

Risk Factors Comparison 2025-02-11 to 2024-02-26 Form: 10-K

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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 our Indebtedness If our one remaining Sponsored REIT defaults on its Sponsored REIT Loan, we may be required to keep balances outstanding on our existing debt, 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. We have one remaining secured loan to a Sponsored REIT in the form of a mortgage loan, which we refer to as the Sponsored REIT Loan. We anticipate that the Sponsored REIT Loan will be repaid through cash flow from property operations or sale of the underlying property, although the actual amount and timing of any repayment is uncertain and will likely depend on prevailing market conditions at the time of any such sale. If the Sponsored REIT defaults on the 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, keeping balances outstanding, 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 Term Loan, the BMO Term Loan, the Series A Notes or the Series B Notes. **Each of 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) matures on April 1, 2026.** There can be no assurance that we will be able to refinance **this indebtedness at 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 maturity**, or **if we were able to do so**, that any such refinancings would be on terms as favorable as the terms of **currently applicable to** the BofA Term Loan, the BMO Term Loan, the Series A Notes, or the Series B Notes, **and or that we will may not** be able to otherwise obtain funds by selling assets or raising equity to make required payments on the BofA Term Loan, the BMO Term Loan, the Series A Notes or the Series B Notes. If we are unable to refinance **or repay** the BofA Term Loan, the BMO Term Loan, the Series A Notes or the Series B Notes at maturity or **otherwise** meet our payment obligations, **we would be in default under the amount terms of the applicable indebtedness our distributable cash flow and our operations and** financial condition would be **materially and** adversely affected. Failure to comply with covenants in the documents evidencing 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 Term Loan, the BMO Term Loan, the Series A Notes and the Series B Notes contain customary affirmative and negative covenants, including some or all of the following: limitations with respect to indebtedness, liens, investments, mergers and acquisitions, disposition of assets, use of net cash proceeds from the disposition of properties, assets and equity issuances, mandatory prepayments, the requirement to have certain subsidiaries provide guarantees, the requirement to pledge our equity interests in certain subsidiaries as collateral, changes in business, certain restricted payments, repurchases and redemptions of our common stock, going concern qualifications to our financial statements, and transactions with affiliates. In addition, subject to certain tax-related exceptions, the documents evidencing the BofA Term Loan, the BMO Term Loan, the Series A Notes and the Series B Notes restrict our ability to make quarterly dividend distributions that exceed \$ 0. 01 per share of our common stock; provided, however, that notwithstanding such restriction, we are permitted to make dividend distributions based on our good faith estimate of projected or estimated taxable income or otherwise as necessary to retain our 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 we would otherwise be subject. The documents evidencing the BofA Term Loan, the BMO Term Loan, the Series A Notes and the Series B Notes contain the following financial covenants: minimum tangible net worth; maximum leverage ratio; maximum secured leverage ratio; maximum secured recourse leverage ratio; minimum fixed charge coverage ratio; maximum unencumbered leverage ratio; and minimum unsecured interest coverage. Our continued general compliance with 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 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. If we breach covenants in the documents evidencing 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 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 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 **each of** December 31, **2023-2024** and February **21-6**, **2024-2025**, we had \$ **90-55. 6** million **and \$ 67 million, respectively**, outstanding under the BofA Term Loan. Interest on the BofA Term Loan bears interest at variable rates based on a spread over SOFR and includes a 5. 00 % floor on SOFR. As of **each of** December 31, **2023-2024** and February **21-6**, **2024-2025**, we had \$ **115-71. 1** million **and \$ 86 million, respectively**, outstanding under the BMO Term Loan. Interest on the BMO Term Loan bears interest at variable rates based on a spread over

SOFR and includes a 5.00% floor on SOFR. During ~~2023-2024~~, the Federal Reserve ~~raised~~**lowered** the federal funds rate target ~~several~~**three** times, most recently ~~increasing~~**decreasing** it by 25 basis points on ~~July 26~~**December 18**, ~~2023-2024~~, to a range of ~~5.4~~**5.4** to ~~5.4~~**5.0**%. If interest rates ~~continue to~~ 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~~**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 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, increases 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, to incur new debt or refinance existing debt when it matures. 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. **If we do not repay a portion of our indebtedness by March 31, 2025, our interest costs will increase. The terms of the BofA Term Loan and the BMO Term Loan provide that if, as of March 31, 2025, the aggregate principal amount outstanding under the BMO Term Loan, the BofA Term Loan and the Senior Notes exceeds \$ 200 million, then the spread over SOFR or the base rate, as applicable, will permanently increase by 100 basis points, from 300 basis points to 400 basis points in the case of SOFR, and from 200 basis points to 300 basis points in the case of the base rate. The terms of the Senior Notes provide that if, as of March 31, 2025, the aggregate principal amount outstanding under the BMO Term Loan, the BofA Term Loan and the Senior Notes exceeds \$ 200 million, then the per annum interest rates applicable to the Series A Notes and the Series B Notes will permanently increase by 1.00% from 8.00% per annum to 9.00% per annum. We currently have approximately \$ 250.3 million of indebtedness outstanding under the BMO Term Loan, the BofA Term Loan and the Senior Notes. Therefore, if we do not repay approximately \$ 50.3 million of our indebtedness by March 31, 2025, the interest rate on each of our BMO Term Loan, the BofA Term Loan and the Senior Rates will permanently increase by 1%. An increase in our interest costs would adversely affect our cash flow and could adversely affect our capacity to pay principal and interest on our debt and our ability to make distributions to stockholders. In addition, increased interest rates on our outstanding indebtedness could adversely affect our ability to incur new debt or to refinance our existing debt when it matures.**

~~Risks~~ **Risks** Related to our Operations and Properties The long-term impact of the COVID-19 pandemic may 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 long-term impact of the 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 has adversely impacted our properties and operating results and continues to present material uncertainty and risk with respect to the performance of our properties and our financial results. Considerable uncertainty still surrounds the long-term impact of the COVID-19 pandemic and its potential effects on the population, including the spread of more contagious variants of the virus, and on the commercial real estate market and our business. Many of our tenants still do not fully occupy the space that they lease. Any ongoing negative impacts from the COVID-19 pandemic could adversely affect us and / or our tenants due to, among other factors: the potential negative impact to the businesses of our tenants, the impact of work-from-home and return-to-work policies, the potential negative impact to leasing efforts and occupancy at our properties, 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, negative impacts on our ability to refinance existing indebtedness or to secure new sources of capital on ~~favorable~~**favorable** terms, fluctuations in our level of dividends, increased costs of operations, making more difficult our ability to complete required capital expenditures in a timely manner and on budget, decreases in values of our real estate assets, changes in law and / or regulation, and uncertainty regarding government and regulatory policy. Some of our existing tenants and potential tenants operate in businesses and industries that continue to be adversely affected by the continuing disruption to business as a result of the COVID-19 pandemic. Some of our existing tenants and potential tenants have elected to, or been required to, and may in the future elect to, or be required to, reduce or suspend operations for extended periods of time, including as a result of work-from-home policies. Some of our tenants have requested rent concessions and more tenants may request rent concessions or may not pay rent in the future. These situations 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, our ability to pay dividends, our ability to repay or refinance our existing indebtedness, and the price of our common stock. Economic conditions in the United States could have a material adverse impact on our earnings and financial condition. Although recent indicators suggest that economic activity has expanded at a modest pace, the global economy continues to experience significant disruptions and uncertainty as a result of various factors, including geopolitical events such as the wars ~~between Russia and~~**between Russia and** ~~conflicts in~~ Ukraine and ~~between Israel and Hamas, a U. S. designated Foreign Terrorist Organization, in the Gaza Strip and~~

ongoing conflicts in various other parts of the Middle East, increasing tensions with China and Iran, the long-term impact of the COVID-19 pandemic and continuing supply chain difficulties. Because economic conditions directly affect the demand for office space, our primary income producing asset, broad economic market conditions in the United States, including uncertainty over interest rates, slower growth, stock market volatility or recession fears, could have a material adverse effect on our earnings and financial condition. Economic conditions may be affected by numerous other factors, including but not limited to, inflation and employment levels, energy prices, uncertainty about government fiscal, monetary, trade and tax policies, changes in currency exchange rates, the regulatory environment and the availability of credit. Future economic factors also may negatively affect the demand for office space, real estate values, occupancy levels and property income. ~~10~~ If we are not able to collect sufficient rents from each of our owned real properties or collect interest on the Sponsored REIT Loan, 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 the Sponsored REIT Loan. If our properties do not provide us with a steady rental income, our revenues will decrease, which may cause us to incur operating losses in the future. In addition, if our properties do not provide us with rental income or we do not collect interest income from the Sponsored REIT Loan, ~~it~~ 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 by pursuing the sale of select properties where we believe that short to intermediate term valuation potential has been reached and striving to lease vacant space. As we execute this strategy, our revenue, Funds From Operations, and capital expenditures may decrease in the short term. Proceeds from dispositions are intended to be used primarily for the repayment of debt. 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~~ 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 write-off 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 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, ~~11~~ 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 ~~12~~ 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, ~~2023~~ 2024, approximately ~~25~~ 19% and 13% of our tenants as a percentage of the total rentable square feet operated in the energy services industry and the information technology and computer 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, ~~2023~~ **2024**, by aggregate square footage, are distributed geographically as follows: **West — 42.6 %**, South — **41.38.0 %** ~~and, West — 37.0. %~~, Midwest — **16.19.48 %** ~~and East — 5.2 %~~. However, within certain of those regions, we hold a larger concentration of our properties in Denver, Colorado — **37.42.06 %**, Houston, Texas — **20.23.67 %**, **Minneapolis, Minnesota — 15.1 %**, and Dallas, Texas — **17.14.36 %**, ~~and Minneapolis, Minnesota — 13.1 %~~. 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. ~~12~~ **We** ~~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~~ **13** ~~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 REIT, 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 ~~13~~ ~~the~~ **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. In 2022, we adopted a variable quarterly dividend policy, which replaced our previous regularly quarterly dividend policy. Under this dividend policy, our Board of Directors determines quarterly dividends based upon a variety of factors, including our estimates of our annual taxable income and the amount that we are required to distribute annually in the aggregate to enable us to continue to qualify as a REIT for federal income tax purposes. In addition, the BofA Term Loan, the BMO Term Loan, the Series A Notes and the Series B Notes include restrictions on our ability to make quarterly dividend distributions that exceed \$ 0. 01 per share of our common stock; provided, however, that notwithstanding such restrictions, we are permitted to make dividend distributions based on our good faith estimate of projected or estimated taxable income or otherwise as necessary to retain our status as a REIT, to meet the distribution requirements of Section 857 of the Internal Revenue Code or to eliminate any income or excise taxes to which we would otherwise be subject. The real properties held by us may significantly decrease in value. As of December 31, 2023, we owned 17-14 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.~~