated REIT of $0.4 million and a decrease in prepaid expenses and other assets of $0.1 million. These increases were partially offset by a $12.2 million increase in payments of deferred leasing commissions, a $10.3 million increase in accounts payable and accrued expenses, an increase in tenant security deposits of $2.5 million and an increase in lease acquisition costs of $2.4 million.

Investing Activities

Cash provided by investing activities for the year ended December 31, 2021 of $505.5 million is primarily attributable to proceeds from the sale of ten properties of $573.3 million and partially offset by capital expenditures and office equipment investments of approximately $64.8 million and an increase in mortgage lending to a non-consolidated REIT of $3.0 million.

Financing Activities

Cash used in financing activities for the year ended December 31, 2021 of $505.2 million is primarily attributable to repayment of the JPM Term Loan in the amount of $100.0 million, repayment of a tranche of the BMO Term Loan in the amount of $55.0 million, repayment of a portion of the BofA Term Loan in the amount of $290 million, net repayments on the Former BofA Revolver in the amount of $3.5 million, stock repurchases in the amount of $18.2 million and distributions paid to stockholders in the amount of $38.5 million.

Liquidity beyond the next 12 months

Our ability to generate cash adequate to meet our needs is dependent primarily on income from real estate investments, the sale of real estate investments, leveraging of real estate investments, availability of bank borrowings, proceeds from public offerings of stock, private placement of debt and access to the capital markets. The acquisition of new properties, the payment of expenses related to real estate operations, capital improvement expenses, debt service payments, general and administrative expenses, and distribution requirements place demands on our liquidity.

We intend to operate our properties from the cash flows generated by our properties. However, our expenses are affected by various factors, including inflation. See Part I, Item 1A, Risk Factors for additional factors. Increases in operating expenses are predominantly borne by our tenants. To the extent that increases cannot be passed on to our tenants through rent reimbursements, such expenses would reduce the amount of available cash flow, which can adversely affect the market value of the applicable property.

We have used a variety of sources to fund our cash needs in addition to our free cash flow generated from our investments in real estate. In the past, we considered borrowing on our unsecured line of credit facility, adding or

refinancing existing term debt or raising capital through public offerings or At The Market (ATM) programs of our common stock. See Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Contractual Obligations. We believe these sources of funds will provide sufficient funds to adequately meet our obligations beyond the next twelve months.

JPM Term Loan

On August 2, 2018, the Company entered into an Amended and Restated Credit Agreement with JPMorgan Chase Bank, N.A., as administrative agent and lender ("JPMorgan"), and the other lending institutions party thereto (the "JPM Credit Agreement"), which provided a single unsecured bridge loan in the aggregate principal amount of $150 million (the "JPM Term Loan"). On December 24, 2020, the Company repaid a $50 million portion of the JPM Term Loan with a portion of the proceeds from the December 23, 2020 sale of its Durham, North Carolina property, and $100 million remained fully advanced and outstanding under the JPM Term Loan. On June 4, 2021, the Company repaid the remaining $100 million outstanding on the loan, which had been scheduled to mature on November 30, 2021, and incurred a loss on extinguishment of debt of $0.1 million related to unamortized deferred financing costs. The repayment was made with a portion of the proceeds from the May 27, 2021 sales of the three Atlanta properties.

Although the interest rate on the JPM Term Loan was variable under the JPM Credit Agreement, the Company fixed the LIBOR-based rate on a portion of the JPM Term Loan by entering into interest rate swap transactions. On March 7, 2019, the Company entered into ISDA Master Agreements with various financial institutions to hedge a $100 million portion of the future LIBOR-based rate risk under the JPM Credit Agreement. Effective March 29, 2019, the Company fixed the LIBOR-based rate at 2.44% per annum on a $100 million portion of the JPM Term Loan until November 30, 2021. On June 4, 2021, the Company paid approximately $1.2 million to terminate the interest rate swap, which was scheduled to mature on November 30, 2021.

BMO Term Loan

On September 27, 2018, the Company entered into a Second Amended and Restated Credit Agreement with the lending institutions party thereto and Bank of Montreal, as administrative agent (the "BMO Credit Agreement"). The BMO Credit Agreement provides for a single, unsecured term loan borrowing in the initial amount of $220 million (the "BMO Term Loan"), of which $165 million remains fully advanced and outstanding. The BMO Term Loan initially consisted of a $55 million tranche A term loan and a $165 million tranche B term loan. On June 4, 2021, the Company repaid the tranche A term loan that was scheduled to mature on November 30, 2021, and incurred a loss on extinguishment of debt of $0.1 million related to unamortized deferred financing costs. The repayment was made with a portion of the proceeds from the May 27, 2021 sales of the three Atlanta properties. The $165 million tranche B term loan matures on January 31, 2024. The BMO Credit Agreement also includes an accordion feature that allows up to $100 million of additional loans, subject to receipt of lender commitments and satisfaction of certain customary conditions.

The BMO Term Loan bears interest at either (i) a number of basis points over LIBOR depending on the Company's credit rating (165 basis points over LIBOR at December 31, 2021) or (ii) a number of basis points over the base rate depending on the Company's credit rating (65 basis points over the base rate at December 31, 2021).

The margin over LIBOR rate or base rate is determined based on the Company's credit rating pursuant to the following grid:

LEVEL	CREDIT RATING	LIBOR RATE MARGIN	BASE RATE MARGIN
I	A- /A3 (or higher)	85.0 bps	— bps
II	BBB+ /Baa1	90.0 bps	— bps
III	BBB /Baa2	100.0 bps	— bps
IV	BBB- /Baa3	125.0 bps	25.0 bps
V	<BBB-/Baa3	165.0 bps	65.0 bps

For purposes of the BMO Term Loan, base rate means, for any day, a fluctuating rate per annum equal to the highest of: (i) the bank's prime rate for such day, (ii) the Federal Funds Rate for such day, plus 0.50%, and (iii) the one month LIBOR based rate for such day plus 1.00%. As of December 31, 2021, the Company's credit rating from Moody's Investors Service was Ba1.

Although the interest rate on the BMO Term Loan is variable under the BMO Credit Agreement, the Company fixed the base LIBOR interest rate by entering into interest rate swap transactions. On August 26, 2013, the Company entered into an ISDA Master Agreement with Bank of Montreal that fixed the base LIBOR interest rate on the BMO Term Loan at 2.32% per annum, which matured on August 26, 2020. On February 20, 2019, the Company entered into ISDA Master Agreements with a group of banks that fixed the base LIBOR interest rate on the BMO Term Loan at 2.39% per annum for the period beginning on August 26, 2020 and ending January 31, 2024. Accordingly, based upon the Company's credit rating, as of December 31, 2021, the effective interest rate on the BMO Term Loan was 4.04% per annum. On June 4, 2021, the Company paid approximately $0.6 million to terminate the portion of the interest rate swap on tranche A, which was scheduled to mature on November 30, 2021.

The BMO Credit Agreement contains customary affirmative and negative covenants for credit facilities of this type, including limitations with respect to indebtedness, liens, investments, mergers and acquisitions, disposition of assets, changes in business, certain restricted payments, the requirement to have subsidiaries provide a guaranty in the event that they incur recourse indebtedness and transactions with affiliates. The BMO Credit Agreement also contains financial covenants that require the Company to maintain a minimum tangible net worth, a maximum leverage ratio, a maximum secured leverage ratio, a minimum fixed charge coverage ratio, a maximum unencumbered leverage ratio, and minimum unsecured interest coverage. The BMO Credit Agreement provides for customary events of default with corresponding grace periods, including failure to pay any principal or interest when due, certain cross defaults and a change in control of the Company (as defined in the BMO Credit Agreement). In the event of a default by the Company, the administrative agent may, and at the request of the requisite number of lenders shall, declare all obligations under the BMO Credit Agreement immediately due and payable, terminate the lenders' commitments to make loans under the BMO Credit Agreement, and enforce any and all rights of the lenders or administrative agent under the BMO Credit Agreement and related documents. For certain events of default related to bankruptcy, insolvency, and receivership, the commitments of lenders will be automatically terminated and all outstanding obligations of the Company will become immediately due and payable. We were in compliance with the BMO Term Loan financial covenants as of December 31, 2021.

BofA Revolver

On January 10, 2022, the Company entered into a Credit Agreement (the "BofA Credit Agreement") with Bank of America, N.A., as administrative agent, a letter of credit issuer and a lender ("BofA"), and the other lending institutions party thereto, for a new revolving line of credit for borrowings, at the Company's election, of up to $217.5 (the "BofA Revolver"). On February 10, 2022, the Company increased its BofA Revolver availability by $20.0 million to $237.5 million as part of the accordion feature that is available to increase borrowing capacity. Borrowings made under the BofA Revolver may be revolving loans or letters of credit, the combined sum of which may not exceed $237.5 million outstanding at any time. As of February 14, 2022, there were borrowings of $35.0 million drawn and outstanding under the BofA Revolver. Borrowings made pursuant to the BofA Revolver may be borrowed, repaid and reborrowed from time to time until the maturity date on January 12, 2024. The Company has the right to request an extension of the maturity date, subject to acceptance by the lenders and satisfaction of certain other customary conditions. The BofA Revolver includes an accordion feature that allows the Company to request an increase in borrowing capacity to an amount not exceeding $750 million in the aggregate, subject to receipt of lender commitments and satisfaction of certain customary conditions.

Borrowings under the BofA Revolver bear interest at a margin over either (i) the daily simple Secured Overnight Financing Rate ("SOFR"), plus an adjustment of 0.11448%, or (ii) one, three or six month term SOFR, plus a corresponding adjustment of 0.11448%, 0.26161% or 0.42826%, respectively. In addition, under certain circumstances, such as if SOFR is not able to be determined, the BofA Revolver will instead bear interest at a margin over a specified base rate. The margin over SOFR or, if applicable, the base rate varies depending on the Company's leverage ratio (1.950% over SOFR and 0.950% over the base rate at February 4, 2022). The Company is also obligated to pay an

annual facility fee and, if applicable, letter of credit fees in amounts that are also based on the Company’s leverage ratio. The facility fee is assessed against the aggregate amount of lender commitments regardless of usage (0.350% at February 4, 2022). The actual amount of the facility fee, any letter of credit fees, and the margin over SOFR or the base rate is determined based on the per annum percentages in the following grids:

Level	Leverage Ratio	Daily SOFR Rate Loans, Term SOFR Loans and Letter of Credit Fees	Facility Fee	Base Rate Loans
I	< 35.00%	1.550%	0.300%	0.550%
II	≥ 35.00% - < 40.00%	1.650%	0.300%	0.650%
III	≥ 40.00% - < 45.00%	1.750%	0.350%	0.750%
IV	≥ 45.00% - < 50.00%	1.950%	0.350%	0.950%
V	≥ 50.00% - < 55.00%	2.150%	0.350%	1.150%
VI	≥ 55.00%	2.350%	0.400%	1.350%

In the event that the Company is assigned an investment grade credit rating, the Company has a one-time right to elect to convert to a different, credit-based pricing grid with the following per annum percentages:

Level	Credit Rating	Daily SOFR Rate Loans, Term SOFR Loans and Letter of Credit Fees	Facility Fee	Base Rate Loans
I	A-/A3 (or higher)	0.725%	0.125%	0.000%
II	BBB+/Baa1	0.775%	0.150%	0.000%
III	BBB/Baa2	0.850%	0.200%	0.000%
IV	BBB-/Baa3	1.050%	0.250%	0.050%
V	<BBB-/Baa3	1.400%	0.300%	0.400%

Base rate means, for any day, a fluctuating rate per annum equal to the highest of: (i) the rate of interest in effect for such day as publicly announced from time to time by the administrative agent as its “prime rate”, (ii) the Federal Funds Rate plus 1/2 of 1% (0.50%), (iii) term SOFR for one month plus 1.00% and (iv) 1.00%. If the base rate is being used because SOFR is not able to be determined, base rate is the greater of clauses (i), (ii) and (iv).

The BofA Credit Agreement contains customary affirmative and negative covenants for credit facilities of this type, including limitations with respect to indebtedness, liens, investments, mergers and acquisitions, disposition of assets, changes in business, certain restricted payments, the requirement to have subsidiaries provide a guaranty in the event that they incur recourse indebtedness and transactions with affiliates. The BofA Credit Agreement also contains financial covenants that require the Company to maintain a minimum tangible net worth, a maximum leverage ratio, a maximum secured leverage ratio, a minimum fixed charge coverage ratio, a maximum unencumbered leverage ratio and a minimum unsecured interest coverage ratio. The BofA Credit Agreement also restricts the Company’s ability to make dividend distributions that exceed of 95% of the Company’s good faith estimate of projected funds from operations for the applicable fiscal year; provided, however, that notwithstanding such restriction, the Company is permitted to make dividend distributions based on the Company’s good faith estimate of projected or estimated taxable income or otherwise as necessary to retain the Company’s status as a real estate investment trust, to meet the distribution requirements of

Section 857 of the Internal Revenue Code or to eliminate any income or excise taxes to which the Company would otherwise be subject.

The BofA Credit Agreement provides for customary events of default with corresponding grace periods, including failure to pay any principal or interest when due, failure to comply with the provisions of the BofA Credit Agreement, certain cross defaults and a change in control of the Company (as defined in the BofA Credit Agreement). In the event of a default by the Company, BofA, in its capacity as administrative agent, may, and at the request of the requisite number of lenders shall, declare all obligations under the BofA Credit Agreement immediately due and payable and enforce any and all rights of the lenders or BofA under the BofA Credit Agreement and related documents. For certain events of default related to bankruptcy, insolvency, and receivership, all outstanding obligations of the Company will become immediately due and payable.

The Company may use the net proceeds of the BofA Revolver to finance the acquisition of real properties and for other permitted investments; to finance investments associated with Sponsored REITs, to refinance or retire indebtedness and for working capital and other general business purposes, in each case to the extent permitted under the BofA Credit Agreement.

BofA Credit Facility

On July 21, 2016, the Company entered into a First Amendment (the “BofA First Amendment”), and on October 18, 2017, the Company entered into a Second Amendment (the “BofA Second Amendment”), to the Second Amended and Restated Credit Agreement dated October 29, 2014 among the Company, the lending institutions party thereto and BofA, as administrative agent, L/C Issuer and Swing Line Lender (as amended by the BofA First Amendment and the BofA Second Amendment, the “BofA Credit Facility”) that continued an existing unsecured revolving line of credit (the “Former BofA Revolver”) and an existing term loan (the “BofA Term Loan”). Effective simultaneously with the closing of the BofA Credit Agreement on January 10, 2022, the Company delivered a notice to BofA terminating the aggregate lender commitments under the Former BofA Revolver in their entirety.

Former BofA Revolver Highlights

- As of December 31, 2021 and January 10, 2022, there were no borrowings under the Former BofA Revolver.
- The Former BofA Revolver was for borrowings, at the Company's election, of up to $600 million. Borrowings made pursuant to the Former BofA Revolver could be revolving loans, swing line loans or letters of credit, the combined sum of which could not exceed $600 million outstanding at any time.

As of December 31, 2021, there were no borrowings outstanding under the Former BofA Revolver. The Former BofA Revolver bore interest at either (i) a margin over LIBOR depending on the Company’s credit rating (1.550% over LIBOR at December 31, 2021) or (ii) a margin over the base rate depending on the Company’s credit rating (0.550% over the base rate at December 31, 2021). The BofA Credit Facility also obligated the Company to pay an annual facility fee in an amount that is also based on the Company’s credit rating. The facility fee was assessed against the total amount of the Former BofA Revolver, or $600 million (0.30% at December 31, 2021). The amount of any applicable facility fee, and the margin over LIBOR rate or base rate was determined based on the Company’s credit rating pursuant to the following grid.

Level	Credit Rating	LIBOR Rate Margin	Facility Fee	Base Rate Margin
I	A- /A3 (or higher)	0.825 %	0.125 %	0.000 %
II	BBB+ /Baa1	0.875 %	0.150 %	0.000 %
III	BBB /Baa2	1.000 %	0.200 %	0.000 %
IV	BBB- /Baa3	1.200 %	0.250 %	0.200 %
V	<BBB-/Baa3	1.550 %	0.300 %	0.550 %

For purposes of the BofA Credit Facility, base rate means, for any day, a fluctuating rate per annum equal to the highest of: (i) the bank’s prime rate for such day, (ii) the Federal Funds Rate for such day, plus 0.50%, and (iii) the one

month LIBOR based rate for such day plus 1.00%. As of December 31, 2021, the Company's credit rating from Moody's Investors Service was Ba1.

The weighted average interest rate on all amounts outstanding on the Former BofA Revolver during the year ended December 31, 2021, was approximately 1.33% per annum. As of December 31, 2020, there were borrowings of $3.5 million outstanding under the Former BofA Revolver. The weighted average interest rate on all amounts outstanding on the Former BofA Revolver during the year ended December 31, 2020, was approximately 1.65% per annum.

BofA Term Loan Highlights

- The original principal amount of the BofA Term Loan was $400 million. On September 30, 2021, the Company repaid a $90 million portion and on October 25, 2021, the Company repaid a $200 million portion of the BofA Term Loan and incurred a loss on extinguishment of debt of $0.7 million related to unamortized deferred financing costs. As of December 31, 2021, $110 million remained outstanding under the BofA Term Loan.
- The BofA Term Loan matures on January 12, 2023.
- The BofA Credit Facility includes an accordion feature that allows for an aggregate amount of up to $500 million of additional borrowing capacity to the Former BofA Revolver and/or the BofA Term Loan, subject to receipt of lender commitments and satisfaction of certain customary conditions.

The BofA Term Loan bears interest at either (i) a margin over LIBOR depending on the Company's credit rating (1.75% over LIBOR at December 31, 2021) or (ii) a margin over the base rate depending on the Company's credit rating (0.750% over the base rate at December 31, 2021). The margin over LIBOR rate or base rate is determined based on the Company's credit rating pursuant to the following grid:

Level	Credit Rating	LIBOR Rate Margin	Base Rate Margin
I	A- /A3 (or higher)	0.900 %	0.000 %
II	BBB+ /Baa1	0.950 %	0.000 %
III	BBB /Baa2	1.100 %	0.100 %
IV	BBB- /Baa3	1.350 %	0.350 %
V	<BBB-/Baa3	1.750 %	0.750 %

For purposes of the BofA Credit Facility, base rate means, for any day, a fluctuating rate per annum equal to the highest of: (i) the bank's prime rate for such day, (ii) the Federal Funds Rate for such day, plus 0.50%, and (iii) the one month LIBOR based rate for such day plus 1.00%. As of December 31, 2021, the Company's credit rating from Moody's Investors Service was Ba1.

The interest rate on the BofA Credit Facility was variable at December 31, 2021. Previously the Company had fixed the base LIBOR interest rate on the BofA Term Loan by entering into interest rate swap transactions. On July 22, 2016, the Company entered into ISDA Master Agreements with a group of banks that fixed the base LIBOR interest rate on the BofA Term Loan at 1.12% per annum for the period beginning on September 27, 2017 and ended on September 27, 2021. Based upon the Company's credit rating, as of December 31, 2021, the interest rate on the BofA Term Loan was 1.84% per annum. The weighted average variable interest rate on all amounts outstanding under the BofA Term Loan after the expiration of the interest rate swaps, on September 27, 2021, during the period from September 28 through December 31, 2021, was approximately 1.85% per annum.

BofA Credit Facility General Information

The BofA Credit Facility contains customary affirmative and negative covenants for credit facilities of this type, including limitations with respect to indebtedness, liens, investments, mergers and acquisitions, disposition of assets, changes in business, certain restricted payments, the requirement to have subsidiaries provide a guaranty in the event that they incur recourse indebtedness and transactions with affiliates. The BofA Credit Facility also contains financial

covenants that require the Company to maintain a minimum tangible net worth, a maximum leverage ratio, a maximum secured leverage ratio, a minimum fixed charge coverage ratio, a maximum unencumbered leverage ratio, and minimum unsecured interest coverage. The BofA Credit Facility provides for customary events of default with corresponding grace periods, including failure to pay any principal or interest when due, certain cross defaults and a change in control of the Company (as defined in the BofA Credit Facility). In the event of a default by the Company, the administrative agent may, and at the request of the requisite number of lenders shall, declare all obligations under the BofA Credit Facility immediately due and payable, terminate the lenders' commitments to make loans under the BofA Credit Facility, and enforce any and all rights of the lenders or administrative agent under the BofA Credit Facility and related documents. For certain events of default related to bankruptcy, insolvency, and receivership, the commitments of lenders will be automatically terminated and all outstanding obligations of the Company will become immediately due and payable. We were in compliance with the BofA Credit Facility financial covenants as of December 31, 2021.

The Company may use the proceeds of the loans under the BofA Credit Facility to finance the acquisition of real properties and for other permitted investments; to finance investments associated with Sponsored REITs, to refinance or retire indebtedness and for working capital and other general business purposes, in each case to the extent permitted under the BofA Credit Facility.

Senior Notes

On October 24, 2017, the Company entered into a note purchase agreement (the "Note Purchase Agreement") with the various purchasers named therein (the "Purchasers") in connection with a private placement of senior unsecured notes. Under the Note Purchase Agreement, the Company agreed to sell to the Purchasers an aggregate principal amount of $200,000,000 of senior unsecured notes consisting of (i) Series A Senior Notes due December 20, 2024 in an aggregate principal amount of $116 million (the "Series A Notes") and (ii) Series B Senior Notes due December 20, 2027 in an aggregate principal amount of $84 million (the "Series B Notes," and, together with the Series A Notes, the "Senior Notes"). On December 20, 2017, the Senior Notes were funded and proceeds were used to reduce the outstanding balance of the Former BofA Revolver.

The Senior Notes bear interest depending on the Company's credit rating. As of December 31, 2021, the Series A Notes bear interest at 4.49% per annum and the Series B Notes bear interest at 4.76% per annum.

The Note Purchase Agreement contains customary financial covenants, including a maximum leverage ratio, a maximum secured leverage ratio, a minimum fixed charge coverage ratio, and a maximum unencumbered leverage ratio. The Note Purchase Agreement also contains restrictive covenants that, among other things, restrict the ability of the Company and its subsidiaries to enter into transactions with affiliates, merge, consolidate, create liens, make certain restricted payments, enter into certain agreements or prepay certain indebtedness. Such financial and restrictive covenants are substantially similar to the corresponding covenants contained in the BofA Credit Facility, the BMO Credit Agreement and the JPM Credit Agreement. The Senior Notes financial covenants require, among other things, the maintenance of a fixed charge coverage ratio of at least 1.50; a maximum leverage ratio and an unsecured leverage ratio of no more than 60% (65% if there were a significant acquisition for a short period of time). In addition, the Note Purchase Agreement provides that the Note Purchase Agreement will automatically incorporate additional financial and other specified covenants (such as limitations on investments and distributions) that are effective from time to time under the existing credit agreements, other material indebtedness or certain other private placements of debt of the Company and its subsidiaries. The Note Purchase Agreement contains customary events of default, including payment defaults, cross defaults with certain other indebtedness, breaches of covenants and bankruptcy events. In the case of an event of default, the Purchasers may, among other remedies, accelerate the payment of all obligations. We were in compliance with the Senior Notes financial covenants as of December 31, 2021.

Equity Offering

From time to time, we may issue debt securities, common stock, preferred stock or depository shares under a registration statement to fund the acquisition of additional properties, to pay down any existing debt financing and for other corporate purposes.

Stock Repurchases

On June 23, 2021, FSP Corp. announced that the Board of Directors of FSP Corp. had authorized the repurchase of up to $50 million of the Company's common stock from time to time in the open market, privately negotiated transactions or other manners as permitted by federal securities laws. The repurchase authorization may be suspended or discontinued at any time.

Contingencies

From time to time, we may provide financing to Sponsored REITs in the form of a construction loan and/or a revolving line of credit secured by a mortgage. As of December 31, 2021, we had one loan outstanding for $24 million principal amount with one Sponsored REIT under such arrangements for the purpose of funding construction costs, capital expenditures, leasing costs or for other purposes. We anticipate that advances made under these facilities will be repaid at their maturity date or earlier from refinancing, long term financings of the underlying properties, cash flows from the underlying properties or another other capital event.

We may be subject to various legal proceedings and claims that arise in the ordinary course of our business. Although occasional adverse decisions (or settlements) may occur, we believe that the final disposition of such matters will not have a material adverse effect on our financial position or results of operations.

Related Party Transactions

We intend to draw on the BofA Revolver in the future for a variety of corporate purposes, including the acquisition of properties that we acquire directly for our portfolio and for Sponsored REIT Loans as described below.

Loans to Sponsored REITs

Sponsored REIT Loans

From time to time we may make secured loans ("Sponsored REIT Loans") to Sponsored REITs in the form of mortgage loans or revolving lines of credit to fund construction costs, capital expenditures, leasing costs and for other purposes. We anticipate that advances made under these facilities will be repaid at their maturity date or earlier from refinancing, long term financings of the underlying properties, cash flows from the underlying properties or another capital event. Each Sponsored REIT Loan is secured by a mortgage on the underlying property and has a term of approximately two to three years.

Our Sponsored REIT Loans subject us to credit risk. However, we believe that our position as asset manager of each of the Sponsored REITs helps mitigate that risk by providing us with unique insight and the ability to rely on qualitative analysis of the Sponsored REITs. Before making a Sponsored REIT Loan, we consider a variety of subjective factors, including the quality of the underlying real estate, leasing, the financial condition of the applicable Sponsored REIT and local and national market conditions. These factors are subject to change and we do not apply a formula or assign relative weights to the factors. Instead, we make a subjective determination after considering such factors collectively.

Additional information about our Sponsored REIT Loan outstanding as of December 31, 2021, including a summary table of our Sponsored REIT Loans, is incorporated herein by reference to Note 3, "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 this report.

Other Considerations

We generally pay the ordinary annual operating expenses of our properties from the rental revenue generated by the properties. For the year ended December 31, 2021 and 2020, respectively, the rental income exceeded the expenses

for each individual property, with the exception of Pershing Park for the three months ended December 31, 2021 and Stonecroft for the year ended December 31, 2020.

Pershing Park has approximately 160,000 square feet of rentable space, which was 12.4% leased at June 30, 2021 due to a large tenant departure on May 31, 2021. During the three months ended September 30, 2021, we signed a lease with a new tenant for approximately 100,000 square feet that has not commenced. The property had $125,000 of rental income and $489,000 of operating expenses for the three months ended December 31, 2021.

Stonecroft had approximately 111,000 square feet of rentable space and became vacant in December 2019. We had no rental income and no operating expenses during the three months ended December 31, 2020 and we had no rental income and operating expenses of $514,000 for the year ended December 31, 2020. We sold this property on November 16, 2021, at a loss of approximately $4.8 million.

Rental Income Commitments

Our commercial real estate operations include the leasing of office buildings subject to leases with terms greater than one year. The leases thereon expire at various dates through 2037. Approximate undiscounted cash flows of rental income from non-cancelable operating leases as of December 31, 2021 is:

(in thousands)	**Year ending December 31,**
2022	$ 100,269
2023	103,107
2024	97,792
2025	83,596
2026	70,718
Thereafter (2027-2037)	259,673
	$ 715,155

Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2021:

Contractual Obligations	**Payment due by period (in thousands)**						
	Total	**2022**	**2023**	**2024**	**2025**	**2026**	**Thereafter**
Former BofA Revolver (1) (2)	$ 59	$ 59	$ —	$ —	$ —	$ —	$ —
BofA Term Loan (3) (4)	112,104	2,037	110,067	—	—	—	—
BMO Term Loan Tranche B (3) (5)	178,888	6,666	6,666	165,556	—	—	—
Series A Notes (3)	131,482	5,208	5,208	121,066	—	—	—
Series B Notes (3)	107,870	3,998	3,998	3,998	3,998	3,998	87,880
Operating Lease	1,225	438	447	340	—	—	—
Total	$ 531,628	$ 18,406	$ 126,386	$ 290,960	$ 3,998	$ 3,998	$ 87,880

(1) Amounts include principal and interest payments.
(2) Amounts reflect a facility fee calculated as 0.30% of the $600 million available to be drawn.
(3) Amounts include principal and interest payments.
(4) The BofA Term Loan interest was estimated based on the variable rate in effect as of December 31, 2021, which was at an annual rate of 1.85%.
(5) The BMO Term Loan has an interest rate swap with an effective interest rate of 4.04% per annum as of December 31, 2021, which was used for estimating interest.

The operating lease in the table above consists of our lease of corporate office space, which commenced September 1, 2010, and was amended on October 25, 2016. The amended lease expires on September 30, 2024 and has

one five year renewal option. The lease includes a base annual rent and additional rent for our share of taxes and operating costs.

In addition to the amounts in the table above, from time to time, we may provide Sponsored REIT Loans to our Sponsored REITs. As of December 31, 2021, we had one Sponsored REIT Loan with $24 million principal amount outstanding. Additional information about our Sponsored REIT Loan outstanding as of December 31, 2021, including a summary table of our Sponsored REIT Loan, is incorporated herein by reference to Note 3, "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 this report.

Off-Balance Sheet Arrangements

Investments in Sponsored REITs

Previously we operated in the investment banking segment, and in December 2011, we discontinued those activities. The investment banking segment involved the structuring of real estate investments and broker/dealer services that included the organization of Sponsored REITs, the acquisition and development of real estate on behalf of Sponsored REITs and the raising of capital to equitize the Sponsored REITs through sale of preferred stock in private placements. On December 15, 2011, we announced that our broker/dealer subsidiary, FSP Investments LLC, would no longer sponsor the syndication of shares of preferred stock in newly-formed Sponsored REITs. On July 15, 2014, FSP Investments LLC withdrew its registration as a broker/dealer with FINRA.

The Sponsored REITs own real estate, purchases of which were financed through the private placement of equity in those entities, typically through syndication. These Sponsored REITs are operated in a manner intended to qualify as real estate investment trusts. We earned fees related to the sale of preferred stock in the Sponsored REITs in these syndications. The Sponsored REITs issued both common stock and preferred stock. The common stock is owned by FSP Corp. Generally the preferred stock is owned by unaffiliated investors, however, we held an interest in preferred shares of two Sponsored REITs, which were liquidated during 2018. In addition, directors and officers of FSP Corp., have from time to time invested in Sponsored REITs. Following consummation of the offerings, the preferred stockholders in each of the Sponsored REITs were entitled to 100% of the Sponsored REIT's cash distributions. Subsequent to the completion of the offering of preferred shares, except for the preferred stock we previously owned, we do not share in any of the Sponsored REIT's earnings, or any related dividend, and the common stock ownership interests have virtually no economic benefit or risk.

As a common stockholder, we have no rights to the Sponsored REIT's earnings or any related cash distributions. However, upon liquidation of a Sponsored REIT, we are entitled to our percentage interest as a common stockholder in any proceeds remaining after the preferred stockholders have recovered their investment. Our common stock percentage interest in each Sponsored REIT is less than 1%. The affirmative vote of the holders of a majority of the Sponsored REIT's preferred stockholders is required for any actions involving merger, sale of property, amendment to charter or issuance of additional capital stock. In addition, all of the Sponsored REITs allow the holders of more than 50% of the outstanding preferred shares to remove (without cause) and replace one or more members of that Sponsored REIT's board of directors.

We previously acquired a preferred stock interest in three Sponsored REITs, including one that sold the property owned by it on September 24, 2018, one that sold the property owned by it on July 19, 2018 and one that sold the property owned by it on December 20, 2012 and each made a liquidating distribution to us; and one we acquired on May 15, 2008 by cash merger and another we acquired on April 30, 2006 by merger. As a result of our common stock interest and during the period we owned our preferred stock interests in the remaining two Sponsored REITs, we exercised influence over, but did not control these entities. These preferred share investments were accounted for using the equity method. Under the equity method of accounting our cost basis was adjusted by our share of the Sponsored REITs' operations and distributions received. We also agreed to vote our preferred shares in any matter presented to a vote by the stockholders of these Sponsored REITs in the same proportion as shares voted by other stockholders of the Sponsored REITs.

At December 31, 2021, 2020 and 2019, we held a common stock interest in 2 Sponsored REITs, all of which were fully syndicated and in which we do not share economic benefit or risk.

From time to time, we may provide Sponsored REIT Loans to our Sponsored REITs. As of December 31, 2021, we had one Sponsored REIT Loan with $24 million principal amount outstanding. Additional information about our Sponsored REIT Loan outstanding as of December 31, 2021, including a summary table of our Sponsored REIT Loan, is incorporated herein by reference to Note 3, "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 this report.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Market Rate Risk

We are exposed to changes in interest rates primarily from our floating rate borrowing arrangements. We use interest rate derivative instruments to manage exposure to interest rate changes. As of December 31, 2021 and December 31, 2020, if market rates on our outstanding borrowings under the Former BofA Revolver and the BofA Term Loan subject to a floating rate increased by 10% at maturity, or approximately 19 and 13 basis points, respectively, over the current variable rate, the increase in interest expense would decrease future earnings and cash flows by approximately $0.2 million and $5,000 annually, respectively. Based upon our credit rating, the interest rate on the Former BofA Revolver as of December 31, 2021 was LIBOR plus 155 basis points, or 1.65% per annum. Based upon our credit rating, the interest rate on the BofA Term Loan as of December 31, 2021 was LIBOR plus 175 basis points, or 1.85% per annum. No amounts were drawn on the Former BofA Revolver and $110 million was outstanding on the BofA Term Loan as of December 31, 2021. We do not believe that the interest rate risk on the Former BofA Revolver and the BofA Term Loan are material as of December 31, 2021.

Although the interest rates on the BMO Term Loan, the BofA Term Loan and the JPM Term Loan are variable, the Company fixed the base LIBOR interest rates on the BMO Term Loan and the BofA Term Loan, and the LIBOR-based rate on the remaining $100 million portion of the JPM Term Loan, by entering into interest rate swap agreements. On July 22, 2016, the Company fixed the interest rate for the period beginning on September 27, 2017 and ended on September 27, 2021 on the BofA Term Loan with multiple interest rate swap agreements (the "2017 Interest Rate Swap"). On March 7, 2019, the Company fixed the interest rate for the period beginning on March 29, 2019 and ending on November 30, 2021 for the notional value of $100 million on the JPM Term Loan with interest rate swap agreements (the "2019 JPM Interest Rate Swap"). On June 4, 2021, the Company paid approximately $1.2 million to terminate the 2019 JPM Interest Rate Swap, which was scheduled to mature on November 30, 2021. On February 20, 2019, the Company fixed the interest rate for the period beginning August 26, 2020 and ending January 31, 2024 on the BMO Term Loan with interest rate swap agreements (the "2019 BMO Interest Rate Swap"). On June 4, 2021, the Company paid approximately $0.6 million to terminate $55 million in Notional Value on the 2019 BMO Interest Rate Swap, which was scheduled to mature on November 30, 2021. Accordingly, based upon our credit rating, as of December 31, 2021, the interest rate on the BMO Term Loan was 4.04% per annum. The fair value of these interest rate swaps are affected by changes in market interest rates. We believe that we have mitigated interest rate risk with respect to the BMO Term Loan through the 2019 BMO Interest Rate Swap until January 31, 2024. This interest rate swap was our only derivative instrument as of December 31, 2021.

The table below lists our derivative instruments, which are hedging variable cash flows related to interest on our BofA Term Loan, BMO Term Loan and a portion of the JPM Term Loan as of December 31, 2021 and December 31, 2020 (in thousands):

(in thousands)	Notional Value	Strike Rate	Effective Date	Expiration Date	Fair Value (2) at December 31, 2021	Fair Value (2) at December 31, 2020
2017 Interest Rate Swap	$ 400,000	1.12 %	Sep-17	Sep-21	$ —	$ (2,947)
2019 JPM Interest Rate Swap	$ 100,000	2.44 %	Mar-19	Nov-21	$ —	$ (2,102)
2019 BMO Interest Rate Swap (1)	$ 165,000	2.39 %	Aug-20	Jan-24	$ (5,239)	$ (12,262)

(1) The Notional Value was $220 million and decreased to $165 million on June 4, 2021.
(2) Classified within Level 2 of the fair value hierarchy.

Our BMO Term Loan, BofA Term Loan and JPM Term Loan hedging transactions used derivative instruments that involve certain additional risks such as counterparty credit risk, the enforceability of hedging contracts and the risk that unanticipated and significant changes in interest rates will cause a significant loss of basis in either or both of the contracts. We require our derivatives contracts to be with counterparties that have investment grade ratings. As a result, we do not anticipate that any counterparty will fail to meet its obligations. However, there can be no assurance that we will be able to adequately protect against the foregoing risks or that we will ultimately realize an economic benefit that exceeds the related amounts incurred in connection with engaging in such hedging strategies.

The Company's derivatives are recorded at fair value in other assets and liabilities in the consolidated balance sheets, the effective portion of the derivatives' fair value is recorded to other comprehensive income in the consolidated statements of other comprehensive income (loss).

The following table presents, as of December 31, 2021, our contractual variable rate borrowings under our Former BofA Revolver, which we terminated on January 10, 2022, under our BofA Term Loan, which matures on January 12, 2023, under our BMO Term Loan Tranche B, which matures on January 31, 2024, under our Series A Notes, which mature on December 20, 2024, and under our Series B Notes, which mature on December 20, 2027.

	Payment due by period (in thousands)						
	Total	2022	2023	2024	2025	2026	Thereafter
Former BofA Revolver	$ —	$ —	$ —	$	$ —	$ —	$ —
BofA Term Loan	110,000	—	110,000		—	—	—
BMO Term Loan Tranche B	165,000	—	—	165,000		—	—
Series A Notes	116,000	—		116,000		—	—
Series B Notes	84,000	—	—	—	—	—	84,000
Total	$ 475,000	$ —	$ 110,000	$ 281,000	$ —	$ —	$ 84,000

Item 8. Financial Statements and Supplementary Data

The information required by this item is included in the financial pages following the Exhibit Index herein and incorporated herein by reference. Reference is made to the Index to Consolidated Financial Statements in Item 15 of Part IV.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2021. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2021, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Annual Report on Internal Control Over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) or 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officer and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework, 2013 framework.

Based on our assessment, management concluded that, as of December 31, 2021, the Company's internal control over financial reporting is effective based on those criteria.

Ernst & Young LLP, the independent registered public accounting firm that audited our financial statements included elsewhere in this annual report on Form 10-K, has issued an attestation report on our internal control over financial reporting as of December 31, 2021. Please see page F-3.

Changes in Internal Control Over Financial Reporting

No change in our internal control over financial reporting occurred during the quarter ended December 31, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

On February 10, 2022, we entered into a Joinder and Increase Agreement (the "Joinder Agreement") with BankUnited, N.A., ("New Lender") and Bank of America, N.A., as administrative agent (the "Administrative Agent"), to supplement our Credit Agreement, dated as of January 10, 2022 (the "Credit Agreement") with the lenders named therein and the Administrative Agent.

Under the Credit Agreement, we have right under an accordion feature to request an increase in borrowing capacity of the revolving line of credit to an amount not exceeding $750 million in the aggregate, subject to receipt of lender commitments and satisfaction of certain customary conditions. The Joinder Agreement increases the commitments under the Credit Agreement by $20 million (the "Increased Commitment Amount") and provides for New Lender to join as a lender under the Credit Agreement with its commitment equal in amount to the Increased Commitment Amount.

The Joinder Agreement is attached to this Annual Report on Form 10-K as Exhibit 10.3. The foregoing summary of the Joinder Agreement is qualified in its entirety by the complete text of the Joinder Agreement.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

Certain information required by Part III of this Form 10-K will be contained in our definitive proxy statement pursuant to Regulation 14A (the “Proxy Statement”) which we plan to file not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, and is incorporated herein by reference.

Item 10. Directors, Executive Officers and Corporate Governance

The response to this item is contained under the caption “Information about our Executive Officers” in Part I hereof and in the Proxy Statement under the captions “CORPORATE GOVERNANCE”, “PROPOSAL 1 - ELECTION OF DIRECTORS” and, if applicable, “DELINQUENT SECTION 16(a) REPORTS” and is incorporated herein by reference.

Our board of directors has adopted a code of business conduct and ethics that applies to all of our executive officers, directors and employees. The code was approved by the nominating and corporate governance committee of our board of directors and by the full board of directors. We have posted a current copy of our code under “Corporate Governance” in the “Investor Relations” section of our website at http://www.fspreit.com. To the extent permitted by applicable rules of the NYSE American, we intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of the code of business conduct and ethics with respect to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on our website.

Item 11. Executive Compensation

The response to this item is contained in the Proxy Statement under the captions “COMPENSATION DISCUSSION AND ANALYSIS” and “DIRECTOR COMPENSATION AND STOCK OWNERSHIP GUIDELINES” and is incorporated herein by reference.

The “Compensation Committee Report” contained in the Proxy Statement shall not be deemed “soliciting material” or “filed” with the SEC or otherwise subject to the liabilities of Section 18 of the Exchange Act, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”) or the Exchange Act, except to the extent we specifically request that such information be treated as soliciting material or specifically incorporate such information by reference into a document filed under the Securities Act or the Exchange Act.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The response to this item is contained in the Proxy Statement under the captions “SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT” and “SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS” and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The response to this item is contained in the Proxy Statement under the captions “PROPOSAL 1 - ELECTION OF DIRECTORS”, “CORPORATE GOVERNANCE” and “TRANSACTIONS WITH RELATED PERSONS” and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The response to this item is contained in the Proxy Statement under the caption “INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS FEES AND SERVICES” and is incorporated herein by reference.

PART IV

Item 15. <u>Exhibits and Financial Statement Schedules.</u>

(a) The following documents are filed as part of this report:

1. Financial Statements:

   The Financial Statements listed in the accompanying Index to Consolidated Financial Statements are filed as part of this Annual Report on Form 10-K.

2. Financial Statement Schedules:

   The Financial Statement Schedules listed on the accompanying Index to Consolidated Financial Statements are filed as part of this Annual Report on Form 10-K.

   Schedules other than those listed are omitted as they are not applicable or the required or equivalent information has been included in the financial statements or notes thereto.

3. Exhibits:

EXHIBIT INDEX

Exhibit No.	Description
3.1 (1)	Articles of Incorporation, as amended.
3.2 (2)	Amended and Restated By-laws.
4.1*	Description of Securities Registered Under Section 12 of the Exchange Act.
10.1+ (3)	2002 Stock Incentive Plan of FSP Corp.
10.2 (4)	Credit Agreement, dated January 10, 2022, among FSP Corp., Bank of America, N.A. and the other parties thereto
10.3*	Joinder and Increase Agreement, dated February 10, 2022, among FSP Corp., BankUnited N.A. and Bank of America, N.A., as administrative agent.
10.4 (5)	Second Amended and Restated Credit Agreement, dated September 27, 2018, among FSP Corp., Bank of Montreal and the other parties thereto.
10.5 (6)	Second Amended and Restated Credit Agreement, dated October 29, 2014, among FSP Corp., Bank of America, N.A. and the other parties thereto.
10.6 (7)	First Amendment to Second Amended and Restated Credit Agreement, dated July 21, 2016, among FSP Corp., Bank of America, N.A. and the other parties thereto.
10.7 (8)	Second Amendment to Second Amended and Restated Credit Agreement, dated October 18, 2017, among FSP Corp., Bank of America, N.A., and the other parties thereto.
10.8 (9)	Amended and Restated Credit Agreement, dated August 2, 2018, among FSP Corp., JPMorgan Chase Bank, N.A. and the other parties thereto.
10.9 (10)	Note Purchase Agreement, dated October 24, 2017, among FSP Corp. and the other parties named therein as purchasers.
10.10+(11)	Form of Retention Agreement.
10.11+(12)	Change in Control Discretionary Plan.
21.1*	Subsidiaries of the Registrant.
23.1*	Consent of Ernst & Young LLP.
31.1*	Certification of FSP Corp.'s Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of FSP Corp.'s Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of FSP Corp.'s Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of FSP Corp.'s Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following materials from FSP Corp.'s Annual Report on Form 10-K for the year ended December 31, 2021, formatted in iXBRL (inline eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Income; (iii) the Consolidated Statements of Cash Flows; (iv) the Consolidated Statements of Other Comprehensive Income; and (v) the Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

(1) Incorporated by reference to Exhibit 3.1 to FSP Corp.'s Quarterly Report on Form 10-Q filed on July 30, 2019 (File No. 001-32470).

(2) Incorporated by reference to Exhibit 3.1 to FSP Corp.'s Current Report on Form 8-K, filed on April 16, 2021 (File No. 001-32470)..

(3) Incorporated by reference to Exhibit 10.1 to FSP Corp.'s Annual Report on Form 10-K, filed on March 29, 2002 (File No. 001-32470).

(4) Incorporated by reference to Exhibit 10.1 to FSP Corp.'s Current Report on Form 8-K, filed on January 12, 2022 (File No. 001-32470).

(5) Incorporated by reference to Exhibit 10.1 to FSP Corp.'s Current Report on Form 8-K, filed on September 27, 2018 (File No. 001-32470).

(6) Incorporated by reference to Exhibit 10.1 to FSP Corp.'s Current Report on Form 8-K, filed on October 29, 2014 (File No. 001-32470).

(7) Incorporated by reference to Exhibit 10.1 to FSP Corp.'s Current Report on Form 8-K, filed on July 27, 2016 (File No. 001-32470).

(8) Incorporated by reference to Exhibit 10.1 to FSP Corp.'s Current Report on Form 8-K, filed on October 24, 2017 (File No. 001-32470)

(9) Incorporated by reference to Exhibit 10.1 to FSP Corp.'s Current Report on Form 8-K, filed on August 2, 2018 (File No. 001-32470).

(10) Incorporated by reference to Exhibit 10.4 to FSP Corp.'s Current Report on Form 8-K, filed on October 24, 2017 (File No. 001-32470)

(11) Incorporated by reference to Exhibit 10.5 to FSP Corp.'s Annual Report on Form 10-K, filed on February 24, 2006 (File No. 001-32470).

(12) Incorporated by reference to Exhibit 99.2 to FSP Corp.'s Current Report on Form 8-K, filed on February 8, 2006 (File No. 001-32470).

\+ Management contract or compensatory plan or arrangement filed as an Exhibit to this Form 10-K pursuant to Item 15(b) of Form 10-K.

* Filed herewith.

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf as of February 15, 2022 by the undersigned, thereunto duly authorized.

FRANKLIN STREET PROPERTIES CORP.

By: /s/ George J. Carter
George J. Carter
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ George J. Carter George J. Carter	Chief Executive Officer and Director (Principal Executive Officer)	February 15, 2022
/s/ John G. Demeritt John G. Demeritt	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)	February 15, 2022
/s/ John N. Burke John Burke	Director	February 15, 2022
/s/ Brian N. Hansen Brian N. Hansen	Director	February 15, 2022
/s/ Kenneth A. Hoxsie Kenneth Hoxsie	Director	February 15, 2022
/s/ Dennis J. McGillicuddy Dennis J. McGillicuddy	Director	February 15, 2022
/s/ Georgia Murray Georgia Murray	Director	February 15, 2022
/s/ Kathryn P. O’Neil Kathryn P. O’Neil	Director	February 15, 2022

Franklin Street Properties Corp.
Index to Consolidated Financial Statements

Reports of Independent Registered Public Accounting Firm (PCAOB ID 42) F-2

Consolidated Financial Statements:

Consolidated Balance Sheets as of December 31, 2021 and 2020 F-5

Consolidated Statements of Income for each of the three years in the period ended December 31, 2021 F-7

Consolidated Statements of Comprehensive Income (Loss) for each of the three years in the period ended December 31, 2021 F-8

Consolidated Statements of Stockholders' Equity for each of the three years in the period ended December 31, 2021 F-9

Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2021 F-10

Notes to the Consolidated Financial Statements F-12

Financial Statement Schedules — Schedule II and III F-32

All other schedules for which a provision is made in the applicable accounting resolutions of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Franklin Street Properties Corp.:

Opinion on Internal Control over Financial Reporting

We have audited Franklin Street Properties Corp.'s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Franklin Street Properties Corp. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, and the related consolidated statements of income, comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2021 and the related notes and financial statement schedules listed in the index at Item 15(a)(2) and our report dated February 15, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in Item 9A of Franklin Street Properties Corp.'s Annual Report on Form 10-K under the heading Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Boston, Massachusetts
February 15, 2022

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Franklin Street Properties Corp.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Franklin Street Properties Corp. (the Company) as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income (loss), stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2021 and the related notes and financial statement schedules listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) and our report dated February 15, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Measurement of related party mortgage loan receivable

Description of the Matter	The Company's related party mortgage loan portfolio consisted of a loan totaling $24 million as of December 31, 2021. The Company determined that no allowance for loan loss was required for this loan. As discussed in Note 2 to the consolidated financial statements, management evaluates whether a loss has been incurred based on expected performance, cash flow and the value of underlying real estate for secured lending. Auditing the Company's estimate of the allowance for loan losses for mortgage loans involved a high degree of subjectivity in evaluating management's assumptions of the valuation of underlying real estate for secured lending.
How We Addressed the Matter in Our Audit	We tested the design and operating effectiveness of the Company's controls over the allowance for loan loss process. This included controls over the expected performance of the loan and the valuation of real estate collateral for secured lending. Our testing of the measurement of the related party mortgage loan receivable included, among other procedures, testing the completeness and accuracy of data used in the valuation of real estate collateral and, with the assistance of our valuation specialists, evaluating management's assumptions used in the valuation of the underlying real estate. For example, we compared the assumptions of expected performance of the underlying real estate to market data, performed a sensitivity analysis to evaluate the assumptions that were most significant to the estimate of value and recalculated management's estimate.

Impairment assessment of real estate assets

Description of the Matter	The Company's real estate assets, net totaled $1.2 billion as of December 31, 2021. As described in Note 2 to the consolidated financial statements, the Company reviews its properties to determine if their carrying amounts will be recovered from future operating cash flows if certain indicators of impairment are identified. Auditing the Company's impairment assessment involved a high degree of subjectivity as estimates underlying the determination of recoverability were based on assumptions affected by expected future market conditions and leasing activity. Assumptions included in the Company's recoverability assessment included the rental rates and future occupancy of the Company's real estate properties.
How We Addressed the Matter in Our Audit	We tested the design and operating effectiveness of controls over the Company's impairment process. For example, we tested controls over management's review of important assumptions underlying projections used in the Company's recoverability assessment. Our testing of the Company's impairment assessment included, among other procedures, evaluating the significant assumptions used to estimate future undiscounted cash flows used in the recoverability assessment. For example, we compared assumptions of future market conditions to current market data and performed a sensitivity analysis to evaluate the assumptions that were most significant to the estimate of undiscounted cash flows and recalculated management's estimate.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2003.

Boston, Massachusetts
February 15, 2022

Franklin Street Properties Corp.
Consolidated Balance Sheets

(in thousands)	December 31, 2021	December 31, 2020
Assets:		
Real estate assets:		
Land	$ 146,844	$ 189,155
Buildings and improvements	1,457,209	1,938,629
Fixtures and equipment	11,404	12,949
	1,615,457	2,140,733
Less accumulated depreciation	424,487	538,717
Real estate assets, net	1,190,970	1,602,016
Acquired real estate leases, less accumulated amortization of $40,423 and $55,447, respectively	14,934	28,206
Cash, cash equivalents and restricted cash	40,751	4,150
Tenant rent receivables	1,954	7,656
Straight-line rent receivable	49,024	67,789
Prepaid expenses and other assets	4,031	5,752
Related party mortgage loan receivable	24,000	21,000
Office computers and furniture, net of accumulated depreciation of $1,198 and $1,443, respectively	198	163
Deferred leasing commissions, net of accumulated amortization of $21,099 and $30,411, respectively	38,311	56,452
Total assets	$ 1,364,173	$ 1,793,184

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

Franklin Street Properties Corp.
Consolidated Balance Sheets

(in thousands, except share and par value amounts)	December 31, 2021	December 31, 2020
Liabilities and Stockholders' Equity:		
Liabilities:		
Bank note payable	$ —	$ 3,500
Term loans payable, less unamortized financing costs of $714 and $2,677, respectively	274,286	717,323
Series A & Series B Senior Notes, less unamortized financing costs of $658 and $822, respectively	199,342	199,178
Accounts payable and accrued expenses	89,493	72,058
Accrued compensation	4,704	3,918
Tenant security deposits	6,219	8,677
Lease liability	1,159	1,536
Other liabilities: derivative liabilities	5,239	17,311
Acquired unfavorable real estate leases, less accumulated amortization of $2,285 and $4,031, respectively	528	1,592
Total liabilities	580,970	1,025,093
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, 103,998,520 and 107,328,199 shares issued and outstanding, respectively	10	11
Additional paid-in capital	1,339,226	1,357,131
Accumulated other comprehensive income (loss)	(5,239)	(17,311)
Distributions in excess of accumulated earnings	(550,794)	(571,740)
Total stockholders' equity	783,203	768,091
Total liabilities and stockholders' equity	$ 1,364,173	$ 1,793,184

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

Franklin Street Properties Corp.
Consolidated Statements of Income

(in thousands, except per share amounts)	For the Year Ended December 31, 2021	2020	2019
Revenues:			
Rental	$ 207,581	$ 244,207	$ 265,527
Related party revenue:			
Management fees and interest income from loans	1,700	1,610	3,517
Other	77	31	21
Total revenues	209,358	245,848	269,065
Expenses:			
Real estate operating expenses	60,881	66,940	72,311
Real estate taxes and insurance	41,061	48,390	47,871
Depreciation and amortization	78,544	88,558	90,909
General and administrative	15,898	14,997	14,473
Interest	32,273	36,026	36,757
Total expenses	228,657	254,911	262,321
Loss on extinguishment of debt	(901)	—	—
Gain on sale of properties, net	113,134	41,928	—
Income before taxes and equity in income of non-consolidated REITs	92,934	32,865	6,744
Tax expense	638	250	269
Equity in income of non-consolidated REITs	421	—	—
Net Income	$ 92,717	$ 32,615	$ 6,475
Weighted average number of shares outstanding, basic and diluted	106,667	107,303	107,233
Net income per share, basic and diluted	$ 0.87	$ 0.30	$ 0.06

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

Franklin Street Properties Corp.
Consolidated Statements of Comprehensive Income (Loss)

(in thousands)	For the Year Ended December 31, 2021	2020	2019
Net income	$ 92,717	$ 32,615	$ 6,475
Other comprehensive income (loss):			
Unrealized gain (loss) on derivative financial instruments	12,072	(12,629)	(19,447)
Total other comprehensive income (loss)	12,072	(12,629)	(19,447)
Comprehensive income (loss)	$ 104,789	$ 19,986	$ (12,972)

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

Franklin Street Properties Corp.
Consolidated Statements of Stockholders' Equity

(in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated other comprehensive income (loss)	Distributions in excess of accumulated earnings	Total Stockholders' Equity
Balance, December 31, 2018	107,231	$ 11	$ 1,356,457	$ 14,765	$ (533,599)	$ 837,634
Comprehensive income (loss)	—	—	—	(19,447)	6,475	(12,972)
Shares issued for:						
Equity-based compensation	38		337			337
Distributions	—	—	—	—	(38,603)	(38,603)
Balance, December 31, 2019	107,269	11	1,356,794	(4,682)	(565,727)	786,396
Comprehensive income (loss)	—	—	—	(12,629)	32,615	19,986
Shares issued for:						
Equity-based compensation	59	—	337	—	—	337
Distributions	—	—	—	—	(38,628)	(38,628)
Balance, December 31, 2020	107,328	11	1,357,131	(17,311)	(571,740)	768,091
Comprehensive income (loss)	—	—	—	12,072	92,717	104,789
Repurchased shares	(3,396)	(1)	(18,243)			(18,244)
Shares issued for:						
Equity-based compensation	67	—	338	—	—	338
Distributions	—	—	—	—	(71,771)	(71,771)
Balance, December 31, 2021	103,999	$ 10	$ 1,339,226	$ (5,239)	$ (550,794)	$ 783,203

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

Franklin Street Properties Corp.
Consolidated Statements of Cash Flows

	For the Year Ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
Cash flows from operating activities:			
Net income	$ 92,717	$ 32,615	$ 6,475
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	81,041	91,581	93,787
Amortization of above and below market leases	(34)	(313)	(402)
Shares issued as compensation	338	337	337
Loss on extinguishment of debt	901	—	
Gain on sale of properties, net	(113,134)	(41,928)	—
Equity in income of non-consolidated REITs	(421)	—	—
Distributions from non-consolidated REITs	421	—	—
Decrease in allowance for doubtful accounts and write-off of accounts receivable	—	(13)	(71)
Changes in operating assets and liabilities:			
Tenant rent receivables	5,702	(3,792)	158
Straight-line rents	(3,930)	(1,685)	(8,876)
Lease acquisition costs	(2,353)	(2,123)	(3,999)
Prepaid expenses and other assets	82	(129)	2,313
Accounts payable and accrued expenses	(11,096)	7,785	3,910
Accrued compensation	786	518	357
Tenant security deposits	(2,458)	(669)	3,027
Payment of deferred leasing commissions	(12,200)	(13,735)	(15,101)
Net cash provided by operating activities	36,362	68,449	81,915
Cash flows from investing activities:			
Property improvements, fixtures and equipment	(64,833)	(77,919)	(70,746)
Investment in related party mortgage loan receivable	(3,000)	—	(2,400)
Repayment of related party mortgage loan receivable	—	—	52,060
Proceeds received from sales of properties	573,307	88,958	—
Proceeds received from liquidating trust	—	—	1,470
Net cash provided by (used in) investing activities	505,474	11,039	(19,616)
Cash flows from financing activities:			
Distributions to stockholders	(38,491)	(38,628)	(38,603)
Stock repurchases	(18,244)	—	—
Borrowings under bank note payable	91,500	105,000	45,000
Repayments of bank note payable	(95,000)	(101,500)	(70,000)
Repayment of term loan payable	(445,000)	(50,000)	—
Deferred financing costs	—	—	(83)
Net cash used in financing activities	(505,235)	(85,128)	(63,686)
Net increase (decrease) in cash, cash equivalents and restricted cash	36,601	(5,640)	(1,387)
Cash, cash equivalents and restricted cash, beginning of year	4,150	9,790	11,177
Cash, cash equivalents and restricted cash, end of period	$ 40,751	$ 4,150	$ 9,790

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

Franklin Street Properties Corp.
Consolidated Statements of Cash Flows

(in thousands)	For the Year Ended December 31, 2021	2020	2019
Supplemental disclosure of cash flow information:			
Cash paid for:			
Interest	$ 30,141	$ 33,060	$ 34,470
Taxes on income	$ 454	$ 477	$ 508
Non-cash investing and financing activities:			
Accrued dividend	$ 33,280	$ —	$ —
Accrued costs for purchase of real estate assets	$ 4,715	$ 8,625	$ 11,012

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

Franklin Street Properties Corp.
Notes to the Consolidated Financial Statements

1. Organization

Franklin Street Properties Corp. ("FSP Corp." or the "Company"), holds, directly and indirectly, 100% of the interest in FSP Investments LLC, FSP Property Management LLC, FSP Holdings LLC and FSP Protective TRS Corp. FSP Property Management LLC provides asset management and property management services. The Company also has a non-controlling common stock interest in two corporations organized to operate as real estate investment trusts ("REIT"). Collectively, the two REITs are referred to as the "Sponsored REITs".

As of December 31, 2021, the Company owned and operated a portfolio of real estate consisting of 24 operating properties, two managed Sponsored REITs and held one promissory note secured by a mortgage on real estate owned by a Sponsored REIT. From time-to-time, the Company may acquire real estate or make additional secured loans. The Company may also pursue, on a selective basis, the sale of its properties in order to take advantage of the value creation and demand for its properties, or for geographic or property specific reasons.

2. Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements include all of the accounts of the Company and its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Estimates and Assumptions

The Company prepares its financial statements and related notes in conformity with generally accepted accounting principles in the United States of America ("GAAP"). These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates in the consolidated financial statements include the allowance for doubtful accounts, allowance for credit losses, purchase price allocations, impairment considerations, useful lives of fixed assets and the valuation of derivatives.

Investments in non-consolidated REITs

As of December 31, 2021, the Company has a non-controlling common stock interest in two Sponsored REITs in which the Company no longer shares in economic benefit or risk. The Company had a non-controlling common stock interest in another Sponsored REIT and a non-controlling preferred stock interest in two additional Sponsored REITs, each of which were liquidated during 2019 or 2018. The Company exercised influence over, but did not control these entities and investments were accounted for using the equity method. Under the equity method of accounting, the Company's cost basis was adjusted by its share of the Sponsored REITs' earnings or losses.

The equity investments in Sponsored REITS were reviewed for impairment each reporting period. The Company recorded impairment charges when events or circumstances indicated a decline in the fair value below the carrying value of the investment had occurred and such decline was other-than-temporary.

Variable Interest Entities (VIEs)

We determine whether an entity is a VIE and, if so, whether it should be consolidated by utilizing judgments and estimates that are inherently subjective. The determination of whether an entity in which we hold a direct or indirect variable interest is a VIE is based on several factors, including whether the entity's total equity investment at risk upon inception is sufficient to finance the entity's activities without additional subordinated financial support. We make judgments regarding the sufficiency of the equity at risk based first on a qualitative analysis, and then a quantitative analysis, if necessary.

We analyze any investments in VIEs to determine if we are the primary beneficiary. In evaluating whether we are the primary beneficiary, we evaluate our direct and indirect economic interests in the entity. Determining which reporting entity, if any, is the primary beneficiary of a VIE is primarily a qualitative approach focused on identifying which reporting entity has both (1) the power to direct the activities of a VIE that most significantly impact such entity's economic performance and (2) the obligation to absorb losses or the right to receive benefits from such entity that could potentially be significant to such entity. Performance of that analysis requires the exercise of judgment.

We consider a variety of factors in identifying the entity that holds the power to direct matters that most significantly impact the VIE's economic performance including, but not limited to, the ability to direct a proposed sale of the property or merger of the company. In addition, we consider the rights of other investors to participate in those decisions, to replace the manager and to amend the corporate charter. We determine whether we are the primary beneficiary of a VIE at the time we become involved with a variable interest entity and reconsider that conclusion upon a reconsideration event. As of December 31, 2021, our relationship with FSP Monument Circle LLC was considered a VIE for which we are not the primary beneficiary. Our maximum exposure to losses associated with this VIE is limited to the outstanding Sponsored REIT Loan, the related accrued interest receivable and an exit fee receivable, which were in aggregate approximately $24.5 million at December 31, 2021. The accrued interest and exit fee receivables are included in prepaid expenses and other assets in the consolidated balance sheet and are approximately $0.5 million at December 31, 2021. The relationships and investments related to the entity in which we have a variable interest with are summarized in Note

3, *Related Party Transactions and Investments in Non-Consolidated Entities.*

Real Estate and Depreciation

Real estate assets are stated at cost less accumulated depreciation.

The Company allocates the value of real estate acquired among land, buildings and identified intangible assets or liabilities. Costs related to land, building and improvements are capitalized. Typical capital items include new roofs, site improvements, various exterior building improvements and major interior renovations. Costs incurred in connection with leasing (primarily tenant improvements and leasing commissions) are capitalized and amortized over the lease period. Routine replacements and ordinary maintenance and repairs that do not extend the life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the assets' estimated useful lives as follows:

Category	**Years**
Commercial buildings	39
Building improvements	15 - 39
Fixtures and equipment	3 - 7

The Company reviews its properties to determine if their carrying amounts will be recovered from future operating cash flows if certain indicators of impairment are identified at those properties. These indicators may include declining tenant occupancy, weak or declining tenant profitability, cash flows or liquidity, the Company's decision to dispose of an asset before the end of its estimated useful life or legislative, economic, or market changes that permanently reduce the value of the Company's investment. If indicators of impairment are present, the Company evaluates the carrying value of the property by comparing it to its expected future undiscounted cash flow. If the Company determines that impairment has occurred, the affected assets are reduced to their fair value. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results in future periods. Since cash flows are considered on an undiscounted basis in the analysis that the Company conducts to determine whether an asset has been impaired, the Company's strategy of holding properties over the long term directly decreases the likelihood of recording an impairment loss. If the Company's strategy changes or market conditions otherwise dictate an earlier sale date, an impairment loss may be recognized. The Company did not recognize any impairment losses for the years ended December 31, 2021, 2020 or 2019.

Acquired Real Estate Leases and Amortization

Acquired real estate leases represent costs associated with acquiring an in-place lease (i.e., the market cost to execute a similar lease, including leasing commission, tenant improvements, legal, vacancy and other related costs) and the value relating to leases with rents above the market rate. Amortization is computed using the straight-line method over the term of the leases, which range from 12 months to 154 months. Amortization of these combined components was approximately $8.2 million, $12.5 million and $18.9 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Amortization related to costs associated with acquiring an in-place lease is included in depreciation and amortization on the consolidated statements of income. Amortization related to leases with rents above the market rate is offset against the rental revenue in the consolidated statements of income. The estimated annual amortization expense for the five years and thereafter following December 31, 2021 is as follows:

(in thousands)	December 31,
2022	$ 3,882
2023	3,211
2024	2,870
2025	2,196
2026	1,789
2027 and thereafter	986

Acquired Unfavorable Real Estate Leases and Amortization

Acquired unfavorable real estate leases represent the value relating to leases with rents below the market rate. Amortization is computed using the straight-line method over the term of the leases, which range from 64 months to 151 months. Amortization expense was approximately $0.5 million, $0.9 million and $1.3 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Amortization related to leases with rents below the market rate is included with rental revenue in the consolidated statements of income. The estimated annual amortization for the five years and thereafter following December 31, 2021 is as follows:

(in thousands)	December 31,
2022	$ 161
2023	104
2024	93
2025	60
2026	31
2027 and thereafter	79

Asset Held For Sale

Classification of a property as held for sale typically occurs upon the execution of a purchase and sale agreement and belief by management that the sale or disposition is probable of occurrence within one year. Upon determining that a property was held for sale, the Company discontinues depreciating the property and reflects the property in its consolidated balance sheet at the lower of its carrying amount or fair value less the cost to sell. The Company presents the property held for sale on its consolidated balance sheet as "Asset held for sale". The Company reports the results of operations of its properties sold or held for sale in its consolidated statements of income through the date of sale.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported

within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statement of cash flows.

(in thousands)	December 31, 2021	December 31, 2020
Cash and cash equivalents	$ 34,308	$ 2,650
Restricted cash	6,443	1,500
Total cash, cash equivalents and restricted cash	$ 40,751	$ 4,150

Restricted Cash

Restricted cash consists of tenant security deposits, which are required by law in some states or by contractual agreement to be kept in a segregated account, and escrows arising from property sales. Tenant security deposits are refunded when tenants vacate, provided that the tenant has not damaged the property.

Cash held in escrow is paid when the related issue is resolved. Restricted cash also may include funds segregated for specific tenant improvements per lease agreements.

Tenant Rent Receivables

Tenant rent receivables are expected to be collected within one year. The Company provided an allowance for doubtful accounts based on collectability. The Company recognizes the effect of a change in its assessment of whether the collectability of operating lease receivables are probable as an adjustment to lease income rather than bad debt expense.

Related Party Mortgage Loan Receivable

Management monitors and evaluates the secured loans compared to the expected performance, cash flow and value of the underlying real estate and has not experienced a loss on these loans to date.

Concentration of Credit Risks

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash investments, derivatives, related party mortgage loan receivable and accounts receivable. The Company maintains its cash balances principally in two banks which the Company believes to be creditworthy. The Company periodically assesses the financial condition of the banks and believes that the risk of loss is minimal. Cash balances held with various financial institutions frequently exceed the insurance limit of $250,000 provided by the Federal Deposit Insurance Corporation. The derivatives that the Company has are from three interest rate swap agreements that are discussed in Note 5. The related party mortgage loan receivable is held with one Sponsored REIT. The Company performs regular evaluations on the extent and impact of any credit deterioration that could affect the performance and value of the secured property, as well as the financial and operating capability of the borrower. The Company performs ongoing credit evaluations of its tenants and requires certain tenants to provide security deposits or letters of credit. Though these security deposits and letters of credit are insufficient to meet the total value of a tenant's lease obligation, they are a measure of good faith and a source of funds to offset the economic costs associated with lost rent and the costs associated with re-tenanting the space. The Company has no single tenant which accounts for more than 10% of its annualized rent.

Financial Instruments

The Company estimates that the carrying values of cash and cash equivalents, restricted cash, receivables, prepaid expenses, accounts payable and accrued expenses, accrued compensation, and tenant security deposits approximate their fair values based on their short-term maturity and the bank note and term loans payable approximate their fair values as they bear interest at variable interest rates.

Straight-line Rent Receivable

Certain leases provide for fixed rent increases over the term of the lease. Rental revenue is recognized on a straight-line basis over the related lease term; however, billings by the Company are based on the lease agreements. Straight-line rent receivable, which is the cumulative revenue recognized in excess of amounts billed by the Company, was $49.0 million, $67.8 million and $66.9 million at December 31, 2021, 2020 and 2019, respectively. Prior to 2020, the Company provided an allowance for doubtful accounts based on collectability. The Company recognized the effect of a change in its assessment of whether the collectability of operating lease receivables are probable as an adjustment to lease income rather than bad debt expense. The reserve was eliminated during 2020 and no changes occurred during 2019 based on such assessment.

Deferred Leasing Commissions

Deferred leasing commissions represent direct and incremental external leasing costs incurred in the leasing of commercial space. These costs are capitalized and are amortized on a straight-line basis over the terms of the related lease agreements. Amortization expense was approximately $10.7 million, $9.6 million and $9.9 million for the years ended December 31, 2021, 2020 and 2019, respectively.

The estimated annual amortization for the five years and thereafter following December 31, 2021 is as follows:

(in thousands)	December 31,
2022	$ 6,504
2023	6,081
2024	5,299
2025	4,377
2026	3,586
2027 and thereafter	12,464

Common Share Repurchases

The Company recognizes the gross cost of the common shares it repurchases as a reduction in stockholders' equity using the treasury stock method. Maryland law does not recognize a separate treasury stock account but provides that shares repurchased are classified as authorized but unissued shares. Accordingly, the Company reduces common stock for the par value and the excess of the purchase price over the par value is a reduction to additional paid-in capital.

Revenue Recognition

Rental Revenue - The Company has retained substantially all of the risks and benefits of ownership of the Company's commercial properties and accounts for its leases as operating leases. Rental revenue includes income from leases, certain reimbursable expenses, straight-line rent adjustments and other income associated with renting the property. Rental income from leases, which includes rent concessions (including free rent and other lease inducements) and scheduled increases in rental rates during the lease term, is recognized on a straight-line basis. The Company does not have any significant percentage rent arrangements with its commercial property tenants. Reimbursable expenses are included in rental income in the period earned. A summary of rental revenue is shown in the following table:

	Year Ended December 31,		
(in thousands)	2021	2020	2019
Income from leases	$ 148,705	$ 180,899	$ 191,828
Reimbursable expenses	54,825	61,310	64,421
Straight-line rent adjustment	4,017	1,685	8,876
Amortization of favorable and unfavorable leases	34	313	402
	$ 207,581	$ 244,207	$ 265,527

Related Party and Other Revenue - Property and asset management fees, interest income on loans and other income are recognized when the related services are performed and the earnings process is complete.

Segment Reporting

The Company is a REIT focused on real estate investments primarily in the office market and currently operates in only one segment: real estate operations.

Income Taxes

Taxes on income for the years ended December 31, 2021, 2020 and 2019 represent taxes incurred by FSP Protective TRS Corp, which is a taxable REIT subsidiary, and the State of Texas franchise tax applicable to FSP Corp., which is classified as an income tax for reporting purposes.

Net Income Per Share

Basic net income per share is computed by dividing net income by the weighted average number of shares outstanding during the period. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue shares were exercised or converted into shares. There were no potential dilutive shares outstanding at December 31, 2021, 2020, and 2019. The denominator used for calculating basic and diluted net income per share was 106,667,000, 107,303,000, and 107,233,000 for the years ended December 31, 2021, 2020, and 2019, respectively.

Derivative Instruments

The Company recognizes derivatives on the consolidated balance sheets at fair value. Derivatives that do not qualify, or are not designated as hedge relationships, must be adjusted to fair value through income. Derivative instruments designated in a hedge relationship to mitigate exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Cash flow hedges are accounted for by recording the fair value of the derivative instrument on the consolidated balance sheets as either an asset or liability. To the extent hedges are effective, a corresponding amount, adjusted for swap payments, is recorded in accumulated other comprehensive income within stockholders' equity. Amounts are then reclassified from accumulated other comprehensive income to the income statement in the period or periods the hedged forecasted transaction affects earnings. Ineffectiveness, if any, is recognized in other comprehensive income ("OCI") and reclassified into the income statement. The Company reviews the effectiveness of each hedging transaction, which involves estimating future cash flows, at least quarterly. Derivative instruments designated in a hedge relationship to mitigate exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. The Company currently has no fair value hedges outstanding. Fair values of derivatives are subject to significant variability based on changes in interest rates and counterparty credit risk. The results of such variability could be a significant increase or decrease in the Company's derivative assets, derivative liabilities, equity, and/or earnings.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There is also an established fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value. Financial assets and liabilities recorded on the consolidated balance sheets at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest

rates and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, which is typically based on an entity's own assumptions, as there is little, if any, related market activity or information. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability including credit risk, which was not significant to the overall value. These inputs (See Notes 3 and 5) were considered and applied to the Company's derivative instruments and Sponsored REIT Loan. Level 2 inputs were used to value the interest rate swaps and Level 3 inputs were used to value the Sponsored REIT Loan.

Subsequent Events

In preparing these consolidated financial statements the Company evaluated events that occurred through the date of issuance of these financial statements for potential recognition or disclosure.

Recent Accounting Standards

In March 2020, the Financial Accounting Standards Board ("FASB") issued ASU No. 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASU 2020-04"). ASU 2020-04 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. The Company is currently assessing the potential impact that the adoption of ASU 2020-04 may have on its consolidated financial statements.

3. Related Party Transactions and Investments in Non-Consolidated Entities

Investment in Sponsored REITs

The Company held a common stock interest in 2 Sponsored REITs at December 31, 2021, 2020 and 2019. The Company held a non-controlling preferred stock investment in two Sponsored REITs, FSP 303 East Wacker Drive Corp. ("East Wacker") and FSP Grand Boulevard Corp. ("Grand Boulevard"), each of which were liquidated during the three months ended September 30, 2018.

Equity in income (loss) of investments in non-consolidated REITs were derived from the Company's share of income or loss in the operations of those entities and includes gain or loss on liquidation. The Company exercised influence over, but did not control these entities, and investments were accounted for using the equity method.

During the year ended December 31, 2019, a property owned by a Sponsored REIT, FSP Energy Tower I Corp. ("Energy Tower"), was sold and, thereafter, liquidating distributions for its preferred shareholders were declared and issued. The Company held a mortgage loan and secured revolving line of credit with this entity, which were secured by the property owned by Energy Tower. The loans with Energy Tower in the aggregate principal amount of $51.0 million were repaid by the proceeds of the sale.

Equity in income of investment in non-consolidated REITs:

The following table includes equity in income of investments in non-consolidated REITs:

(in thousands)	Year Ended December 31, 2021
Equity in income of East Wacker	$ 421
Total	$ 421

Equity in income of East Wacker was derived from the Company's preferred stock investment in the entity. In December 2007, the Company purchased 965.75 preferred shares or 43.7% of the outstanding preferred shares, of East Wacker. On September 24, 2018, the property owned by East Wacker was sold at a gain. On October 6, 2021, the Company received a liquidating distribution of $0.4 million, which is included in equity in income of non-consolidated REITs on the consolidated statements of income.

The following table includes distributions received from non-consolidated REITs:

(in thousands)	**Year Ended December 31, 2021**
Distributions from East Wacker	$ 421
	$ 421

Non-consolidated REITs

As of December 31, 2021, the Company has a non-controlling common stock interest in two Sponsored REITs in which the Company no longer shares in economic benefit or risk.

Management fees and interest income from loans:

Asset management fees range from 1% to 5% of collected rents, and the applicable contracts are cancelable with 30 day notice. Asset management fee income from non-consolidated entities amounted to approximately $0.1 million, $0.1 million and $0.2 million for the years ended December 31, 2021, 2020 and 2019, respectively.

From time to time the Company may make secured loans ("Sponsored REIT Loans") to Sponsored REITs in the form of mortgage loans or revolving lines of credit to fund construction costs, capital expenditures, leasing costs and for other purposes. The Company reviews the need for an allowance under CECL for Sponsored REIT loans at each reporting period. The measurement of expected credit losses is based upon historical experiences, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The Company has elected to apply the practical expedient for financial assets secured by collateral in instances where the borrower is experiencing financial difficulty and repayment of the Sponsored REIT Loan is expected to be provided substantially through operation or sale of the collateral. The Company uses the fair value of the collateral at the reporting date and an adjustment to the allowance for expected credit losses is recorded when the amortized cost basis of the financial asset exceeds the fair value of the collateral, less costs to sell.

The Company regularly evaluates the extent and impact of any credit deterioration that could affect performance and the value of the secured property, as well as the financial and operating capability of the borrower. A property's operating results and existing cash balances are considered and used to assess whether cash flows from operations are sufficient to cover the current and future operating and debt service requirements. The Company also evaluates the borrower's competency in managing and operating the secured property and considers the overall economic environment, real estate sector and geographic sub-market in which the secured property is located. The Company applies normal loan review and underwriting procedures (as may be implemented or modified from time to time) in making that judgment. None of the Sponsored REIT loans have been impaired.

The Company anticipates that each Sponsored REIT Loan will be repaid at maturity or earlier from refinancing, long term financings of the underlying properties, cash flows from the underlying properties or some other capital event. Each Sponsored REIT Loan is secured by a mortgage on the underlying property and has a term of approximately one to three years.

The following is a summary of the Sponsored REIT Loan outstanding as of December 31, 2021:

(dollars in thousands, except footnotes) Sponsored REIT	Location	Maturity Date	Maximum Amount of Loan	Amount Outstanding 31-Dec-21	Interest Rate at 31-Dec-21
Mortgage loan secured by property					
FSP Monument Circle LLC (1)	Indianapolis, IN	30-Jun-23	$ 24,000	$ 24,000	7.51 %
			$ 24,000	$ 24,000	

(1) This mortgage loan includes an origination fee of $164,000 and an exit fee of $38,000 when repaid by the borrower.

The Company recognized interest income and fees from the Sponsored REIT Loans of approximately $1.6 million, $1.5 million and $3.3 million for the years ended December 31, 2021, 2020 and 2019, respectively. The financial instrument was classified within Level 3 of the fair value hierarchy and had a fair value of approximately $23.8 million as of December 31, 2021.

On October 29, 2021, the Company agreed to amend and restate its existing Sponsored REIT Loan to FSP Monument Circle LLC to extend the maturity date from December 6, 2022 to June 30, 2023 and to advance an additional $3.0 million tranche of indebtedness to FSP Monument Circle LLC with the same June 30, 2023 maturity date, effectively increasing the aggregate principal amount of the Sponsored REIT Loan from $21 million to $24 million. In addition, the Company agreed to defer all principal and interest payments due under the Sponsored REIT Loan until the maturity date on June 30, 2023. As part of its consideration for agreeing to amend and restate the Sponsored REIT Loan, the Company obtained from the stockholders of the parent of FSP Monument Circle LLC the right to vote their shares in favor of any sale of the property owned by FSP Monument Circle LLC any time on or after January 1, 2023. The amended and restated Sponsored REIT Loan qualified as a troubled debt restructuring. There were no commitments to lend additional funds to the Sponsored REIT and the loan is fully collateralized by the mortgage held on the Sponsored REIT's property and by cash accounts, as of December 31, 2021.

On December 6, 2020, the Company entered into a second amendment to the Sponsored REIT Loan which qualified as a troubled debt restructuring. The amendment extended the maturity date of the loan for two years and increased the interest rate from 7.19% to 7.51%.

4. Bank Note Payable, Term Note Payable and Private Placements

JPM Term Loan

On August 2, 2018, the Company entered into an Amended and Restated Credit Agreement with JPMorgan Chase Bank, N.A., as administrative agent and lender ("JPMorgan"), and the other lending institutions party thereto (the "JPM Credit Agreement"), which provides a single unsecured bridge loan in the aggregate principal amount of $150 million (the "JPM Term Loan"). On December 24, 2020 the Company repaid a $50 million portion of the JPM Term Loan with a portion of the proceeds from the December 23, 2020 sale of its Durham, North Carolina property, and $100 million remained fully advanced and outstanding under the JPM Term Loan. On June 4, 2021, the Company repaid the remaining $100 million outstanding on the loan, which had been scheduled to mature on November 30, 2021, and incurred a loss on extinguishment of debt of $0.1 million related to unamortized deferred financing costs.

Although the interest rate on the JPM Term Loan was variable under the JPM Credit Agreement, the Company fixed the LIBOR-based rate on a portion of the JPM Term Loan by entering into interest rate swap transactions. On March 7, 2019, the Company entered into ISDA Master Agreements with various financial institutions to hedge a $100 million portion of the future LIBOR-based rate risk under the JPM Credit Agreement. Effective March 29, 2019, the Company fixed the LIBOR-based rate at 2.44% per annum on a $100 million portion of the JPM Term Loan until November 30, 2021. On June 4, 2021, the Company paid approximately $1.2 million to terminate the interest rate swap, which was scheduled to mature on November 30, 2021.

BMO Term Loan

On September 27, 2018, the Company entered into a Second Amended and Restated Credit Agreement with the lending institutions party thereto and Bank of Montreal ("BMO"), as administrative agent (the "BMO Credit Agreement"). The BMO Credit Agreement provides for a single, unsecured term loan borrowing in the initial amount of $220 million (the "BMO Term Loan"), of which $165 million remains fully advanced and outstanding. The BMO Term Loan initially consisted of a $55 million tranche A term loan and a $165 million tranche B term loan. On June 4, 2021, the Company repaid the tranche A term loan that was scheduled to mature on November 30, 2021, and incurred a loss on extinguishment of debt of $0.1 million related to unamortized deferred financing costs. The $165 million tranche B term loan matures on January 31, 2024. The BMO Credit Agreement also includes an accordion feature that allows up to $100 million of additional loans, subject to receipt of lender commitments and satisfaction of certain customary conditions. The BMO Term Loan was previously evidenced by an Amended and Restated Credit Agreement, dated October 29, 2014, among the Company, BMO, as administrative agent and lender, and the other lending institutions party thereto, as amended by a First Amendment, dated July 21, 2016, and a Second Amendment, dated October 18, 2017.

The BMO Term Loan bears interest at either (i) a number of basis points over LIBOR depending on the Company's credit rating (165 basis points over LIBOR at December 31, 2021) or (ii) a number of basis points over the base rate depending on the Company's credit rating (65 basis points over the base rate at December 31, 2021). The margin over LIBOR rate or base rate is determined based on the Company's credit rating pursuant to the following grid:

Level	Credit Rating	LIBOR Rate Margin	Base Rate Margin
I	A- /A3 (or higher)	85.0 bps	— bps
II	BBB+ /Baa1	90.0 bps	— bps
III	BBB /Baa2	100.0 bps	— bps
IV	BBB- /Baa3	125.0 bps	25.0 bps
V	<BBB- /Baa3	165.0 bps	65.0 bps

For purposes of the BMO Term Loan, base rate means, for any day, a fluctuating rate per annum equal to the highest of: (i) the bank's prime rate for such day, (ii) the Federal Funds Rate for such day, plus 0.50%, and (iii) the one month LIBOR based rate for such day plus 1.00%. As of December 31, 2021, the Company's credit rating from Moody's Investors Service was Ba1.

Although the interest rate on the BMO Term Loan is variable under the BMO Credit Agreement, the Company fixed the base LIBOR interest rate by entering into interest rate swap transactions. On August 26, 2013, the Company entered into an ISDA Master Agreement with Bank of Montreal that fixed the base LIBOR interest rate on the BMO Term Loan at 2.32% per annum, which matured on August 26, 2020. On February 20, 2019, the Company entered into ISDA Master Agreements with a group of banks that fixed the base LIBOR interest rate on the BMO Term Loan at 2.39% per annum for the period beginning on August 26, 2020 and ending January 31, 2024. Accordingly, based upon the Company's credit rating, as of December 31, 2021, the effective interest rate on the BMO Term Loan was 4.04% per annum. On June 4, 2021, the Company paid approximately $0.6 million to terminate the portion of the interest rate swap on the tranche A term loan, which was scheduled to mature on November 30, 2021.

The BMO Credit Agreement contains customary affirmative and negative covenants for credit facilities of this type, including limitations with respect to indebtedness, liens, investments, mergers and acquisitions, disposition of assets, changes in business, certain restricted payments, the requirement to have subsidiaries provide a guaranty in the event that they incur recourse indebtedness and transactions with affiliates. The BMO Credit Agreement also contains financial covenants that require the Company to maintain a minimum tangible net worth, a maximum leverage ratio, a maximum secured leverage ratio, a minimum fixed charge coverage ratio, a maximum unencumbered leverage ratio, and minimum unsecured interest coverage. The BMO Credit Agreement provides for customary events of default with corresponding grace periods, including failure to pay any principal or interest when due, certain cross defaults and a change in control of the Company (as defined in the BMO Credit Agreement). In the event of a default by the Company, the administrative agent may, and at the request of the requisite number of lenders shall, declare all obligations under the BMO Credit Agreement immediately due and payable, terminate the lenders' commitments to make loans under the BMO Credit

Agreement, and enforce any and all rights of the lenders or administrative agent under the BMO Credit Agreement and related documents. For certain events of default related to bankruptcy, insolvency, and receivership, the commitments of lenders will be automatically terminated and all outstanding obligations of the Company will become immediately due and payable. The Company was in compliance with the BMO Term Loan financial covenants as of December 31, 2021.

BofA Credit Facility

On July 21, 2016, the Company entered into a First Amendment (the "BofA First Amendment"), and on October 18, 2017, the Company entered into a Second Amendment (the "BofA Second Amendment"), to the Second Amended and Restated Credit Agreement dated October 29, 2014 among the Company, the lending institutions party thereto and BofA, as administrative agent, L/C Issuer and Swing Line Lender (as amended by the BofA First Amendment and the BofA Second Amendment, the "BofA Credit Facility") that continued an existing unsecured revolving line of credit (the "Former BofA Revolver") and an existing term loan (the "BofA Term Loan"). Effective simultaneously with the closing of the BofA Revolver (as defined in Note 11 to these Consolidated Financial Statements) on January 10, 2022, the Company delivered a notice to BofA terminating the aggregate lender commitments under the Former BofA Revolver in their entirety.

Former BofA Revolver Highlights

- As of December 31, 2021, there were no borrowings under the Former BofA Revolver.
- The Former BofA Revolver was for borrowings, at the Company's election, of up to $600 million. Borrowings made pursuant to the Former BofA Revolver could be revolving loans, swing line loans or letters of credit, the combined sum of which could not exceed $600 million outstanding at any time.

As of December 31, 2021, there were no borrowings outstanding under the Former BofA Revolver. The Former BofA Revolver bore interest at either (i) a margin over LIBOR depending on the Company's credit rating (1.550% over LIBOR at December 31, 2021) or (ii) a margin over the base rate depending on the Company's credit rating (0.550% over the base rate at December 31, 2021). The BofA Credit Facility also obligated the Company to pay an annual facility fee in an amount that is also based on the Company's credit rating. The facility fee was assessed against the total amount of the Former BofA Revolver, or $600 million (0.30% at December 31, 2021). The amount of any applicable facility fee, and the margin over LIBOR rate or base rate was determined based on the Company's credit rating pursuant to the following grid:

Level	Credit Rating	LIBOR Rate Margin	Facility Fee	Base Rate Margin
I	A- /A3 (or higher)	0.825 %	0.125 %	0.000 %
II	BBB+ /Baa1	0.875 %	0.150 %	0.000 %
III	BBB /Baa2	1.000 %	0.200 %	0.000 %
IV	BBB- /Baa3	1.200 %	0.250 %	0.200 %
V	<BBB-/Baa3	1.550 %	0.300 %	0.550 %

For purposes of the BofA Credit Facility, base rate means, for any day, a fluctuating rate per annum equal to the highest of: (i) the bank's prime rate for such day, (ii) the Federal Funds Rate for such day, plus 0.50%, and (iii) the one month LIBOR based rate for such day plus 1.00%. As of December 31, 2021, the Company's credit rating from Moody's Investors Service was Ba1.

Based upon the Company's credit rating, as of December 31, 2021, the interest rate on the Former BofA Revolver would have been 1.65% per annum. The weighted average interest rate on all amounts outstanding on the Former BofA Revolver during the year ended December 31, 2021, was approximately 1.33% per annum. As of December 31, 2020, there were borrowings of $3.5 million outstanding under the Former BofA Revolver. The weighted average interest rate on all amounts outstanding on the Former BofA Revolver during the year ended December 31, 2020, was approximately 1.65% per annum.

BofA Term Loan Highlights

- The original principal amount of the BofA Term Loan was $400 million. On September 30, 2021, the Company repaid a $90 million portion and on October 25, 2021, the Company repaid a $200 million portion of the BofA Term Loan and incurred a loss on extinguishment of debt of $0.7 million related to unamortized deferred financing costs. As of December 31, 2021, $110 million remained outstanding under the BofA Term Loan.
- The BofA Term Loan matures on January 12, 2023.
- The BofA Credit Facility includes an accordion feature that allows for an aggregate amount of up to $500 million of additional borrowing capacity to the Former BofA Revolver and/or the BofA Term Loan, subject to receipt of lender commitments and satisfaction of certain customary conditions.

The BofA Term Loan bears interest at either (i) a margin over LIBOR depending on the Company's credit rating (1.75% over LIBOR at December 31, 2021) or (ii) a margin over the base rate depending on the Company's credit rating (0.750% over the base rate at December 31, 2021). The margin over LIBOR rate or base rate is determined based on the Company's credit rating pursuant to the following grid:

Level	Credit Rating	LIBOR Rate Margin	Base Rate Margin
I	A- /A3 (or higher)	0.900 %	0.000 %
II	BBB+ /Baa1	0.950 %	0.000 %
III	BBB /Baa2	1.100 %	0.100 %
IV	BBB- /Baa3	1.350 %	0.350 %
V	<BBB-/Baa3	1.750 %	0.750 %

For purposes of the BofA Credit Facility, base rate means, for any day, a fluctuating rate per annum equal to the highest of: (i) the bank's prime rate for such day, (ii) the Federal Funds Rate for such day, plus 0.50%, and (iii) the one month LIBOR based rate for such day plus 1.00%. As of December 31, 2021, the Company's credit rating from Moody's Investors Service was Ba1.

The interest rate on the BofA Term Loan was variable at December 31, 2021. Previously the Company had fixed the base LIBOR interest rate on the BofA Term Loan by entering into interest rate swap transactions. On July 22, 2016, the Company entered into ISDA Master Agreements with a group of banks that fixed the base LIBOR interest rate on the BofA Term Loan at 1.12% per annum for the period beginning on September 27, 2017 and ended on September 27, 2021. Based upon the Company's credit rating, as of December 31, 2021, the interest rate on the BofA Term Loan was 1.84% per annum. The weighted average variable interest rate on all amounts outstanding under the BofA Term Loan after the expiration of the interest rate swaps, on September 27, 2021, during the period from September 28 through December 31, 2021, was approximately 1.85% per annum.

BofA Credit Facility General Information

The BofA Credit Facility contains customary affirmative and negative covenants for credit facilities of this type, including limitations with respect to indebtedness, liens, investments, mergers and acquisitions, disposition of assets, changes in business, certain restricted payments, the requirement to have subsidiaries provide a guaranty in the event that they incur recourse indebtedness and transactions with affiliates. The BofA Credit Facility also contains financial covenants that require the Company to maintain a minimum tangible net worth, a maximum leverage ratio, a maximum secured leverage ratio, a minimum fixed charge coverage ratio, a maximum unencumbered leverage ratio, and minimum unsecured interest coverage. The BofA Credit Facility provides for customary events of default with corresponding grace periods, including failure to pay any principal or interest when due, certain cross defaults and a change in control of the Company (as defined in the BofA Credit Facility). In the event of a default by the Company, the administrative agent may, and at the request of the requisite number of lenders shall, declare all obligations under the BofA Credit Facility immediately due and payable, terminate the lenders' commitments to make loans under the BofA Credit Facility, and enforce any and all rights of the lenders or administrative agent under the BofA Credit Facility and related documents. For certain events of default related to bankruptcy, insolvency, and receivership, the commitments of lenders will be

automatically terminated and all outstanding obligations of the Company will become immediately due and payable. We were in compliance with the BofA Credit Facility financial covenants as of December 31, 2021.

The Company may use the proceeds of the loans under the BofA Credit Facility to finance the acquisition of real properties and for other permitted investments; to finance investments associated with Sponsored REITs, to refinance or retire indebtedness and for working capital and other general business purposes, in each case to the extent permitted under the BofA Credit Facility.

Senior Notes

On October 24, 2017, the Company entered into a note purchase agreement (the "Note Purchase Agreement") with the various purchasers named therein (the "Purchasers") in connection with a private placement of senior unsecured notes. Under the Note Purchase Agreement, the Company agreed to sell to the Purchasers an aggregate principal amount of $200,000,000 of senior unsecured notes consisting of (i) Series A Senior Notes due December 20, 2024 in an aggregate principal amount of $116 million (the "Series A Notes") and (ii) Series B Senior Notes due December 20, 2027 in an aggregate principal amount of $84 million (the "Series B Notes," and, together with the Series A Notes, the "Senior Notes"). On December 20, 2017, the Senior Notes were funded and the proceeds were used to reduce the outstanding balance of the Former BofA Revolver.

The Senior Notes bear interest depending on the Company's credit rating. As of December 31, 2021, the Series A Notes bear interest at 4.49% per annum and the Series B Notes bear interest at 4.76% per annum.

The Note Purchase Agreement contains customary financial covenants, including a maximum leverage ratio, a maximum secured leverage ratio, a minimum fixed charge coverage ratio, and a maximum unencumbered leverage ratio. The Note Purchase Agreement also contains restrictive covenants that, among other things, restrict the ability of the Company and its subsidiaries to enter into transactions with affiliates, merge, consolidate, create liens, make certain restricted payments, enter into certain agreements or prepay certain indebtedness. Such financial and restrictive covenants are substantially similar to the corresponding covenants contained in the BofA Credit Facility, the BMO Credit Agreement and the JPM Credit Agreement. The Senior Notes financial covenants require, among other things, the maintenance of a fixed charge coverage ratio of at least 1.50; a maximum leverage ratio and an unsecured leverage ratio of no more than 60% (65% if there were a significant acquisition for a short period of time). In addition, the Note Purchase Agreement provides that the Note Purchase Agreement will automatically incorporate additional financial and other specified covenants (such as limitations on investments and distributions) that are effective from time to time under the existing credit agreements, other material indebtedness or certain other private placements of debt of the Company and its subsidiaries. The Note Purchase Agreement contains customary events of default, including payment defaults, cross defaults with certain other indebtedness, breaches of covenants and bankruptcy events. In the case of an event of default, the Purchasers may, among other remedies, accelerate the payment of all obligations. The Company was in compliance with the Senior Notes financial covenants as of December 31, 2021.

5. Financial Instruments: Derivatives and Hedging

On July 22, 2016, the Company fixed the interest rate for the period beginning on September 27, 2017 and ending on September 27, 2021 on the BofA Term Loan (the "2017 Interest Rate Swap"). On March 7, 2019, the Company fixed the interest rate for the period beginning on March 29, 2019 and ended on November 30, 2021 on a $100 million portion of the JPM Term Loan (the "2019 JPM Interest Rate Swap"). On February 20, 2019, the Company fixed the interest rate for the period beginning August 26, 2020 and ending January 31, 2024 on the BMO Term Loan (the "2019 BMO Interest Rate Swap"). The variable rates that were fixed under the 2017 Interest Rate Swap, the 2019 JPM Interest Rate Swap and the 2019 BMO Interest Rate Swap (collectively referred to as the "Interest Rate Swaps") are described in Note 4.

On June 4, 2021, the Company paid approximately $1.2 million to terminate the 2019 JPM Interest Rate Swap that was scheduled to mature on November 30, 2021 and approximately $0.6 million to terminate a portion of the 2019 BMO Interest Rate Swap that was scheduled to mature on November 30, 2021. As a result of the terminations, approximately $1.9 million of the balance held in accumulated other comprehensive income (loss) was reclassified into earnings. The

JPM Term Loan and a portion of the BMO Term Loan related to these interest rate swaps was also repaid on June 4, 2021, which is described in Note 4.

The Interest Rate Swaps qualify as cash flow hedges and have been recognized on the consolidated balance sheets at fair value. If a derivative qualifies as a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability, or firm commitment through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be recognized in earnings in the same period in which the hedged interest payments affect earnings, which may increase or decrease reported net income and stockholders' equity prospectively, depending on future levels of interest rates and other variables affecting the fair values of derivative instruments and hedged items, but will have no effect on cash flows.

The following table summarizes the notional and fair value of our derivative financial instruments at December 31, 2021. The notional value is an indication of the extent of our involvement in these instruments at that time, but does not represent exposure to credit, interest rate or market risks.

(in thousands)	Notional Value	Strike Rate	Effective Date	Expiration Date	Fair Value (2) at December 31, 2021	Fair Value (2) at December 31, 2020
2017 Interest Rate Swap	$ 400,000	1.12 %	Sep-17	Sep-21	$ —	$ (2,947)
2019 JPM Interest Rate Swap	$ 100,000	2.44 %	Mar-19	Nov-21	$ —	$ (2,102)
2019 BMO Interest Rate Swap (1)	$ 165,000	2.39 %	Aug-20	Jan-24	$ (5,239)	$ (12,262)

(1) The Notional Value decreased to $165 million on June 4, 2021.
(2) Classified within Level 2 of the fair value hierarchy.

On December 31, 2021, 2019 BMO Interest Rate Swap was reported as a liability with a fair value of approximately $5.2 million and are included in other liabilities: derivative liabilities in the consolidated balance sheet at December 31, 2021.

The gain/(loss) on the Company's Interest Rate Swaps that was recorded in OCI and the accompanying consolidated statements of income as a component of interest expense for the years ended December 31, 2021, 2020 and 2019, respectively, was as follows:

(in thousands) Interest Rate Swaps in Cash Flow Hedging Relationships:	Year Ended December 31, 2021	2020	2019
Amounts of gain (loss) recognized in OCI	$ 3,786	$ (20,380)	$ (15,119)
Amounts of previously recorded gain/(loss) reclassified from OCI into Interest Expense	$ (8,286)	$ (7,751)	$ 4,328
Total amount of Interest Expense presented in the consolidated statements of operations	$ 32,273	$ 36,026	$ 36,757

Over time, the unrealized gains and losses held in accumulated other comprehensive income will be reclassified into earnings as an increase or reduction to interest expense in the same periods in which the hedged interest payments affect earnings. The Company estimates that approximately $2.5 million of the current balance held in accumulated other comprehensive income will be reclassified into earnings within the next 12 months.

The Company is hedging the exposure to variability in anticipated future interest payments on existing debt.

The BMO Term Loan, BofA Term Loan and JPM Term Loan hedging transactions used derivative instruments that involve certain additional risks such as counterparty credit risk, the enforceability of hedging contracts and the risk that unanticipated and significant changes in interest rates will cause a significant loss of basis in either or both of the contracts. The Company requires its derivatives contracts to be with counterparties that have investment grade ratings. As a result, the Company does not anticipate that any counterparty will fail to meet its obligations. However, there can

be no assurance that the Company will be able to adequately protect against the foregoing risks or that it will ultimately realize an economic benefit that exceeds the related amounts incurred in connection with engaging in such hedging strategies.

The fair value of the Company's derivative instruments are determined using the net discounted cash flows of the expected cash flows of the derivative based on the market based interest rate curve and are adjusted to reflect credit or nonperformance risk. The risk is estimated by the Company using credit spreads and risk premiums that are observable in the market. These financial instruments were classified within Level 2 of the fair value hierarchy and were classified as an asset or liability on the consolidated balance sheets.

The Company's derivatives are recorded at fair value in other assets: derivative asset and other liabilities: derivative liability in the consolidated balance sheets and the effective portion of the derivatives' fair value is recorded to other comprehensive income in the consolidated statements of other comprehensive income (loss).

6. Stockholders' Equity

Equity-Based Compensation

On May 20, 2002, the stockholders of the Company approved the 2002 Stock Incentive Plan (the "Plan"). The Plan is an equity-based incentive compensation plan, and provides for the grants of up to a maximum of 2,000,000 shares of the Company's common stock ("Awards"). All of the Company's employees, officers, directors, consultants and advisors are eligible to be granted Awards. Awards under the Plan are made at the discretion of the Company's Board of Directors, and have no vesting requirements. Upon granting an Award, the Company will recognize compensation cost equal to the fair value of the Company's common stock, as determined by the Company's Board of Directors, on the date of the grant.

On December 10, 2019, June 4, 2020 and May 20, 2021, the Company granted shares under the Plan to non-employee directors at a compensation cost of approximately $337,000 at each grant date, which is included in general and administrative expenses in the consolidated statements of income. Such shares were fully vested on the date of issuance and are included in the table below.

	Shares Available for Grant	Compensation Cost
Balance, December 31, 2018	1,944,428	$ —
Shares granted 2019	(38,046)	337,500
Balance December 31, 2019	1,906,382	$ 337,500
Shares granted 2020	(58,998)	337,500
Balance December 31, 2020	1,847,384	$ 675,000
Shares granted 2021	(66,564)	337,500
Balance December 31, 2021	1,780,820	$ 1,012,500

Repurchase of Common Stock

On June 23, 2021, the Board of Directors of the Company authorized the repurchase of up to $50 million of the Company's common stock from time to time in the open market, privately negotiated transactions or other manners as permitted by federal securities laws. The repurchase authorization may be suspended or discontinued at any time. The Company subsequently repurchased 3,396,243 shares of common stock during the third and fourth quarter of 2021 at an aggregate cost of approximately $18.2 million at an average cost of approximately $5.37 per share, inclusive of brokerage commissions. The excess of the purchase price over the par value of the shares repurchased is applied to reduce additional paid-in capital. The Company did not effect any repurchases during 2020.

A summary of the repurchase of common stock by the Company is shown in the following table:

(Cost in thousands)	Shares Repurchased		Cost
Balance December 31, 2020	1,017,498	$	18,775
Repurchase of shares	3,396,243		18,244
Balance, December 31, 2021	4,413,741	$	37,019

7. Federal Income Tax Reporting

General

The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"). As a REIT, the Company generally is entitled to a tax deduction for distributions paid to its shareholders, thereby effectively subjecting the distributed net income of the Company to taxation at the shareholder level only. The Company must comply with a variety of restrictions to maintain its status as a REIT. These restrictions include the type of income it can earn, the type of assets it can hold, the number of shareholders it can have and the concentration of their ownership, and the amount of the Company's taxable income that must be distributed annually.

One such restriction is that the Company generally cannot own more than 10% of the voting power or value of the securities of any one issuer unless the issuer is itself a REIT or a taxable REIT subsidiary ("TRS"). In the case of TRSs, the Company's ownership of securities in all TRSs generally cannot exceed 20% (25% of taxable years beginning on or before December 31, 2017) of the value of all of the Company's assets and, when considered together with other non-real estate assets, cannot exceed 25% of the value of all of the Company's assets. FSP Investments LLC and FSP Protective TRS Corp. are the Company's taxable REIT subsidiaries operating as taxable corporations under the Code. The TRSs have gross amounts of net operating losses ("NOLs") available to those taxable corporations of $4.8 million and $4.6 million as of each of December 31, 2021 and 2020, respectively. The NOLs created prior to 2018 will expire between 2030 and 2047 and the NOLs generated after 2017 will not expire. A valuation allowance is provided for the full amount of the NOLs as the realization of any tax benefits from such NOLs is not assured.

Income taxes are recorded based on the future tax effects of the difference between the tax and financial reporting bases of the Company's assets and liabilities. In estimating future tax consequences, potential future events are considered except for potential changes in income tax law or in rates.

The Company adopted an accounting pronouncement related to uncertainty in income taxes effective January 1, 2007, which did not result in recording a liability, nor was any accrued interest and penalties recognized with the adoption. Accrued interest and penalties will be recorded as income tax expense if the Company records a liability in the future. The Company's effective tax rate was not affected by the adoption. The Company and one or more of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The statute of limitations for the Company's income tax returns is generally three years and as such, the Company's returns that remain subject to examination would be primarily from 2018 and thereafter.

The Company is subject to a business tax known as the Revised Texas Franchise Tax. Some of the Company's leases allow reimbursement by tenants for these amounts because the Revised Texas Franchise Tax replaces a portion of the property tax for school districts. Because the tax base on the Revised Texas Franchise Tax is derived from an income based measure, it is considered an income tax. The Company recorded a provision for the Revised Texas Franchise Tax of $0.2 million, $0.3 million and $0.4 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Net operating losses

Section 382 of the Code restricts a corporation's ability to use net operating losses ("NOLs") to offset future taxable income following certain "ownership changes." Such ownership changes occurred with past mergers and accordingly a portion of the NOLs incurred by the Sponsored REITs available for use by the Company in any particular future taxable year will be limited. To the extent that the Company does not utilize the full amount of the annual NOLs limit, the

unused amount may be carried forward to offset taxable income in future years. NOLs expire 20 years after the year in which they arise, and the last of the Company's NOLs will expire in 2027. Approximately $0.1 million of NOLs expired in 2021. The Company is expecting to use approximately $11.8 million of NOLs in 2021 to offset federal net taxable capital gains resulting from the sale of properties in 2021, therefore approximately $11.8 million of valuation allowances were reversed in 2021. A valuation allowance is provided for the full amount of the gross NOLs available as the realization of any tax benefits remaining from such NOLs is not assured. The gross amount of NOLs available to the Company was approximately $1.1 million and $13.0 million as of each of December 31, 2021 and 2020, respectively with full valuation allowances.

Income Tax Expense

The income tax expense reflected in the consolidated statements of income relates primiarly to state income taxes as a result of some states that limit the use of net operating losses, which are in Other Taxes, and to a lesser extent, the Revised Texas Franchise Tax. FSP Protective TRS Corp. provides taxable services to tenants at some of the Company's properties.

	For the Year Ended December 31,		
(Dollars in thousands)	**2021**	**2020**	**2019**
Revised Texas Franchise Tax	$ 234	$ 250	$ 394
Other Taxes	404	—	(125)
Tax expense	$ 638	$ 250	$ 269

Taxes on income are a current tax expense. No deferred income taxes were provided as there were no material temporary differences between the financial reporting basis and the tax basis of the TRSs.

At December 31, 2021, the Company's net tax basis of its real estate assets is more than the amount set forth in the Company's consolidated balance sheets by $153.7 million and at December 31, 2020, the Company's net tax basis of its real estate assets is more than the amount set forth in the Company's consolidated balance sheets by $253.0 million.

Tax Components

The following summarizes the tax components of the Company's common distributions paid per share for the years ended December 31, 2021, 2020 and 2019:

	2021		2020		2019	
	Per Share	**%**	**Per Share**	**%**	**Per Share**	**%**
Ordinary income (1)	$ —	— %	$ 0.28	77.51 %	$ 0.25	69.96 %
Capital gain	0.68	100 %	0.06	16.72 %	—	— %
Return of capital	—	— %	0.02	5.77 %	0.11	30.04 %
Total	$ 0.68	100 %	$ 0.36	100 %	$ 0.36	100 %

(1) The 2019 Ordinary income amount includes a qualified distribution, which is a subset of, and included in, the ordinary income amount and is $0.009 per share or 2.52% of total distributions.

8. Leases

Leases as a Lessee:

The Company entered into a noncancelable contract with a third party to obtain office space that commenced on September 1, 2010. The contract was amended on October 25, 2016 to extend the contract through September 30, 2024. As of December 31, 2021, the Company's right-of-use asset was $1.1 million, which is included in prepaid and other assets on the consolidated balance sheet as of December 31, 2021.

The Company has an option to extend the terms of its office space lease with one 5-year extension option. As of December 31, 2021, the exercise of the extension option was not reasonably certain. Therefore, the extension option is not recognized as part of the Company's right-of-use asset and lease liability.

A discount rate equal to the Company's incremental borrowing rate was applied to the future monthly contractual lease payments remaining as of December 31, 2021 to compute the lease liability. The incremental borrowing rate is the rate equal to the closest borrowing under the Former BofA Revolver at the time of the Company's adoption of ASU 2016-02.

Lease Costs

	Year Ended		
(in thousands)	**December 31, 2021**	**December 31, 2020**	**December 31, 2019**
Operating lease cost	$ 419	$ 419	$ 419
	$ 419	$ 419	$ 419
Other information			
Cash paid for amounts included in the measurement of lease liabilities	429	421	412
Weighted average remaining lease terms in years - operating leases	2.75	3.75	4.75
Weighted average discount rate - operating leases	3.86%	3.86%	3.86%

Maturity analysis for liabilities

(in thousands)	**Total Undiscounted Cash Flows**
Discount rate at commencement	3.86%
2022	438
2023	447
2024	340
	$ 1,225
Present value lease liability	$ 1,159
Difference between undiscounted cash flows and discounted cash flows	$ 66

Leases as a Lessor:

The Company is a lessor of commercial real estate with operations that include the leasing of office and industrial properties. Many of the leases with customers contain options to extend leases at a fair market rate and may also include options to terminate leases. The Company considers several inputs when evaluating the amount it expects to derive from its leased assets at the end of the lease terms, such as the remaining useful life, expected market conditions, fair value of lease payments, expected fair values of underlying assets, and expected deployment of the underlying assets. The Company's strategy to address its risk for the residual value in its commercial real estate is to re-lease the commercial space.

The Company has elected to apply the practical expedient to not separate non-lease components from the related lease component of real estate leases. This combined component is primarily comprised of fixed lease payments, early termination fees, common area maintenance cost reimbursements, and parking lease payments. The Company applies ASC 842-Leases to the combined lease and non-lease components.

A minority of the Company's leases are subject to annual changes in the Consumer Price Index ("CPI"). Although increases in the CPI are not estimated as part of the Company's measurement of straight-line rent revenue, to the extent that the actual CPI is greater or less than the CPI at lease commencement, there could be changes to realized income or loss.

For the year ended December 31, 2021, 2020 and 2019, the Company recognized the following amounts of income relating to lease payments:

Income relating to lease payments:

	Year Ended		
(in thousands)	**December 31, 2021**	**December 31, 2020**	**December 31, 2019**
Income from leases (1)	$ 203,530	$ 242,209	$ 256,250
	$ 203,530	$ 242,209	$ 256,250

Undiscounted Cash Flows	**Year ending**
(in thousands)	**December 31,**
2022	100,269
2023	103,107
2024	97,792
2025	83,596
2026	70,718
2027 and thereafter	259,673
	$ 715,155

(1) Amounts recognized from variable lease payments were $54,825, $61,310 and $64,421 for the years ended December 31, 2021, 2020 and 2019, respectively.

9. Retirement Plan

In 2006, the Company established a 401(k) plan to cover eligible employees, which permitted deferral of up to $17,000 per year (indexed for inflation) into the 401(k) plan, subject to certain limitations imposed by the Internal Revenue Code. An employee's elective deferrals are immediately vested upon contribution to the 401(k) plan. The Company matches employee contributions to the 401(k) plan dollar for dollar up to 3% of each employee's annual compensation up to $200,000. In addition, we may elect to make an annual discretionary profit-sharing contribution. The Company's total contribution under the 401(k) plan amounted to $0.1 million, $0.1 million and $0.2 million for the years ended December 31, 2021, 2020 and 2019, respectively.

10. Dispositions of Property

In 2021, the Company determined that further debt reduction would provide greater financial flexibility and potentially increase shareholder value. Accordingly, the Company adopted a strategy to dispose of certain properties in 2021 where it believes valuation potential has been reached. The Company sold three office properties located in Atlanta, Georgia on May 27, 2021 for an aggregate sales price of approximately $219.5 million, at a net gain of approximately $22.8 million. The Company sold an office property in Dulles, Virginia on June 29, 2021 for a sales price of approximately $17.3 million, at a loss of $2.1 million. The Company sold an office property located in Indianapolis, Indiana on August 31, 2021 for a sales price of approximately $35 million, at a loss of approximately $1.7 million. The Company sold two office properties located in Chesterfield, Missouri on September 23, 2021 for an aggregate sales price of approximately $67 million, at a gain of approximately $10.3 million. The Company sold an office property in Atlanta, Georgia on October 22, 2021, for a sales price of approximately $223.9 million, at a gain of approximately $86.8 million. The Company sold two office properties located in Chantilly, Virginia on November 16, 2021 for an aggregate sales price of $40 million, at a loss of $2.9 million. The Company used the proceeds of the dispositions principally to repay outstanding indebtedness.

The Company sold an office property located in Durham, North Carolina on December 23, 2020 for a sales price of approximately $89.7 million, at a gain of approximately $41.9 million.

The Company reports the results of operations of its properties in its consolidated statements of operations, which includes rental income, rental operating expenses, real estate taxes and insurance and depreciation and amortization.

The operating results for the properties that the Company disposed of are summarized below:

	For the Years Ended December 31,		
(in thousands)	2021	2020	2019
Rental revenue	$ 38,958	$ 72,967	$ 74,626
Rental operating expenses	(11,518)	(20,651)	(22,867)
Real estate taxes and insurance	(5,654)	(11,165)	(10,851)
Depreciation and amortization	(11,929)	(26,552)	(26,927)
Income from dispositions	$ 9,857	$ 14,599	$ 13,981

11. Subsequent Events

On January 10, 2022, the Company entered into a credit agreement for a new revolving line of credit for borrowings, at the Company's election, of up to $217.5 million (the "BofA Revolver"), which may be borrowed, repaid and reborrowed from time to time until the maturity date on January 12, 2024. The Company has the right to request an extension of the maturity date, subject to acceptance by the lenders and satisfaction of certain other customary conditions. The BofA Revolver includes an accordion feature that allows the Company to request an increase in borrowing capacity to an amount not exceeding $750 million in the aggregate, subject to receipt of lender commitments and satisfaction of certain customary conditions. Effective simultaneously with the closing of the BofA Revolver on January 10, 2022, the Company terminated the Former BofA Revolver. The Former BofA Revolver would have matured by its own terms on January 12, 2022.

On January 12, 2022, the Company paid a special cash distribution of $0.32 per share of common stock, which was declared on December 3, 2021 for shareholders of record on December 31, 2021.

On January 14, 2022, the Board of Directors of the Company declared a cash distribution of $0.09 per share of common stock payable on February 17, 2022 to stockholders of record on January 28, 2022.

On February 10, 2022, the Company increased its BofA Revolver availability by $20.0 million to $237.5 million as part of the accordion feature that is available to increase borrowing capacity.

Schedule II

Franklin Street Properties Corp.
Valuation and qualifying accounts:

(in thousands) Classification	Balance at beginning of year	Additions (Decreases) charged to costs and expenses	Deductions	Balance at end of year
Allowance for doubtful accounts				
2019	$ 200	$ 213	$ (113)	$ 300
2020	300	340	(135)	505
2021	505	157	(129)	533
Straight-line rent allowance for doubtful accounts				
2019	$ 50	$ —	$ —	$ 50
2020	50	—	(50)	—
2021	—	—	—	—

FRANKLIN STREET PROPERTIES CORP.
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2021

Description	Encumbrances (1)	Initial Cost: Land	Initial Cost: Buildings Improvements and Equipment	Costs Capitalized (Disposals) Subsequent to Acquisition	Historical Cost: Land	Historical Cost: Buildings Improvements and Equipment	Total (2)	Accumulated Depreciation	Total Costs, Net of Accumulated Depreciation	Depreciable Life Years	Year Built	Date of Acquisition (3)
				(in thousands)								
Commercial Properties:												
Forest Park, Charlotte, NC	—	$ 1,559	$ 5,672	$ 3,051	$ 1,559	$ 8,723	$ 10,282	2,576	$ 7,706	5 - 39	1999	1999
Northwest Point, Elk Grove Village, IL	—	2,914	26,295	13,023	2,914	39,318	42,232	20,586	21,646	5 - 39	1999	2001
Park Ten, Houston, TX	—	1,061	21,303	7,082	567	28,879	29,446	14,214	15,232	5 - 39	1999	2002
Addison, Addison, TX	—	4,325	48,040	12,495	4,325	60,535	64,860	25,772	39,088	5 - 39	1999	2002
Collins, Richardson, TX	—	4,000	42,598	8,804	4,000	51,402	55,402	24,755	30,647	5 - 39	1999	2003
Greenwood, Englewood, CO	—	3,100	30,201	12,530	3,100	42,731	45,831	20,295	25,536	5 - 39	2000	2005
Innsbrook, Glenn Allen, VA	—	5,000	40,216	9,002	5,000	49,218	54,218	20,578	33,640	5 - 39	1999	2003
380 Interlocken, Bloomfield, CO	—	8,275	34,462	13,194	8,275	47,656	55,931	19,130	36,801	5 - 39	2000	2003
Blue Lagoon, Miami, FL	—	6,306	46,124	33,388	6,306	79,512	85,818	16,927	68,891	5 - 39	2002	2003
Eldridge Green, Houston, TX	—	3,900	43,791	5,923	3,900	49,714	53,614	21,202	32,412	5 - 39	1999	2004
Liberty Plaza, Addison, TX	—	4,374	21,146	10,542	4,374	31,688	36,062	13,172	22,890	5 - 39	1985	2006
390 Interlocken, Broomfield, CO	—	7,013	37,751	14,399	7,013	52,150	59,163	20,579	38,584	5 - 39	2002	2006
Park Ten II, Houston, TX	—	1,300	31,712	7,245	1,300	38,957	40,257	13,458	26,799	5 - 39	2006	2006
121 South Eight Street, Minneapolis, MN	—	4,444	15,214	28,449	4,444	43,663	48,107	12,968	35,139	5 - 39	1974	2010
801 Marquette Ave South, Minneapolis, MN	—	4,184	—	27,798	4,184	27,798	31,982	2,889	29,093	5 - 39	1923	2010
909 Davis, Evanston, IL	—	4,912	18,229	8,235	4,912	26,464	31,376	8,145	23,231	5 - 39	2002	2011
Legacy Tennyson Center, Plano, TX	—	3,067	22,064	4,046	3,067	26,110	29,177	7,756	21,421	5 - 39	2008	2011
One Legacy Circle, Plano, TX	—	2,590	36,608	4,822	2,590	41,430	44,020	11,945	32,075	5 - 39	2008	2011
Westchase I & II, Houston, TX	—	8,491	121,508	17,044	8,491	138,552	147,043	33,721	113,322	5 - 39	2008	2012
1999 Broadway, Denver CO	—	16,334	137,726	39,108	16,334	176,834	193,168	40,105	153,063	5 - 39	1986	2013
1001 17th Street, Denver, CO	—	17,413	165,058	24,286	17,413	189,344	206,757	41,367	165,390	5 - 39	2006	2013
Plaza Seven, Minneapolis, MN	—	6,604	54,240	11,468	6,604	65,708	72,312	11,471	60,841	5 - 39	1987	2016
Pershing Plaza, Atlanta, GA	—	5,300	34,158	4,119	5,300	38,277	43,577	5,147	38,430	5 - 39	1989	2016
600 17th Street, Denver, CO	—	20,876	99,941	14,005	20,876	113,946	134,822	15,729	119,093	5 - 39	1982	2016
Balance — Real Estate	—	$ 147,342	$ 1,134,057	$ 334,058	$ 146,848	$ 1,468,609	$ 1,615,457	$ 424,487	$ 1,190,970			

(1) There are no encumbrances on the above properties.
(2) The aggregate cost for Federal Income Tax purposes is $1,773,262.
(3) Original date of acquisition by Sponsored Entity.

The following table summarizes the changes in the Company's real estate investments and accumulated depreciation:

(in thousands)	December 31, 2021	2020	2019
Real estate investments, at cost:			
Balance, beginning of year	$ 2,140,733	$ 2,127,907	$ 2,058,352
Improvements	60,910	75,472	74,324
Dispositions	(586,186)	(62,646)	(4,769)
Balance, end of year - Real Estate	$ 1,615,457	$ 2,140,733	$ 2,127,907
Accumulated depreciation:			
Balance, beginning of year	$ 538,717	$ 490,697	$ 432,579
Depreciation	60,080	67,001	62,887
Dispositions	(174,310)	(18,981)	(4,769)
Balance, end of year - Accumulated Depreciation	$ 424,487	$ 538,717	$ 490,697

Exhibit 4.1

DESCRIPTION OF SECURITIES REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT

The following description of the common stock, par value $0.0001 per share (the "Common Stock"), of Franklin Street Properties Corp. ("us," "our," "we" or the "Company"), which is the only security of the Company registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), summarizes certain information regarding the Common Stock in our Articles of Incorporation, as amended (the "Articles of Incorporation"), our Amended and Restated Bylaws (the "Bylaws") and applicable provisions of Maryland General Corporation Law (the "MGCL"), and is qualified by reference to the Articles of Incorporation and the Bylaws, which are incorporated by reference as Exhibit 3.1 and Exhibit 3.2, respectively, to the Annual Report on Form 10-K of which this Exhibit 4.1 is a part.

Authorized Capital Stock

Our authorized capital stock consists of 200,000,000 shares of capital stock, consisting of 180,000,000 shares of Common Stock and 20,000,000 shares of preferred stock, par value $0.0001 per share (the "Preferred Stock"). Our Articles of Incorporation authorize our board of directors to amend our Articles of Incorporation to increase or decrease the aggregate number of shares of capital stock or the number of shares of stock of any class without stockholder approval.

Common Stock

Voting Rights. Subject to the provisions of our Articles of Incorporation regarding the restrictions on transfer and ownership of shares of our Common Stock, each outstanding share of Common Stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors. There is no cumulative voting in the election of directors.

Pursuant to the MGCL, a corporation generally cannot dissolve, amend its articles of incorporation, merge, sell all or substantially all of its assets, engage in a share exchange or consolidate or engage in similar transactions outside the ordinary course of business unless such action is advised by the board of directors and approved by the affirmative vote of holders of at least two-thirds of the shares of stock entitled to vote on the matter unless a lesser percentage (but not less than a majority of all of the votes to be cast on the matter) is set forth in the corporation's articles of incorporation. Our Articles of Incorporation provide that we may amend the Articles of Incorporation (with several exceptions), merge, sell all or substantially all of our assets, engage in a share exchange or consolidate or engage in similar transactions outside the ordinary course of business, with the approval of the holders of a majority of the shares of stock entitled to vote on the matter. However, the MGCL permits a corporation to transfer all or substantially all of its assets without the approval of the stockholders of the corporation to one or more persons if all of the equity interests of the person or persons are owned, directly or indirectly, by the corporation.

Our Articles of Incorporation provide that in addition to any vote of the holders required by the terms of any then outstanding shares of preferred stock, the affirmative vote of at least 80%of the shares of our capital stock entitled to vote shall be required to:

- add, amend or repeal any term or provision of our Articles of Incorporation in any respect that would, in the determination of our board of directors, cause us not to qualify as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended, unless our board of directors has determined that such qualification is no longer in our best interests;
- amend or repeal, or adopt any provision inconsistent with, the provisions of our Articles of Incorporation: establishing the standards and procedures for the removal of a director; eliminating

the personal liability of a director or officer to us or our stockholders for monetary damages; requiring us to indemnify our directors, officers, employees, agents and other persons acting on behalf of or at the request of us to the fullest extent permitted from time to time by Maryland law; or establishing this super-majority voting requirement; and

- adding to our Articles of Incorporation any provision imposing cumulative voting in the election of directors.

Dividends, Liquidation and Other Rights. Subject to the preferential rights of any other class or series of our stock and to the provisions of our Articles of Incorporation regarding the restrictions on ownership and transfer of shares of stock, holders of shares of Common Stock are entitled to receive dividends on such shares of Common Stock if, as and when authorized by our board of directors, and declared by us out of assets legally available therefor. Such holders are also entitled to share ratably in the assets of our Company legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up after payment or establishment of reserves or other adequate provision for all debts and liabilities of our Company and any stock with preferential rights related thereto. Under Maryland law, stockholders generally are not liable for the corporation's debts or obligations.

Holders of shares of Common Stock have no preference, conversion, exchange or sinking fund rights, have no preemptive rights to subscribe for any of our securities and generally have no appraisal rights. Subject to the provisions of our Articles of Incorporation regarding the restrictions on ownership and transfer of shares of stock, shares of Common Stock will have equal dividend, liquidation and other rights.

Power to Reclassify Our Unissued Shares of Stock. Our board of directors is authorized by our Articles of Incorporation to classify and reclassify any of our unissued shares of capital stock by, among other alternatives, setting, altering or eliminating in any one or more respects, from time to time before the issuance of such shares, any feature of such shares, including but not limited to the designation, preferences, conversion or other rights, voting powers, qualifications and terms and conditions of redemption of, limitations as to dividends and any other restrictions on such shares, without the approval of the holders of our Common Stock. As a result, our board of directors could authorize, without further action by the holders of our Common Stock, the issuance of shares of preferred stock that have priority over the shares of our Common Stock with respect to dividends, distributions and rights upon liquidation and with other terms and conditions that could have the effect of delaying, deterring or preventing a transaction or a change in control that might involve a premium price for holders of shares of our Common Stock or otherwise might be in their best interest.

Restrictions on Ownership

To maintain our qualification as a REIT, among other things, not more than 50% in value of our outstanding shares of stock may be owned, directly or indirectly (taking into account certain constructive ownership rules under the Internal Revenue Code of 1986, as amended, or the tax code), by five or fewer individuals. Our Articles of Incorporation provide that no person may beneficially or constructively own more than 9.8% of the number or value of our outstanding shares, unless exempted by our Board in its sole and absolute discretion. Our Articles of Incorporation also provide that no person may transfer or acquire our shares to the extent that doing so would result in our outstanding shares being beneficially owned by fewer than 100 persons, and that no person may transfer, acquire or beneficially or constructively own shares to the extent that doing so would result in our violating the 50% ownership limitation described in the first sentence of this paragraph or would otherwise result in our failing to qualify as a REIT.

Our Articles of Incorporation also provide that on an annual basis we will use our best efforts to redeem any shares of our Common Stock from holders who desire to sell them. The purchase price paid by us will be 90% of the fair market value of the shares purchased, as determined by our board of directors in its sole and absolute discretion after consultation with an adviser selected by our Board. We have no obligation to redeem shares of our Common Stock during any period that our Common Stock is listed for trading on a national securities exchange.

Provisions of our Articles of Incorporation and Bylaws and Maryland Law that may have Anti-Takeover Effects

Board of Directors. Our Articles of Incorporation and Bylaws provide that our board of directors may establish the number of directors as long as the number is not fewer than the minimum required under the MGCL. Following the 2019 annual meeting of stockholders, we amended our Articles of Incorporation to declassify our board of directors over a three-year period as the then-current terms of our directors expired. Accordingly, beginning with the annual meeting of stockholders in 2022, each of our directors is elected by our stockholders to serve until the next annual meeting of our stockholders and until his or her successor is duly elected and qualifies. Except as may be provided by our board of directors in setting the terms of any class of preferred stock, any vacancy on our board of directors occurring for any reason, other than an increase in the number of directors, may be filled by a vote of a majority of the remaining directors, even if the remaining directors do not constitute a quorum, and any vacancy on our board of directors created by an increase in the number of directors may be filled by a vote of a majority of our entire board of directors. Any director elected to fill a vacancy will serve until the next annual meeting of stockholders and until his or her successor is duly elected and qualified.

Removal of Directors by Stockholders. Our Articles of Incorporation and Bylaws provide that members of our board of directors may only be removed for cause, and then only by the affirmative vote of the holders of at least two-thirds of the outstanding shares entitled to vote on the election of the directors. This provision, when coupled with the provision in our Bylaws authorizing our board of directors to fill vacant directorships, precludes stockholders from removing incumbent directors and filling the vacancies created by such removal with their own nominees.

Stockholder Nomination of Directors. Our Bylaws provide that a stockholder must notify us in writing of any stockholder nomination of a director not earlier than the 150th day and not later than the 120th day prior to the first anniversary of the mailing date of the notice of the preceding year's annual meeting.

Business Combinations. Under the MGCL, certain "business combinations" (including a merger, consolidation, share exchange or, in certain circumstances specified under the statute, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and any interested stockholder, or an affiliate of such an interested stockholder, are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. Maryland law defines an interested stockholder as:

- any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the corporation's outstanding voting stock after the date on which the corporation had 100 or more beneficial owners of its stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approves in advance the transaction by which the person otherwise would have become an interested stockholder. In approving a transaction, however, the board of directors may provide that its approval is subject to compliance, at or after the time of the approval, with any terms and conditions determined by the board of directors.

After the five-year prohibition, any business combination between the company and an interested stockholder generally must be recommended by the board of directors and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of corporation; and
- two-thirds of the votes entitled to be cast by holders of shares of voting stock of the corporation other than shares held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected or by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if, among other conditions, the corporation's common stockholders receive a minimum price (as described under the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares.

These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by a corporation's board of directors prior to the time that the interested stockholder becomes an interested stockholder.

Control Share Acquisitions. The MGCL provides that holders of "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights except to the extent approved at a special meeting of stockholders by the affirmative vote of two-thirds of the votes entitled to be cast on the matter. Votes entitled to be cast on the matter exclude votes of shares of stock in the corporation in respect of which any of the following persons is entitled to exercise or direct the exercise of the voting power of such shares in the election or directors: (1) a person who makes or proposes to make a control share acquisition; (2) an officer of the corporation; or (3) an employee of the corporation who is also a director of the corporation.

"Control shares" are voting shares of stock that, if aggregated with all other such shares of stock previously acquired by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means the acquisition, directly or indirectly, of ownership of, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses and making an "acquiring person statement" as described in the MGCL), may compel our board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the control shares. If no request for a special meeting is made, we may present the question at any stockholders meeting.

If voting rights of control shares are not approved at the meeting or if the acquiring person does not deliver an "acquiring person statement" as required by the MGCL, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value. Fair value is determined without regard to the absence of voting

rights for the control shares and as of the date of the last control share acquisition by the acquirer or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at the stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition. The control share acquisition statute does not apply (1) to shares acquired in a merger, consolidation or share exchange if we are a party to the transaction or (2) to acquisitions approved or exempted by the articles of incorporation or bylaws of the corporation.

Our Bylaws contain a provision exempting from the control share acquisition statute all shares of our capital stock to the fullest extent permitted by Maryland law. We can provide no assurance that our board of directors will not amend or eliminate such provision at any time in the future. Our board of directors has the power to determine that the amendment or elimination of such provision applies to a control share acquisition that occurred prior or subsequent to such amendment or elimination.

Subtitle 8. Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its articles of incorporation or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the articles of incorporation or bylaws, to any or all of the following five provisions:

- a classified board;
- a two-thirds stockholder vote requirement for removing a director;
- a requirement that the number of directors be fixed only by vote of the directors;
- a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred; and
- a requirement that requires the request of the holders of at least a majority of all votes entitled to be cast to call a special meeting of stockholders.

To date, we have not made any of the elections described above, although, independent of these elections, our Articles of Incorporation and Bylaws contain provisions that require special meetings of stockholders to be called upon the written request of stockholders entitled to cast not less than a majority of the votes entitled to be cast, that the board has the exclusive power to fix the number of directors, that directors may be removed only for cause and by the vote of two-third of the votes entitled to be cast and that, generally, vacancies may be filled only by our board of directors.

Exclusive Forum for Certain Litigation. Our Bylaws provide that, unless we consent in writing to the selection of an alternative forum, any state court of competent jurisdiction in Maryland, or, if such state courts do not have jurisdiction, the United States District Court for the District of Maryland, will be the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf (other than actions arising under federal securities laws), (b) any Internal Corporate Claim, as such term is defined in the MGCL, including, without limitation, (i) any action asserting a claim of breach of any duty owed by any of our directors, officers or other employees to us or to our stockholders or (ii) any action asserting a claim against us or any of our directors, officers or other employees arising pursuant to any provision of the MGCL or our Articles of Incorporation or Bylaws or (c) any other action asserting a claim against us or any of our directors, officers or other employees that is governed by the internal affairs doctrine. Furthermore, our Bylaws provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any claim arising under the Securities Act of 1933, as amended (the "Securities Act"). Although our Bylaws contain the choice of forum provisions described above, it is possible that a court could rule that such provisions are inapplicable for a particular claim or action or that such provisions are unenforceable. For

example, under the Securities Act, federal courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. In addition, the exclusive forum provisions described above do not apply to any actions brought under the Exchange Act.

Although we believe these provisions will benefit us by limiting costly and time-consuming litigation in multiple forums and by providing increased consistency in the application of applicable law, these exclusive forum provisions may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with us or our directors, officers or employees, which may discourage such lawsuits against us and our directors, officers and other employees.

Amendment of Our Bylaws. Our board of directors has the power to adopt, alter or repeal any provision of our Bylaws and to make new bylaws. In addition, stockholders may amend our Bylaws by the affirmative vote of the holders of a majority of all votes entitled to be cast on the matter pursuant to a binding proposal submitted by any stockholder.

Exhibit 10.3

JOINDER AND INCREASE AGREEMENT

THIS JOINDER AND INCREASE AGREEMENT (this "***Agreement***") is made this 10th day of February, 2022, by and among **BANKUNITED, N.A.** ("***New Lender***"), **FRANKLIN STREET PROPERTIES CORP.**, a Maryland corporation ("***Borrower***"), and **BANK OF AMERICA, N.A.**, as Administrative Agent (in such capacity, "***Administrative Agent***").

Reference is hereby made to that certain Credit Agreement dated as of January 10, 2022 (as the same may be amended, modified, renewed, extended, or restated from time to time, the "***Credit Agreement***"), executed by Borrower, the Lenders party thereto (collectively, "***Lenders***"), the L/C Issuers (as defined therein) party thereto, and Bank of America, N.A., as Administrative Agent. Terms defined in the Credit Agreement and not otherwise defined herein are used herein as therein defined.

Pursuant to *Section 2.13* of the Credit Agreement, Borrower, Administrative Agent, and New Lender agree to a $20,000,000 increase in the Aggregate Commitments effective on the date of this Agreement. New Lender hereby (a) agrees to become a "*Lender*" under the Credit Agreement; (b) joins in, becomes a party to, and agrees to comply with and be bound by the terms and conditions of the Credit Agreement, to the same extent as if the undersigned were an original signatory thereto; and (c) agrees that its Commitment shall be in the amount set forth on ***Exhibit A***. After giving effect to such increase, each Lender's Commitment shall be as set forth on ***Exhibit A*** attached hereto. *Schedule 2.01* of the Credit Agreement is hereby replaced with ***Schedule 2.01*** set forth on ***Exhibit A*** attached hereto.

New Lender: (a) represents and warrants that it has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and to consummate the transactions contemplated hereby; and (b) agrees that it will (i) independently and without reliance on Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

The effectiveness of this Agreement is subject to satisfaction of the following conditions precedent: (a) Administrative Agent shall have received this Agreement, duly executed and delivered by the New Lender, Administrative Agent and Borrower; (b) Borrower has delivered to Administrative Agent the certificate required pursuant to *Section 2.13(e)(i)* of the Credit Agreement; (c) to the extent requested by New Lender, Borrower has delivered the information and Beneficial Ownership Certification required pursuant to *Section 2.13(e)(ii)* of the Credit Agreement; and (c) payment by Borrower of all fees and other amounts due and payable in connection with this Agreement.

Borrower represents and warrants to Administrative Agent and the Lenders as follows:

(a) that the conditions set forth in *Section 2.13(e)* of the Credit Agreement have been satisfied as of the date hereof;

(b) Borrower has the power to execute and deliver this Agreement and to perform its obligations hereunder, and Borrower has duly authorized such execution, delivery and performance;

(c) no Default or Event of Default has occurred and is continuing or would result from giving effect to this Agreement;

(d) the representations and warranties contained in *Article V* of the Credit Agreement and the other Loan Documents are true and correct in all material respects on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects as of such earlier date; and

(e) this Agreement constitutes the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as limited by Debtor Relief Laws and any applicable general principles of equity.

The Loan Documents are ratified and affirmed by Borrower and shall remain in full force and effect.

Upon the effectiveness of this Agreement, Borrower, Administrative Agent and Lenders shall make such reallocations, sales, assignments and other relevant actions in respect of each Lender's Revolving Credit Exposure as are reasonably necessary in order that each Lender's Revolving Credit Exposure reflects such Lender's Applicable Percentage of the outstanding aggregate Revolving Credit Exposure of all Lenders on the date of the effectiveness hereof, and (unless otherwise waived by a Lender in its sole discretion) Borrower agrees to compensate each Lender for any loss, cost or expense, if any, incurred by such Lender in connection with the reallocation described above, in each case on the terms and in the manner set forth in *Section 3.05* of the Credit Agreement.

This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York. The parties hereto agree that this Agreement shall be one of the Loan Documents. This Agreement, together with the Credit Agreement and the other Loan Documents, embodies the entire agreement and understanding relating to the subject matter hereof.

The parties hereto agree that this Agreement is a Loan Document and that the provisions of *Sections 10.14* and *10.15* of the Credit Agreement are hereby incorporated herein by reference and apply to this Agreement as if such provisions were set forth herein in their entirety.

This Agreement may be executed in any number of counterparts, which together shall constitute one instrument. This Agreement and any other documentation delivered in connection with herewith may be executed using electronic signatures (including, without limitation, facsimile and .pdf) and shall be considered an original, and shall have the same legal effect, validity and enforceability as a paper record. This Agreement may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Agreement. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by Administrative Agent of a manually signed signature page which has been converted into electronic form (such as scanned into PDF format), or an electronically signed signature page converted into another format, for transmission, delivery and/or retention. Delivery of an executed counterpart of this Agreement by electronic means shall be effective as delivery of a manually executed counterpart thereof.

[*Signature Pages Follow.*]

IN WITNESS WHEREOF, the undersigned has executed this Joinder and Increase Agreement as of the date first stated above.

NEW LENDER

BANKUNITED, N.A.

By: /s/ Carly Berfas
Name: Carly Berfas
Title: SVP

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A., as Administrative Agent

By: /s/ Jeff Darling
Name: Jeff Darling
Title: SVP

L/C ISSUERS:

BANK OF AMERICA, N.A., as a L/C Issuer

By: /s/ Jeff Darling
Name: Jeff Darling
Title: SVP

BANK OF MONTREAL, as a L/C Issuer

By: /s/ Lloyd Baron
Name: Lloyd Baron
Title: Managing Director

JPMORGAN CHASE BANK, N.A., as a L/C Issuer

By: /s/ Ryan Dempsey
Name: Ryan Dempsey
Title: Authorized Officer

BORROWER:

FRANKLIN STREET PROPERTIES CORP., a Maryland corporation, as Borrower

By:/s/ George J. Carter
Name: George J. Carter
Title: Chief Executive Officer

Exhibit A

Schedule 2.01

Commitments and Applicable Percentages

Lender	Commitment	Applicable Percentage
Bank of America, N.A.	$75,000,000.00	31.578947368%
Bank of Montreal	$37,500,000.00	15.789473684%
JPMorgan Chase Bank, N.A.	$37,500,000.00	15.789473684%
Citizens Bank, N.A.	$25,000,000.00	10.526315789%
Regions Bank	$25,000,000.00	10.526315789%
BankUnited, N.A.	$20,000,000.00	8.421052632%
First Financial Bank, N.A.	$10,000,000.00	4.210526316%
Capital One, National Association	$7,500,000.00	3.157894737%
Total	**$237,500,000.00**	**100.000000000%**

L/C Commitments

Lender	Commitment	Applicable Percentage
Bank of America, N.A.	$7,916,666.67	33.333333334%
Bank of Montreal	$7,916,666.66	33.333333333%
JPMorgan Chase Bank, N.A.	$7,916,666.66	33.333333333%
Total	**$23,750,000.00**	**100.000000000%**

Exhibit 21.1

Subsidiaries of Franklin Street Properties Corp.

Name	Jurisdiction of Organization
FSP 1001 17th Street LLC	Delaware
FSP 121 South Eighth Street LLC	Delaware
FSP 1441 MS LLC	Delaware
FSP 1999 Broadway LLC	Delaware
FSP 303 EWD LLC	Delaware
FSP 380 Interlocken Corp.	Delaware
FSP 390 Interlocken LLC	Delaware
FSP 4807 Stonecroft Boulevard LLC	Delaware
FSP 600 17th Street LLC	Delaware
FSP 801 Marquette Avenue LLC	Delaware
FSP 909 Davis Street LLC	Delaware
FSP 999 Peachtree Street LLC	Delaware
FSP Addison Circle Corp.	Delaware
FSP Addison Circle Limited Partnership	Texas
FSP Addison Circle LLC	Delaware
FSP Blue Lagoon Drive Corp.	Delaware
FSP Blue Lagoon Drive LLC	Delaware
FSP Collins Crossing Corp.	Delaware
FSP Collins Crossing Limited Partnership	Texas
FSP Collins Crossing LLC	Delaware
FSP CPV LLC	Delaware
FSP Dulles Virginia LLC	Delaware
FSP Eldridge Green Corp.	Delaware
FSP Eldridge Green Limited Partnership	Texas
FSP Eldridge Green LLC	Delaware
FSP Forest Park IV LLC	Delaware
FSP Forest Park IV NC Limited Partnership	North Carolina
FSP GB LLC	Delaware
FSP Greenwood Plaza Corp.	Delaware
FSP Holdings LLC	Delaware
FSP Innsbrook Corp.	Delaware
FSP Investments LLC	Massachusetts
FSP Legacy Tennyson Center LLC	Delaware
FSP Liberty Plaza Limited Partnership	Texas
FSP Northwest Point LLC	Delaware
FSP One Legacy Circle LLC	Delaware
FSP One Overton Park LLC	Delaware
FSP One Ravinia Drive LLC	Delaware
FSP Park Ten Development Corp.	Delaware
FSP Park Ten Development LLC	Delaware
FSP Park Ten Limited Partnership	Texas
FSP Park Ten LLC	Delaware
FSP Park Ten Phase II Limited Partnership	Texas
FSP Pershing Park Plaza LLC	Delaware
FSP Plaza Seven LLC	Delaware
FSP Property Management LLC	Massachusetts
FSP Protective TRS Corp.	Massachusetts
FSP REIT Protective Trust	Massachusetts
FSP River Crossing LLC	Delaware
FSP Two Ravinia Drive LLC	Delaware
FSP Westchase LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-91680) pertaining to the 2002 Stock Incentive Plan of Franklin Street Properties Corp. of our reports dated February 15, 2022, with respect to the consolidated financial statements and schedules of Franklin Street Properties Corp. and the effectiveness of internal control over financial reporting of Franklin Street Properties Corp., included in this Annual Report (Form 10-K) of Franklin Street Properties Corp. for the year ended December 31, 2021.

/s/ Ernst & Young LLP

Boston, Massachusetts
February 15, 2022

Exhibit 31.1

CERTIFICATIONS

I, George J. Carter, certify that:

1. I have reviewed this Annual Report on Form 10-K of Franklin Street Properties Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 15, 2022

/s/ George J. Carter
George J. Carter
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, John G. Demeritt, certify that:

1. I have reviewed this Annual Report on Form 10-K of Franklin Street Properties Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 15, 2022

/s/ John G. Demeritt
John G. Demeritt
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report on Form 10-K of Franklin Street Properties Corp. (the "Company") for the period ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, George J. Carter, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: February 15, 2022

/s/ George J. Carter
George J. Carter
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report on Form 10-K of Franklin Street Properties Corp. (the “Company”) for the period ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, John G. Demeritt, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: February 15, 2022

/s/ John G. Demeritt
John G. Demeritt
Chief Financial Officer

Franklin Street Properties Corp.

CORPORATE HEADQUARTERS

Franklin Street Properties Corp.

401 Edgewater Place, Suite 200
Wakefield, MA 01880
Telephone: 800.950.6288
www.fspreit.com

STOCK LISTING

Franklin Street Properties Corp.'s
Common Stock trades on the
NYSE American under the symbol "FSP"

TRANSFER AGENT

American Stock Transfer and Trust Company

Operations Center
6201 15th Avenue
Brooklyn, NY 11219
Telephone: 800.937.5449
www.astfinancial.com

OUTSIDE COUNSEL

Wilmer Cutler Pickering Hale and Dorr LLP

60 State Street
Boston, MA 02109
Telephone: 617.526.6000

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP

200 Clarendon Street
Boston, MA 02116
Telephone: 617.266.2000

INVESTOR RELATIONS CONTACT

Georgia Touma

Director of Investor Relations
Franklin Street Properties Corp.
401 Edgewater Place, Suite 200
Wakefield, MA 01880
Telephone: 877.686.9496
investorrelations@fspreit.com

VIRTUAL ANNUAL MEETING INFORMATION

Tuesday, May 10, 2022
11:00 a.m., Eastern Time
virtualshareholdersmeeting.com/FSP2022

BOARD OF DIRECTORS

George J. Carter*

Chairman and Chief Executive Officer

John N. Burke, CPA

Chair of the Audit Committee
Member of the Compensation and Nominating and Corporate Governance Committees

Brian N. Hansen

Chair of the Compensation Committee
Member of the Audit and Nominating and Corporate Governance Committees

Kenneth A. Hoxsie

Chair of the Nominating and Corporate Governance Committee
Member of the Audit Committee

Dennis J. McGillicuddy

Member of the Audit Committee

Georgia Murray

Lead Independent Director
Member of the Audit and Compensation Committees

Kathryn P. O'Neil

Member of the Audit, Compensation and Nominating and Corporate Governance Committees

Milton P. Wilkins, Jr.

Member of the Audit Committee

*Also an Executive Officer of the Company

EXECUTIVE OFFICERS

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 and President of FSP Property Management LLC

Eriel Anchondo

Executive Vice President and
Chief Operating Officer

401 Edgewater Place
Suite 200
Wakefield, MA 01880

P 800.950.6288

www.fspreit.com