

PRESS RELEASE

Franklin Street Properties Corp.

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For Immediate Release

Franklin Street Properties Corp. Announces First Quarter 2015 Results

Wakefield, MA—April 28, 2015—Franklin Street Properties Corp. (the “Company”, “FSP”, “we” or “our”) (NYSE MKT: FSP), a real estate investment trust (REIT), announced today Funds From Operations (FFO) of \$25.7 million or \$0.26 per share for the first quarter ended March 31, 2015; and net income was \$12.5 million or \$0.13 per share for the first quarter ended March 31, 2015.

The Company evaluates its performance based on FFO, Net Income and EPS and believes each is an important measure. A reconciliation of Net Income to FFO, which is a non-GAAP financial measure, is provided on page 3 of this press release.

(in 000's except per share data)	Three Months Ended March 31,		
	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
Net Income	\$ 12,533	\$ 3,573	\$ 8,960
FFO	\$ 25,672	\$ 28,779	\$ (3,107)
Per Share Data:			
EPS	\$ 0.13	\$ 0.04	\$ 0.09
FFO	\$ 0.26	\$ 0.29	\$ (0.03)
Weighted average shares (diluted)	100,187	100,187	-

Comparing results for the first quarter of 2015 to the same period in 2014, FFO decreased \$3.1 million or \$0.03 per share to \$25.7 million or \$0.26 per share in 2015. The FFO decrease was primarily from lower property income as a result of asset sales and loan repayments achieved in the last twelve months and from lower occupancy, which were partially offset by lower interest expense for the quarter as we used proceeds to repay debt. Interest expense was also lower as a result of lower spreads on our revolving line of credit that was amended on October 29, 2014. We achieved a \$10.5 million gain on the sale of two properties in the first quarter of 2015. Net Income and EPS was \$12.5 million or \$0.13 per share for the first quarter of 2015 compared to a net income of \$3.6 million or \$0.04 per share for the first quarter of 2014.

George J. Carter, President and CEO, commented as follows:

“For the first quarter of 2015, FSP’s profits as represented by FFO totaled approximately \$25.7 million or \$0.26 per share. Our directly owned real estate portfolio of 36 properties totaling approximately 9.3 million square feet was 90.4% leased as of March 31, 2015. We are maintaining our full-year 2015 FFO guidance range of \$1.03 to \$1.08 per share.

During the first quarter of 2015 we completed the disposition of a property known as Willow Bend located in Plano, Texas for approximately \$20.8 million, and a property known as Eden Bluff located in Eden Prairie, Minnesota for approximately \$28.0 million. A total gain of \$10.5 million was realized as a result of the sale of these properties. Willow Bend is a two-story suburban office property with approximately 117,050 square feet and is a suburban office property that had been owned by FSP or an FSP affiliate for over fifteen years. Eden

Bluff is a one story, flex, single-tenant, suburban office property with approximately 153,028 square feet that was owned by FSP for approximately five and one-half years. In December 2014, we also sold a property known as Centennial located in Colorado Springs, Colorado for approximately \$15.5 million. The sale proceeds from these dispositions were not re-invested during the first quarter of 2015.

However, on April 8, 2015, we completed the acquisition of a property known as Two Ravinia in the greater Atlanta, Georgia market for \$78 million, effectively fully re-investing proceeds from the Centennial, Willow Bend, and Eden Bluff dispositions.

Two Ravinia is a 17-story, class “A” multi-tenant office tower with approximately 442,130 rentable square feet of space that is located in the Central Perimeter Submarket of Atlanta, Georgia. The newly acquired property is directly adjacent to our existing 386,603 square foot office tower known as One Ravinia, which we have owned since July 31, 2012. Two Ravinia is currently 80.5% leased, with in place rents that we believe average approximately 25% below today’s current market asking rates. We anticipate planned building capital investments at Two Ravinia (excluding leasing costs) of approximately \$4.8 million over the next three to four years.

We continue to actively pursue further potential dispositions of other suburban office assets that we believe are no longer core to our long-term strategy of acquiring larger, multi-tenant, urban infill, CBD or town-center office properties. We believe selective acquisitions of this profile will provide shareholders with better risk/reward adjusted returns over an extended slow growth period in the U.S. business cycle. Potential target acquisition opportunities are primarily being pursued in our five core markets of Atlanta, Dallas, Denver, Houston and Minneapolis. Along with our existing property portfolio’s ongoing leasing activity, we believe the results, size, timing and execution of our current capital recycling efforts will meaningfully affect value-creation and results for full year 2015 and beyond.

We remain very positive about our prospects and opportunities.”

Dividend Update

On April 10, 2015, the Company announced that its Board of Directors declared a regular quarterly dividend for the three months ended March 31, 2015 of \$0.19 per share of common stock that will be paid on May 14, 2015 to stockholders of record on April 24, 2015.

FFO Guidance

Our full year FFO guidance for 2015 continues to be maintained in the range of \$1.03 to \$1.08 per diluted share. This guidance (a) excludes the impact of future acquisitions, dispositions, debt financings or repayments or other capital market transactions; (b) reflects estimates from our ongoing portfolio of properties, other real estate investments and G&A expenses; and (c) reflects our current expectations of economic conditions. We will update guidance quarterly in our earnings releases. There can be no assurance that the Company’s actual results will not differ materially from the estimates set forth above.

Real Estate Update

Supplementary schedules provide property information for the Company’s owned real estate portfolio and for two non-consolidated REITs in which the Company holds preferred stock interests as of March 31, 2015. The Company will also be filing an updated supplemental information package that will provide stockholders and the financial community with additional operating and financial data. The Company will file this supplemental information package with the SEC and make it available on its website at www.franklinstreetproperties.com.

Funds From Operations (FFO)

A reconciliation of Net Income to FFO is shown below and a definition of FFO is provided on Supplementary Schedule H. Management believes FFO is used broadly throughout the real estate investment trust (REIT) industry as a measurement of performance. Management also believes that FFO represents the most accurate measure of activity and is the basis for distributions paid to equity holders. The Company has included the NAREIT FFO definition in the table and notes that other REITs may not define FFO in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently. The Company's computation of FFO may not be comparable to FFO reported by other REITs or real estate companies that define FFO differently.

Reconciliation of Net Income to FFO: (In thousands, except per share amounts)	Three Months Ended March 31,	
	<u>2015</u>	<u>2014</u>
Net income	\$ 12,533	\$ 3,573
Gain on sale of assets, less applicable income tax	(10,462)	-
GAAP loss from non-consolidated REITs	322	484
FFO from non-consolidated REITs	601	419
Depreciation & amortization	22,678	24,289
NAREIT FFO	<u>25,672</u>	<u>28,765</u>
Acquisition costs of new properties	-	14
Funds From Operations (FFO)	<u>\$ 25,672</u>	<u>\$ 28,779</u>
Per Share Data		
EPS	\$ 0.13	\$ 0.04
FFO	\$ 0.26	\$ 0.29
Weighted average shares (basic and diluted)	<u>100,187</u>	<u>100,187</u>

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

Earnings Call

A conference call is scheduled for April 29, 2015 at 10:00 a.m. (ET) to discuss the first quarter 2015 results. To access the call, please dial 1-877-507-4376. Internationally, the call may be accessed by dialing 1-412-317-6014. To listen via live audio webcast, please visit the Webcasts & Presentations section in the Investor Relations section of the Company's website (www.franklinstreetproperties.com) at least ten minutes prior to the start of the call and follow the posted directions. The webcast will also be available via replay from the above location starting one hour after the call is finished.

About Franklin Street Properties Corp.

Franklin Street Properties Corp., based in Wakefield, Massachusetts, is focused on investing in institutional-quality office properties in the U.S. FSP's strategy is to invest in select urban infill and central business district (CBD) properties, with primary emphasis on our top five markets of Atlanta, Dallas, Denver, Houston, and Minneapolis. FSP seeks value-oriented investments with an eye towards long-term growth and appreciation, as well as current income. FSP is a Maryland corporation that operates in a manner intended to qualify as a real estate investment trust (REIT) for federal income tax purposes. To learn more about FSP please visit our website at www.franklinstreetproperties.com.

Forward-Looking Statements

Statements made in this press release that state FSP’s or management’s intentions, beliefs, expectations, or predictions for the future may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This press release may also contain forward-looking statements 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, economic conditions in the United States, 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, changes in government regulations and regulatory uncertainty, uncertainty about governmental fiscal policy, geopolitical events and expenditures that cannot be anticipated such as utility rate and usage increases, unanticipated repairs, additional staffing, insurance increases and real estate tax valuation reassessments. See the “Risk Factors” set forth in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014, as the same may be updated from time to time in subsequent filings with the United States Securities and Exchange Commission. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We will not update any of the forward-looking statements after the date of this press release to conform them to actual results or to changes in our expectations that occur after such date, other than as required by law.

**Franklin Street Properties Corp.
Earnings Release
Supplementary Information
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Franklin Street Properties Corp. Financial Results
 Supplementary Schedule A
 Condensed Consolidated Income (Loss) Statements
 (Unaudited)

(in thousands, except per share amounts)	For the Three Months Ended March 31,	
	2015	2014
Revenue:		
Rental	\$ 59,013	\$ 61,597
Related party revenue:		
Management fees and interest income from loans	1,473	1,643
Other	21	23
Total revenue	60,507	63,263
Expenses:		
Real estate operating expenses	15,356	15,071
Real estate taxes and insurance	10,048	9,251
Depreciation and amortization	22,672	24,300
Selling, general and administrative	3,691	3,272
Interest	6,187	7,176
Total expenses	57,954	59,070
Income before interest income, equity in losses of non-consolidated REITs and taxes	2,553	4,193
Interest income	1	1
Equity in losses of non-consolidated REITs	(322)	(484)
Gain on sale of properties, less applicable income tax	10,462	-
Income before taxes on income	12,694	3,710
Taxes on income	161	137
Net income	\$ 12,533	\$ 3,573
Weighted average number of shares outstanding, basic and diluted	100,187	100,187
Net income per share, basic and diluted	\$ 0.13	\$ 0.04

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

(in thousands, except share and par value amounts)	March 31, 2015	December 31, 2014
Assets:		
Real estate assets:		
Land	\$ 174,707	\$ 183,930
Buildings and improvements	1,581,524	1,604,984
Fixtures and equipment	1,724	1,677
	<u>1,757,955</u>	<u>1,790,591</u>
Less accumulated depreciation	271,058	266,284
Real estate assets, net	1,486,897	1,524,307
Acquired real estate leases, less accumulated amortization of \$105,045 and \$101,838, respectively	124,337	138,714
Investment in non-consolidated REITs	78,228	78,611
Cash and cash equivalents	14,945	7,519
Restricted cash	56	742
Tenant rent receivables, less allowance for doubtful accounts of \$330 and \$325, respectively	4,587	4,733
Straight-line rent receivable, less allowance for doubtful accounts of \$162 and \$162, respectively	45,498	47,021
Prepaid expenses and other assets	13,526	10,292
Related party mortgage loan receivables	93,641	93,641
Other assets: derivative asset	774	3,020
Office computers and furniture, net of accumulated depreciation of \$1,109 and \$1,036, respectively	588	609
Deferred leasing commissions, net of accumulated amortization of \$17,429 and \$16,944, respectively	26,335	27,181
Total assets	\$ 1,889,412	\$ 1,936,390
Liabilities and Stockholders' Equity:		
Liabilities:		
Bank note payable	\$ 240,000	\$ 268,000
Term loans payable	620,000	620,000
Accounts payable and accrued expenses	36,065	42,561
Accrued compensation	1,241	3,758
Tenant security deposits	4,019	4,248
Other liabilities: derivative liability	9,836	7,268
Acquired unfavorable real estate leases, less accumulated amortization of \$9,218 and \$8,687, respectively	9,921	10,908
Total liabilities	921,082	956,743
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, 100,187,405 and 100,187,405 shares issued and outstanding, respectively	10	10
Additional paid-in capital	1,273,556	1,273,556
Accumulated other comprehensive loss	(9,062)	(4,248)
Accumulated distributions in excess of accumulated earnings	(296,174)	(289,671)
Total stockholders' equity	968,330	979,647
Total liabilities and stockholders' equity	\$ 1,889,412	\$ 1,936,390

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

(in thousands)	For the Three Months Ended March 31,	
	2015	2014
Cash flows from operating activities:		
Net income	\$ 12,533	\$ 3,573
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	23,189	24,797
Amortization of above market lease	6	(11)
Equity in losses of non-consolidated REITs	322	484
Gain on sale of properties, less applicable income tax	(10,462)	-
Changes in operating assets and liabilities:		
Restricted cash	686	(45)
Tenant rent receivables	146	(933)
Straight-line rents	(69)	(1,784)
Lease acquisition costs	(3)	(347)
Prepaid expenses and other assets	283	800
Accounts payable, accrued expenses and other items	(7,706)	(7,257)
Accrued compensation	(2,517)	(1,958)
Tenant security deposits	(230)	231
Payment of deferred leasing commissions	(1,116)	(1,113)
Net cash provided by operating activities	15,062	16,437
Cash flows from investing activities:		
Property acquisitions		
Property improvements, fixtures and equipment	(4,298)	(4,850)
Distributions in excess of earnings from non-consolidated REITs	27	27
Investment in related party mortgage loan receivable	-	(2,170)
Proceeds received on sales of real estate assets	47,671	-
Changes in deposits on real estate assets	(4,000)	-
Net cash provided by (used in) investing activities	39,400	(6,993)
Cash flows from financing activities:		
Distributions to stockholders	(19,036)	(19,036)
Borrowings under bank note payable	20,000	10,000
Repayments of bank note payable	(48,000)	-
Net cash used in financing activities	(47,036)	(9,036)
Net increase in cash and cash equivalents	7,426	408
Cash and cash equivalents, beginning of year	7,519	19,623
Cash and cash equivalents, end of period	\$ 14,945	\$ 20,031

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

Commercial portfolio lease expirations (1)

<u>Year</u>	<u>Total Square Feet</u>	<u>% of Portfolio</u>
2015	349,621	3.8%
2016	1,005,893	10.8%
2017	1,039,874	11.2%
2018	934,962	10.0%
2019	1,566,112	16.8%
Thereafter (2)	4,413,669	47.4%
	<u>9,310,131</u>	<u>100.0%</u>

- (1) Percentages are determined based upon square footage of expiring commercial leases.
 (2) Includes 897,321 square feet of current vacancies.

(dollars & square feet in 000's)

<u>State</u>	As of March 31, 2015				
	<u># of Properties</u>	<u>Investment</u>	<u>% of Portfolio</u>	<u>Square Feet</u>	<u>% of Portfolio</u>
Texas	9	\$ 373,025	25.1%	2,422	26.0%
Colorado	5	433,900	29.2%	2,010	21.6%
Georgia	3	221,523	14.9%	1,396	15.0%
Virginia	4	96,087	6.5%	685	7.4%
Minnesota	1	29,865	2.0%	475	5.1%
Missouri	3	61,609	4.1%	477	5.1%
North Carolina	3	63,212	4.2%	431	4.6%
Illinois	2	45,833	3.1%	372	4.0%
Maryland	1	52,465	3.5%	325	3.5%
Florida	1	42,729	2.9%	213	2.3%
Indiana	1	32,573	2.2%	205	2.2%
California	2	20,313	1.4%	182	2.0%
Washington	1	13,763	0.9%	117	1.2%
	<u>36</u>	<u>\$ 1,486,897</u>	<u>100.0%</u>	<u>9,310</u>	<u>100.0%</u>

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

Recurring Capital Expenditures

Owned Portfolio

(in thousands)	Three Months					
	Ended					
	<u>31-Mar-15</u>					
Tenant improvements	\$	2,936				
Deferred leasing costs		830				
Non-investment capex		643				
	\$	<u>4,409</u>				
		For the Three Months Ended:				Year ended
		<u>31-Mar-14</u>	<u>30-Jun-14</u>	<u>30-Sep-14</u>	<u>31-Dec-14</u>	<u>31-Dec-14</u>
Tenant improvements	\$	1,132	\$ 1,837	\$ 2,612	\$ 4,244	\$ 9,825
Deferred leasing costs		1,080	2,786	577	1,405	5,848
Non-investment capex		364	1,621	700	851	3,536
	\$	<u>2,576</u>	<u>6,244</u>	<u>3,889</u>	<u>6,500</u>	<u>19,209</u>

Square foot & leased percentages

	March 31, <u>2015</u>	December 31, <u>2014</u>
Owned portfolio of commercial real estate		
Number of properties	36	38
Square feet	9,310,131	9,580,057
Leased percentage	90.4%	92.8%
Investments in non-consolidated REITs		
Number of properties	2	2
Square feet	1,396,071	1,395,780
Leased percentage	70.1%	71.3%
Single Asset REITs (SARs) managed		
Number of properties	7	8
Square feet	1,488,003	1,897,801
Leased percentage	73.4%	84.7%
Total owned, investments & managed properties		
Number of properties	45	48
Square feet	12,194,205	12,873,638
Leased percentage	86.0%	89.3%

The following table shows property information for our investments in non-consolidated REITs:

<u>Single Asset REIT name</u>	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>% Leased 31-Mar-15</u>	<u>% Interest Held</u>
FSP 303 East Wacker Drive Corp.	Chicago	IL	861,000	59.6%	43.7%
FSP Grand Boulevard Corp.	Kansas City	MO	535,071	86.9%	27.0%
			<u>1,396,071</u>	<u>70.1%</u>	

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

<u>Property Name</u>	<u>Location</u>	<u>Square Feet</u>	<u>% Leased (1) as of 31-Dec-14</u>	<u>Fourth Quarter Average % Dec-14</u>	<u>% Leased (1) as of 31-Mar-15</u>	<u>First Quarter Average % Leased (2)</u>	
1	PARK SENECA	Charlotte, NC	109,699	92.1%	91.0%	91.9%	90.4%
2	HILLVIEW CENTER	Milpitas, CA	36,288	100.0%	100.0%	100.0%	100.0%
3	FOREST PARK	Charlotte, NC	62,212	100.0%	100.0%	100.0%	100.0%
4	MEADOW POINT	Chantilly, VA	138,537	92.6%	92.6%	92.6%	92.6%
5	TIMBERLAKE	Chesterfield, MO	232,766	98.3%	98.3%	43.8%	43.8%
6	FEDERAL WAY	Federal Way, WA	117,010	57.1%	57.3%	57.1%	57.1%
7	NORTHWEST POINT	Elk Grove Village, IL	176,848	100.0%	100.0%	100.0%	100.0%
8	TIMBERLAKE EAST	Chesterfield, MO	116,197	91.0%	91.0%	43.1%	35.8%
9	PARK TEN	Houston, TX	157,460	63.1%	68.8%	63.1%	63.1%
10	MONTAGUE	San Jose, CA	145,951	81.1%	81.1%	81.1%	81.1%
11	ADDISON	Addison, TX	294,053	89.6%	93.4%	86.2%	88.5%
12	COLLINS CROSSING	Richardson, TX	300,472	99.5%	99.5%	99.5%	99.5%
13	GREENWOOD PLAZA	Englewood, CO	196,236	100.0%	100.0%	100.0%	100.0%
14	RIVER CROSSING	Indianapolis, IN	205,059	100.0%	99.7%	100.0%	100.0%
15	LIBERTY PLAZA	Addison, TX	218,934	90.6%	93.2%	90.7%	90.5%
16	INNSBROOK	Glen Allen, VA	298,456	99.9%	99.9%	99.9%	99.9%
17	380 INTERLOCKEN	Broomfield, CO	240,185	95.8%	95.8%	95.8%	95.8%
18	BLUE LAGOON	Miami, FLA	212,619	100.0%	100.0%	100.0%	100.0%
19	ELDRIDGE GREEN	Houston, TX	248,399	100.0%	100.0%	100.0%	100.0%
20	WILLOW BEND	Plano, TX	-	100.0%	100.0%	Sold February 23, 2015	
21	ONE OVERTON PARK	Atlanta, GA	387,267	86.3%	90.7%	84.4%	84.4%
22	390 INTERLOCKEN	Broomfield, CO	241,516	72.3%	72.0%	72.3%	72.3%
23	EAST BALTIMORE	Baltimore, MD	325,445	81.9%	81.9%	81.3%	81.3%
24	PARK TEN PHASE II	Houston, TX	156,746	100.0%	100.0%	100.0%	100.0%
25	LAKESIDE CROSSING I	Maryland Heights, MO	127,778	100.0%	100.0%	100.0%	100.0%
26	LOUDOUN TECH	Dulles, VA	136,658	92.0%	92.0%	92.0%	92.0%
27	4807 STONECROFT	Chantilly, VA	111,469	100.0%	100.0%	100.0%	100.0%
28	EDEN BLUFF	Eden Prairie, MN	-	100.0%	100.0%	Sold March 31, 2015	
29	121 SOUTH EIGHTH ST	Minneapolis, MN	475,012	91.2%	90.9%	90.2%	90.6%
30	EMPEROR BOULEVARD	Durham, NC	259,531	100.0%	100.0%	100.0%	100.0%
31	LEGACY TENNYSON CTR	Plano, TX	202,600	100.0%	100.0%	100.0%	100.0%
32	ONE LEGACY	Plano, TX	214,110	100.0%	100.0%	100.0%	100.0%
33	909 DAVIS	Evanston, IL	195,245	97.9%	97.9%	97.9%	97.9%
34	ONE RAVINIA DRIVE	Atlanta, GA	386,603	95.2%	94.7%	95.2%	95.2%
35	WESTCHASE I & II	Houston, TX	629,025	97.7%	97.7%	97.1%	97.1%
36	1999 BROADWAY	Denver, CO	676,379	88.9%	88.4%	87.7%	88.0%
37	999 PEACHTREE	Atlanta, GA	621,946	97.7%	97.9%	98.2%	97.8%
38	1001 17th STREET	Denver, CO	655,420	84.8%	82.3%	86.1%	85.7%
TOTAL WEIGHTED AVERAGE (3)			9,310,131	92.8%	93.0%	90.4%	90.4%

(1) % Leased as of month's end includes all leases that expire on the last day of the quarter.

(2) Average quarterly percentage is the average of the end of the month leased percentage for each of the 3 months during the quarter.

(3) Totals for Q4 include Willow Bend and Eden Bluff, which were sold in Q1 2015.

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

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

As of March 31, 2015

	<u>Tenant</u>	<u>Sq Ft</u>	<u>% of Portfolio</u>
1	TCF National Bank	263,111	2.8%
2	Quintiles Transnational Corp	259,531	2.8%
3	CITGO Petroleum Corporation	248,399	2.7%
4	Sutherland Asbill Brennan LLP (a)	243,839	2.6%
5	Newfield Exploration Company	234,495	2.5%
6	US Government (b)	221,270	2.4%
7	Burger King Corporation	212,619	2.3%
8	Denbury Onshore, LLC	202,600	2.1%
9	SunTrust Bank (c)	182,888	2.0%
10	Citicorp Credit Services, Inc	176,848	1.9%
11	T-Mobile South, LLC dba T-Mobile	151,792	1.6%
12	Houghton Mifflin Harcourt Publishing Company	150,050	1.6%
13	Petrobras America, Inc.	144,813	1.6%
14	Murphy Exploration & Production Company	144,677	1.6%
15	Argo Data Resource Corporation	140,246	1.5%
16	Monsanto Company	127,778	1.4%
17	Federal National Mortgage Association	123,144	1.3%
18	Vail Corp d/b/a Vail Resorts (d)	122,232	1.3%
19	Kaiser Foundation Health Plan	120,979	1.3%
20	Giesecke & Devrient America	112,110	1.2%
	Total	3,583,421	38.5%

(a) Includes 222,422 expiring in 2020 and 21,417 expiring April 30, 2015.

(b) Includes 180,444 and 27,398 square feet which expire in 2018 & 2017, respectively. The remaining 13,428 square feet expire between 2015 - 2020.

(c) Includes 55,388 square feet which expires October 31, 2016. The remaining 127,500 square feet expires September 30, 2021.

(d) Includes 38,293 square feet which expires March 31, 2019. The remaining 83,939 square feet expires March 31, 2023.

Franklin Street Properties Corp. Earnings Release
Supplementary Schedule H
Definition of Funds From Operations (“FFO”)

The Company evaluates performance based on Funds From Operations, which we refer to as FFO, as management believes that FFO represents the most accurate measure of activity and is the basis for distributions paid to equity holders. The Company defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property and acquisition costs of newly acquired properties 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 NAREIT, may define this term in a different manner. We have included the NAREIT FFO definition in our table and note that other REITs may not define FFO in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently than we do.

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



Supplemental Operating
and Financial Data
First Quarter 2015



1001 17th Street, Denver, CO

Franklin Street Properties Corp. • 401 Edgewater Place • Wakefield, MA 01880 • (781) 557-1300

www.franklinstreetproperties.com



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All financial information contained in this supplemental information package is unaudited. In addition, certain statements contained in this supplemental information package may be deemed to be forward-looking statements within the meaning of the federal securities laws. Although FSP believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved. Factors that could cause actual results to differ materially from FSP's current expectations include general economic conditions, uncertainties relating to fiscal policy, changes in government regulations, regulatory uncertainty, geopolitical events, local real estate conditions, the performance of properties that FSP has acquired or may acquire, the timely lease-up of properties and other risks, detailed from time to time in FSP's SEC reports. FSP assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.



1001 17th Street, Denver, CO



Company Overview

Overview

Franklin Street Properties Corp. (“FSP”, “we”, “our” or the “Company”) (NYSE MKT: FSP) is investing in institutional-quality office properties in the U.S. FSP’s strategy is to invest in select urban infill and central business district (CBD) properties, with primary emphasis on our top five markets of Atlanta, Dallas, Denver, Houston, and Minneapolis. FSP seeks value-oriented investments with an eye towards long-term growth and appreciation, as well as current income. FSP is a Maryland corporation that operates in a manner intended to qualify as a real estate investment trust (REIT) for federal income tax purposes. FSP’s real estate operations include property acquisitions and dispositions, short-term financing, leasing, development and asset management.

Our Business

As of March 31, 2015, the Company owned and operated a portfolio of real estate consisting of 36 properties, managed 9 Sponsored REITs and held five promissory notes secured by mortgages on real estate owned by Sponsored REITs. From time-to-time, the Company may acquire real estate, make additional secured loans or acquire one of its Sponsored REITs. The Company may also pursue, on a selective basis, the sale of its properties in order to take advantage of the value creation and demand for its properties, or for geographic or property specific reasons.

Management Team

George J. Carter
President, Chief Executive Officer
Chairman of the Board

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

Janet Notopoulos
Executive Vice President and Director

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

Jeffrey B. Carter
Executive Vice President and
Chief Investment Officer

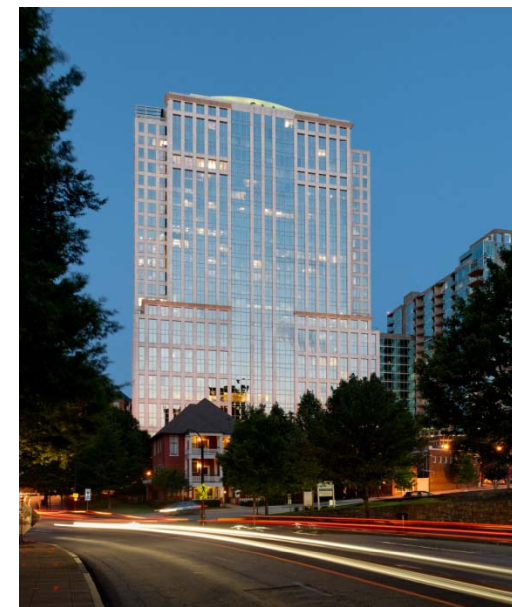
Eriel Anchondo
Senior Vice President of Operations

Inquiries

Inquires should be directed to: John Demeritt, CFO
877-686-9496 or InvestorRelations@franklinstreetproperties.com

Snapshot (as of March 31, 2015)

Corporate Headquarters	Wakefield, MA
Fiscal Year-End	31-Dec
Total Properties	36
Total Square Feet	9.3 Million
Trading Symbol	FSP
Exchange	NYSE MKT
Common Shares Outstanding	100,187,405
Quarterly Dividend	\$0.19
Dividend Yield	5.9%
Total Market Capitalization	\$2.1 Billion
Insider Holdings	10.2%



999 Peachtree Street, Atlanta GA



Summary of Financial Highlights

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

	31-Mar-15	31-Dec-14	30-Sep-14	30-Jun-14	31-Mar-14
Income Items:					
Rental revenue	\$ 59,013	\$ 61,022	\$ 59,728	\$ 60,994	\$ 61,597
Total revenue	60,507	62,489	61,190	62,741	63,263
Adjusted EBITDA*	31,097	33,182	33,973	34,359	35,175
Equity in losses of non-consolidated REITs	(322)	(269)	(455)	(552)	(484)
Net income	12,533	4,295	1,567	3,713	3,573
FFO*	25,672	27,525	27,904	28,254	28,779
Per Share Data:					
EPS	\$ 0.13	\$ 0.04	\$ 0.02	\$ 0.04	\$ 0.04
FFO*	\$ 0.26	\$ 0.27	\$ 0.28	\$ 0.28	\$ 0.29
Weighted Average Shares (diluted)	100,187	100,187	100,187	100,187	100,187
Closing share price	\$ 12.82	\$ 12.27	\$ 11.22	\$ 12.58	\$ 12.60
Dividend	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19
Payout Ratio:	74%	69%	68%	67%	66%
Balance Sheet Items:					
Real estate, net	\$ 1,486,897	\$ 1,524,307	\$ 1,542,012	\$ 1,549,963	\$ 1,558,136
Other assets, net	402,515	412,083	425,305	438,634	467,539
Total assets, net	1,889,412	1,936,390	1,967,317	1,988,597	2,025,675
Total liabilities, net	921,082	956,743	968,948	975,853	993,273
Shareholders' equity	968,330	979,647	998,369	1,012,744	1,032,402
Market Capitalization and Debt:					
Total Market Capitalization (a)	\$ 2,144,403	\$ 2,117,299	\$ 2,029,103	\$ 2,176,858	\$ 2,198,861
Total debt outstanding	860,000	888,000	905,000	916,500	936,500
Debt to Total Market Capitalization	40.1%	41.9%	44.6%	42.1%	42.6%
Debt to Adjusted EBITDA	6.9	6.7	6.7	6.7	6.7
Owned Portfolio Leasing Statistics:					
Owned portfolio assets	36	38	39	39	39
Portfolio total SF	9,310,131	9,580,057	9,690,361	9,686,215	9,686,055
Portfolio % leased	90.4%	92.8%	93.3%	94.1%	94.5%

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

* See pages 9 & 10 for reconciliations of Net Income to FFO and Adjusted EBITDA, respectively, and the Appendix for Definitions of these Non-GAAP Measures beginning on page 27.



Condensed Consolidated Income Statements

(\$ in thousands, except per share amounts)

	For the Three	For the Three Months Ended				For the
	Months Ended	31-Mar-14	30-Jun-14	30-Sep-14	31-Dec-14	Year Ended
	31-Mar-15					31-Dec-14
Revenue:						
Rental	\$ 59,013	\$ 61,597	\$ 60,994	\$ 59,728	\$ 61,022	\$ 243,341
Related party revenue:						
Management fees and interest income from loans	1,473	1,643	1,671	1,462	1,465	6,241
Other	21	23	76	-	2	101
Total revenue	60,507	63,263	62,741	61,190	62,489	249,683
Expenses:						
Real estate operating expenses	15,356	15,071	14,995	15,632	16,334	62,032
Real estate taxes and insurance	10,048	9,251	9,763	8,555	9,288	36,857
Depreciation and amortization	22,672	24,300	23,563	24,878	23,174	95,915
Selling, general and administrative	3,691	3,272	3,148	3,071	3,492	12,983
Interest	6,187	7,176	6,891	6,883	6,483	27,433
Total expenses	57,954	59,070	58,360	59,019	58,771	235,220
Income before interest income, equity in losses of non-consolidated REITs and taxes	2,553	4,193	4,381	2,171	3,718	14,463
Interest income	1	1	1	-	1	3
Equity in losses of non-consolidated REITs	(322)	(484)	(552)	(455)	(269)	(1,760)
Gain on sale of properties, less applicable income tax	10,462	-	-	-	940	940
Income before taxes on income	12,694	3,710	3,830	1,716	4,390	13,646
Income tax expense	161	137	117	149	95	498
Net income	\$ 12,533	\$ 3,573	\$ 3,713	\$ 1,567	\$ 4,295	\$ 13,148
Weighted average number of shares outstanding, basic and diluted	100,187	100,187	100,187	100,187	100,187	100,187
Net income per share, basic and diluted	\$ 0.13	\$ 0.04	\$ 0.04	\$ 0.02	\$ 0.04	\$ 0.13

March 31, 2015



Condensed Consolidated Balance Sheets

(in thousands)

	March 31, 2015	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Assets:					
Real estate assets:					
Land	\$ 174,707	\$ 185,479	\$ 185,479	\$ 185,479	\$ 183,930
Buildings and improvements	1,581,524	1,605,808	1,609,747	1,613,699	1,604,984
Fixtures and equipment	1,724	1,296	1,395	1,633	1,677
	1,757,955	1,792,583	1,796,621	1,800,811	1,790,591
Less accumulated depreciation	271,058	234,447	246,658	258,799	266,284
Real estate assets, net	1,486,897	1,558,136	1,549,963	1,542,012	1,524,307
Acquired real estate leases, net	124,337	172,262	161,519	149,019	138,714
Investment in non-consolidated REITs	78,228	79,983	79,405	78,907	78,611
Cash and cash equivalents	14,945	20,031	18,455	15,930	7,519
Restricted cash	56	688	728	707	742
Tenant rent receivables, net	4,587	6,035	2,867	2,865	4,733
Straight-line rent receivable, net	45,498	44,392	46,021	46,737	47,021
Prepaid expenses and other assets	14,114	9,954	9,716	9,768	10,901
Related party mortgage loan receivable	93,641	101,916	88,436	88,436	93,641
Other assets: derivative asset	774	4,801	2,626	4,582	3,020
Deferred leasing commissions, net	26,335	27,477	28,861	28,354	27,181
Total assets	\$ 1,889,412	\$ 2,025,675	\$ 1,988,597	\$ 1,967,317	\$ 1,936,390
Liabilities and Stockholders' Equity:					
Liabilities:					
Bank note payable	\$ 240,000	\$ 316,500	\$ 296,500	\$ 285,000	\$ 268,000
Term loan payable	620,000	620,000	620,000	620,000	620,000
Accounts payable and accrued expenses	36,065	34,390	34,590	40,228	42,561
Accrued compensation	1,241	1,027	2,052	2,863	3,758
Tenant security deposits	4,019	4,258	4,259	4,331	4,248
Other liabilities: derivative termination value	9,836	3,825	5,985	4,847	7,268
Acquired unfavorable real estate leases, net	9,921	13,273	12,467	11,679	10,908
Total liabilities	921,082	993,273	975,853	968,948	956,743
Commitments and contingencies					
Stockholders' Equity:					
Preferred stock	-	-	-	-	-
Common stock	10	10	10	10	10
Additional paid-in capital	1,273,556	1,273,556	1,273,556	1,273,556	1,273,556
Accumulated other comprehensive income (loss)	(9,062)	976	(3,359)	(265)	(4,248)
Accumulated distributions in excess of accumulated earnings	(296,174)	(242,140)	(257,463)	(274,932)	(289,671)
Total stockholders' equity	968,330	1,032,402	1,012,744	998,369	979,647
Total liabilities and stockholders' equity	\$ 1,889,412	\$ 2,025,675	\$ 1,988,597	\$ 1,967,317	\$ 1,936,390

March 31, 2015



Condensed Consolidated Statements of Cash Flows

(in thousands)

	Three Months ended March 31,		Twelve Months ended December 31	
	2015	2014	2014	2013
Cash flows from operating activities:				
Net income	\$ 12,533	\$ 3,573	\$ 13,148	\$ 19,827
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization expense	23,189	24,797	97,916	81,267
Amortization of above market lease	6	(11)	635	(365)
Gain on sale of properties, less applicable income tax	(10,462)	-	(940)	(2,158)
Equity in earnings (losses) from non-consolidated REITs	322	484	1,760	1,358
Increase in allowance for doubtful accounts	-	-	275	(1,250)
Changes in operating assets and liabilities:				
Restricted cash	686	(45)	(99)	(68)
Tenant rent receivables	146	(933)	94	(2,103)
Straight-line rents	(69)	(1,784)	(4,737)	(5,782)
Lease acquisition costs	(3)	(347)	(440)	(1,146)
Prepaid expenses and other assets	283	800	700	(1,547)
Accounts payable and accrued expenses	(7,706)	(7,257)	206	11,137
Accrued compensation	(2,517)	(1,958)	773	445
Tenant security deposits	(230)	231	222	1,538
Payment of deferred leasing commissions	(1,116)	(1,113)	(6,347)	(9,125)
Net cash provided by operating activities	15,062	16,437	103,166	92,028
Cash flows from investing activities:				
Property acquisitions			-	(454,447)
Property improvements, fixtures and equipment	(4,298)	(4,850)	(18,370)	(19,120)
Office computers and furniture			(191)	(355)
Acquired real estate leases			-	(100,143)
Investment in non-consolidated REITs	-	-	-	4,858
Distributions in excess of earnings from non-consolidated REITs	27	27	107	108
Investment in related party mortgage loan receivable	-	(2,170)	(11,170)	(8,200)
Repayment of related party mortgage loan receivable			17,275	2,350
Changes in deposits on real estate assets	(4,000)	-	-	-
Proceeds received on sales of real estate assets	47,671	-	14,192	12,301
Net cash provided by (used in) investing activities	39,400	(6,993)	1,843	(562,648)
Cash flows from financing activities:				
Distributions to stockholders	(19,036)	(19,036)	(76,142)	(69,588)
Proceeds (costs) from equity offering, net	-	-	-	230,682
Borrowings under bank note payable	20,000	-	15,000	160,000
Repayments of bank note payable	(48,000)	10,000	(53,500)	(70,250)
Borrowing (repayment) of term loan payable, net	-	-	-	220,000
Deferred Financing Costs	-	-	(2,471)	(1,868)
Net cash provided by (used in) financing activities	(47,036)	(9,036)	(117,113)	468,976
Net decreases in cash and cash equivalents	7,426	408	(12,104)	(1,644)
Cash and cash equivalents, beginning of period	7,519	19,623	19,623	21,267
Cash and cash equivalents, end of period	\$ 14,945	\$ 20,031	\$ 7,519	\$ 19,623

March 31, 2015



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

Net Operating Income (NOI)*

<u>Region</u>	Rentable		Inc	%	
	Square Feet or RSF	Three Months Ended			
		<u>31-Mar-15</u>	<u>31-Mar-14</u>	<u>(Dec)</u>	<u>Change</u>
East	1,442	\$ 4,832	\$ 4,726	\$ 106	2.2%
MidWest	1,529	3,469	4,586	(1,117)	-24.4%
South	4,030	15,781	16,796	(1,015)	-6.0%
West	2,309	8,216	9,388	(1,172)	-12.5%
Same Store	9,310	32,298	35,496	(3,198)	-9.0%
Acquisitions	-	-	-	-	0.0%
Property NOI from the continuing portfolio	<u>9,310</u>	32,298	35,496	(3,198)	-9.0%
Dispositions and asset held for sale		726	1,077	(351)	-0.7%
Property NOI		<u>\$ 33,024</u>	<u>\$ 36,573</u>	<u>\$ (3,549)</u>	<u>-9.7%</u>
Same Store		\$ 32,298	\$ 35,496	\$ (3,198)	-9.0%
Nonrecurring Items in NOI (a)		<u>75</u>	<u>707</u>	<u>(632)</u>	<u>1.6%</u>
Comparative Same Store		<u>\$ 32,223</u>	<u>\$ 34,789</u>	<u>\$ (2,566)</u>	<u>-7.4%</u>

(a) Nonrecurring Items in NOI include proceeds from bankruptcies, lease termination fees or other significant nonrecurring income or expenses, which may affect comparability.

* See page 11 for a reconciliation of Net Income to Property NOI and the Appendix for Definitions of Non-GAAP Measures beginning on page 27. Property NOI Excludes NOI from investments in and interest income from secured loans to non-consolidated REITs.



FFO & AFFO Reconciliation

(in thousands, except per share amounts)

	For the Three Months Ended	For the Three Months Ended				For the Year Ended
	31-Mar-15	31-Mar-14	30-Jun-14	30-Sep-14	31-Dec-14	31-Dec-14
Net income	\$ 12,533	\$ 3,573	\$ 3,713	\$ 1,567	\$ 4,295	\$ 13,148
Gain (loss) on sale, less applicable income tax	(10,462)	-			(940)	(940)
GAAP income from non-consolidated REITs	322	484	552	455	269	1,760
FFO from non-consolidated REITs	601	419	351	508	652	1,930
Depreciation & amortization	22,678	24,289	23,638	25,374	23,249	96,550
NAREIT FFO*	25,672	28,765	28,254	27,904	27,525	112,448
Acquisition costs	-	14	-	-	-	14
Funds From Operations (FFO)*	\$ 25,672	\$ 28,779	\$ 28,254	\$ 27,904	\$ 27,525	\$ 112,462
Adjusted Funds From Operations (AFFO)*						
Funds From Operations (FFO)*	25,672	28,779	28,254	27,904	27,525	112,462
Reverse FFO from non-consolidated REITs	(601)	(419)	(351)	(508)	(652)	(1,930)
Distributions from non-consolidated REITs	27	27	27	27	26	107
Amortization of deferred financing costs	517	499	499	498	506	2,002
Straight-line rent	(69)	(1,783)	(1,541)	(714)	(698)	(4,736)
Tenant improvements	(2,936)	(1,132)	(1,837)	(2,612)	(4,244)	(9,825)
Leasing commissions	(830)	(1,080)	(2,786)	(577)	(1,405)	(5,848)
Non-investment capex	(643)	(364)	(1,621)	(700)	(851)	(3,536)
Adjusted Funds From Operations (AFFO)*	\$ 21,137	\$ 24,527	\$ 20,644	\$ 23,318	\$ 20,207	\$ 88,696
Per Share Data:						
EPS	\$ 0.13	\$ 0.04	\$ 0.04	\$ 0.02	\$ 0.04	\$ 0.13
FFO*	0.26	0.29	0.28	0.28	0.27	1.12
AFFO*	0.21	0.24	0.21	0.23	0.20	0.89
Weighted Average Shares (basic and diluted)	100,187	100,187	100,187	100,187	100,187	100,187

* See the Appendix for Definitions of these Non-GAAP Measures beginning on page 27.



EBITDA Reconciliation

(in thousands, except ratio amounts)

	Three Months Ended 31-Mar-15	For the Three Months Ended				Year Ended 31-Dec-14
		31-Mar-14	30-Jun-14	30-Sep-14	31-Dec-14	
Net income	\$ 12,533	\$ 3,573	\$ 3,713	\$ 1,567	\$ 4,295	\$ 13,148
Interest expense	6,187	7,176	6,891	6,883	6,483	27,433
Depreciation and amortization	22,678	24,289	23,638	25,374	23,249	96,550
Income taxes	161	137	117	149	95	498
EBITDA	41,559	35,175	34,359	33,973	34,122	137,629
Excluding (gain) loss on sale, less applicable income tax	(10,462)	-	-	-	(940)	(940)
Adjusted EBITDA	\$ 31,097	\$ 35,175	\$ 34,359	\$ 33,973	\$ 33,182	\$ 136,689
Interest expense	\$ 6,187	\$ 7,176	\$ 6,891	\$ 6,883	\$ 6,483	\$ 27,433
Scheduled principal payments	-	-	-	-	-	-
Interest and scheduled principal payments	\$ 6,187	\$ 7,176	\$ 6,891	\$ 6,883	\$ 6,483	\$ 27,433
Interest coverage ratio	5.03	4.90	4.99	4.94	5.12	4.98
Debt service coverage ratio	5.03	4.90	4.99	4.94	5.12	4.98
Debt	\$ 860,000	\$ 936,500	\$ 916,500	\$ 905,000	\$ 888,000	
Adjusted EBITDA	31,097	35,175	34,359	33,973	33,182	
Annualized	124,388	140,700	137,436	135,892	132,728	
Debt-to-EBITDA	6.9	6.7	6.7	6.7	6.7	

* See the Appendix for Definitions of these Non-GAAP Measures beginning on page 27. Amounts in the EBITDA reconciliation do not reflect our proportionate share of interest expense, depreciation, amortization, income taxes, gains or losses on sales and debt from our investments in non-consolidated REITs, which are accounted for under the equity method.



Reconciliation of Net Income to Property NOI*

(in thousands)

Reconciliation to Net Income	Three Months Ended	
	31-Mar-15	31-Mar-14
Net Income	\$ 12,533	\$ 3,573
Add (deduct):		
Gain on sale of properties, less applicable income tax	(10,462)	-
Management fee income	(643)	(646)
Depreciation and amortization	22,672	24,300
Amortization of above/below market leases	6	(11)
Selling, general and administrative	3,691	3,272
Interest expense	6,187	7,176
Interest income	(1,262)	(1,410)
Equity in earnings of		
nonconsolidated REITs	322	484
Non-property specific items, net	(20)	(165)
Property NOI from the continuing portfolio	\$ 33,024	\$ 36,573
Dispositions and asset held for sale	-	-
Property NOI	\$ 33,024	\$ 36,573

* See the Appendix for Definition of Non-GAAP Measures beginning on page 27.



Debt Summary (in thousands)

				(a)		
	Maturity	Maximum	Amount	Interest	Interest	Facility
	<u>Date</u>	<u>Amount</u>	<u>Drawn at</u>	<u>Rate</u>	<u>Rate at</u>	<u>Fee</u>
		<u>of Loan</u>	<u>31-Mar-15</u>	<u>Components</u>	<u>31-Mar-15</u>	
BAML Revolver	29-Oct-18	\$ 500,000	\$ 240,000	L+1.25%	1.42%	0.25%
BAML Term Loan	27-Sep-17	400,000	400,000	0.75% + 1.45%	2.20%	
BMO Term Loan	26-Aug-20	220,000	220,000	2.32% + 1.65%	3.97%	
		<u>\$ 1,120,000</u>	<u>\$ 860,000</u>		<u>2.44%</u>	

(a) Interest rate excludes amortization of deferred financing costs and facility fees, see notes below

On October 29, 2014, we amended and restated our bank facility we call the BAML Credit Facility, which has a total of \$900 million available and is comprised of a revolver that we can borrow up to \$500 million on, which we call the BAML Revolver and a term loan for \$400 million that we call the BAML Term Loan. On August 26, 2013, we entered into a term loan we call the BMO Term Loan and borrowed \$220 million. Additional information about these loans are in the footnotes to our financial statements. Pricing is based on our credit rating for the BAML Revolver, BAML Term Loan and the BMO Term Loan. Our credit rating as of March 31, 2015 was Baa3 from Moody's.

- The BAML Revolver is priced based on our current credit rating at a spread of 1.25%, which was an interest rate of 1.42% as of March 31, 2015. The BAML Revolver is also subject to a facility fee based on our credit rating, which was 25 bps or approximately \$1.25 million per year.
- The BAML Term Loan has LIBOR fixed at 0.75% for five years. At our credit rating the spread for the BAML Term Loan is 1.45%, so our interest rate is 2.20%.
- The BMO Term Loan has fixed LIBOR at 2.32% for seven years. At our credit rating the spread over LIBOR is 1.65%, so our interest rate is 3.97%.
- We incurred financing costs to close the BAML Revolver, BAML Term Loan and the credit facilities that preceded them. We also incurred financing costs to close the BMO Term Loan. These costs are deferred and amortized into interest expense during the terms of the loans. The annual run rate for amortization to interest expense from deferred financing costs is approximately \$2.1 million.
- The BAML Revolver can be extended for 1 year at the Company's option upon payment of fees and includes an accordion feature that allows for up to \$250 million of additional borrowing capacity. The BMO Term Loan includes an accordion feature that allows for up to \$50 million of additional borrowing capacity. The accordion features are subject to receipt of lender commitments and satisfaction of certain customary conditions.



Capital Analysis

(in thousands, except per share amounts)

	<u>31-Mar-15</u>	<u>31-Mar-14</u>	<u>30-Jun-14</u>	<u>30-Sep-14</u>	<u>31-Dec-14</u>
Market Data:					
Shares Outstanding	100,187	100,187	100,187	100,187	100,187
Closing market price per share	\$ 12.82	\$ 12.60	\$ 12.58	\$ 11.22	\$ 12.27
Market capitalization	\$ 1,284,403	\$ 1,262,361	\$ 1,260,358	\$ 1,124,103	\$ 1,229,299
Total Debt	860,000	936,500	916,500	905,000	888,000
Total Market Capitalization	\$ 2,144,403	\$ 2,198,861	\$ 2,176,858	\$ 2,029,103	\$ 2,117,299
Dividend Data:					
Total dividends paid	\$ 19,036	\$ 19,036	\$ 19,035	\$ 19,036	\$ 19,036
Common dividend per share	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19
Quarterly dividend as a % of FFO*	73.1%	65.5%	67.9%	67.9%	70.4%
Liquidity:					
Cash and cash equivalents	\$ 14,946	\$ 20,031	\$ 18,455	\$ 15,930	\$ 7,519
Revolving credit facilities:					
Gross potential available under the BAML Credit Facility	900,000	900,000	900,000	900,000	900,000
Less:					
Outstanding balance	(640,000)	(716,500)	(696,500)	(685,000)	(668,000)
Total Liquidity	\$ 274,946	\$ 203,531	\$ 221,955	\$ 230,930	\$ 239,519

*See page 9 for a reconciliation of Net Income to FFO and the Appendix for Definitions of Non-GAAP Measures beginning on page 27.



Portfolio Overview

As of the Quarter Ended

	31-Mar-15	31-Dec-14	30-Sep-14	30-Jun-14	31-Mar-14
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Owned portfolio of commercial real estate:

Number of properties	36	38	39	39	39
Square feet	9,310,131	9,580,057	9,690,361	9,686,215	9,686,055
Leased percentage	90.4%	92.8%	93.3%	94.1%	94.5%

Investments in non-consolidated commercial real estate:

Number of properties	2	2	2	2	2
Square feet	1,396,071	1,395,780	1,395,500	1,395,500	1,395,500
Leased percentage	70.1%	71.3%	71.0%	65.5%	64.0%

Single Asset REITs (SARs) managed:

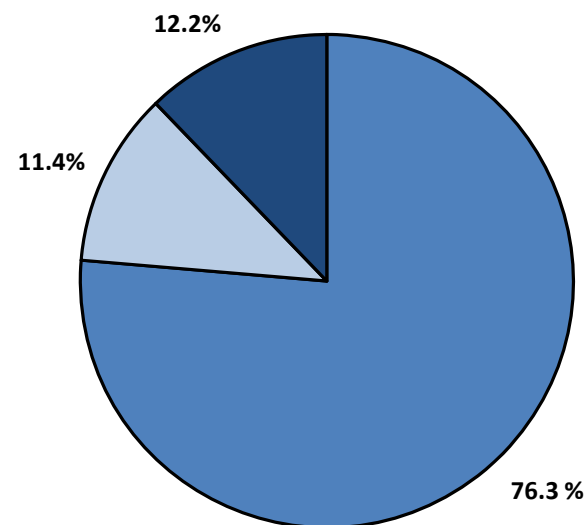
Number of properties	7	8	9	11	12
Square feet	1,488,003	1,897,801	2,036,572	2,687,775	3,067,199
Leased percentage	73.4%	84.7%	86.6%	89.1%	87.4%

Total owned (a), investments and managed properties:

Number of properties	45	48	50	52	53
Square feet	12,194,205	12,873,638	13,122,433	13,769,490	14,148,754
Leased percentage	86.0%	89.3%	89.9%	90.2%	90.0%

Portfolio Breakdown by FSP Participation

- Owned Properties
- Non-Consolidated Properties
- Managed Single Asset REITs (SARs)





Owned Portfolio Overview

<u>MSA / Property Name</u>	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>Percent Leased</u>	<u>Wtd Ave (a) Occupied</u>	<u>GAAP (b) Rent</u>	<u>MSA / Property Name</u>	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>Percent Leased</u>	<u>Wtd Ave (a) Occupied</u>	<u>GAAP (b) Rent</u>
East Region							Midwest Region						
Baltimore							Chicago						
East Baltimore	Baltimore	MD	325,445	81.3%	81.3%	\$ 23.06	Northwest Point	Elk Grove Village	IL	176,848	100.0%	100.0%	\$ 24.23
							909 Davis Street	Evanston	IL	195,245	97.9%	97.9%	\$ 36.17
Washington, D.C.							Indianapolis						
Meadow Point	Chantilly	VA	138,537	92.6%	92.6%	\$ 28.43	River Crossing	Indianapolis	IN	205,059	100.0%	99.7%	\$ 21.10
Stoncroft	Chantilly	VA	111,469	100.0%	100.0%	\$ 38.33							
Loudoun Tech Center	Dulles	VA	136,658	92.0%	92.0%	\$ 19.54							
Richmond							St. Louis						
Innsbrook	Glen Allen	VA	298,456	99.9%	99.9%	\$ 18.77	Timberlake	Chesterfield	MO	232,766	43.8%	43.8%	\$ 23.24
							Timberlake East	Chesterfield	MO	116,197	43.1%	10.8%	\$ 24.88
							Lakeside Crossing	Maryland Heights	MO	127,778	100.0%	100.0%	\$ 25.47
Charlotte							Minneapolis						
Park Seneca	Charlotte	NC	109,699	91.9%	88.7%	\$ 14.57	121 South 8th Street	Minneapolis	MN	475,012	90.2%	90.3%	\$ 15.03
Forest Park	Charlotte	NC	62,212	100.0%	100.0%	\$ 14.08							
Raleigh-Durham							Midwest Region Total						
Emperor Boulevard	Durham	NC	259,531	100.0%	100.0%	\$ 35.86				1,528,905	83.8%	81.3%	\$ 22.43
East Region Total			1,442,007	93.7%	93.4%	\$ 24.99							

(a) Weighted Occupied Percentage for the three months ended March 31, 2015

(b) Weighted Average GAAP Rent per Occupied Square Foot



Owned Portfolio Overview

<u>MSA / Property Name</u>	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>Percent Leased</u>	<u>Wtd Ave (a) Occupied</u>	<u>GAAP (b) Rent</u>
South Region						
Dallas-Fort Worth						
Legacy Tennyson Center	Plano	TX	202,600	100.0%	100.0%	\$ 17.59
One Legacy Circle	Plano	TX	214,110	100.0%	100.0%	\$ 33.46
Addison Circle	Addison	TX	294,053	86.2%	85.0%	\$ 24.04
Collins Crossing	Richardson	TX	300,472	99.5%	99.5%	\$ 24.20
Liberty Plaza	Addison	TX	218,934	90.7%	90.0%	\$ 20.88
Houston						
Park Ten	Houston	TX	157,460	63.1%	63.1%	\$ 30.89
Eldridge Green	Houston	TX	248,399	100.0%	100.0%	\$ 31.08
Park Ten Phase II	Houston	TX	156,746	100.0%	100.0%	\$ 31.52
Westchase I & II	Houston	TX	629,025	97.1%	96.7%	\$ 33.44
Miami-Ft. Lauderdale-West Palm Beach						
Blue Lagoon Drive	Miami	FL	212,619	100.0%	100.0%	\$ 23.44
Atlanta						
One Overton Place	Atlanta	GA	387,267	84.4%	77.4%	\$ 24.89
One Ravinia	Atlanta	GA	386,603	95.2%	95.2%	\$ 22.88
999 Peachtree	Houston	TX	621,946	98.2%	96.1%	\$ 28.89
South Region Total			4,030,234	94.3%	93.1%	\$ 27.25

(a) Weighted Occupied Percentage for the year ended March 31, 2015
(b) Weighted Average GAAP Rent per Occupied Square Foot

<u>MSA / Property Name</u>	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>Percent Leased</u>	<u>Wtd Ave (a) Occupied</u>	<u>GAAP (b) Rent</u>
West Region						
Seattle						
Federal Way	Federal Way	WA	117,010	57.1%	57.1%	\$ 18.76
San Francisco-San Jose-Oakland						
Hillview Center	Milpitas	CA	36,288	100.0%	100.0%	\$ 16.08
Montague Business Center	San Jose	CA	145,951	81.1%	81.1%	\$ 16.39
Denver						
380 Interlocken	Broomfield	CO	240,185	95.8%	95.8%	\$ 29.79
1999 Broadway	Denver	CO	676,379	87.7%	87.1%	\$ 32.57
Greenwood Plaza	Englewood	CO	196,236	100.0%	100.0%	\$ 24.27
390 Interlocken	Broomfield	CO	241,516	72.3%	71.2%	\$ 29.50
1001 17th Street	Denver	CO	655,420	86.1%	81.1%	\$ 35.84
West Region Total			2,308,985	85.7%	84.0%	\$ 30.25
Total Owned			9,310,131	90.4%	89.0%	\$ 26.86



Managed Portfolio Overview

MSA / Property Name City State Square Feet

Southeast Region

Columbia

1441 Main Street Columbia SC 264,857

Atlanta

Satellite Place Duluth GA 134,785

Southeast Region Total

399,642

Southwest Region

Houston

Energy Tower I Houston TX 325,797

Denver

385 Interlocken Broomfield CO 296,868

Southwest Region Total

622,665

MSA / Property Name City State Square Feet

Midwest Region

Chicago

(a) East Wacker Chicago IL 861,000

Indianapolis

Monument Circle Indianapolis IN 213,760

St. Louis

Lakeside Crossing II Maryland Heights MO 116,000

Kansas City

(b) Grand Boulevard Kansas City MO 535,071

Cincinnati

Centre Pointe V West Chester OH 135,936

Midwest Region Total

1,861,767

Total Managed

2,884,074

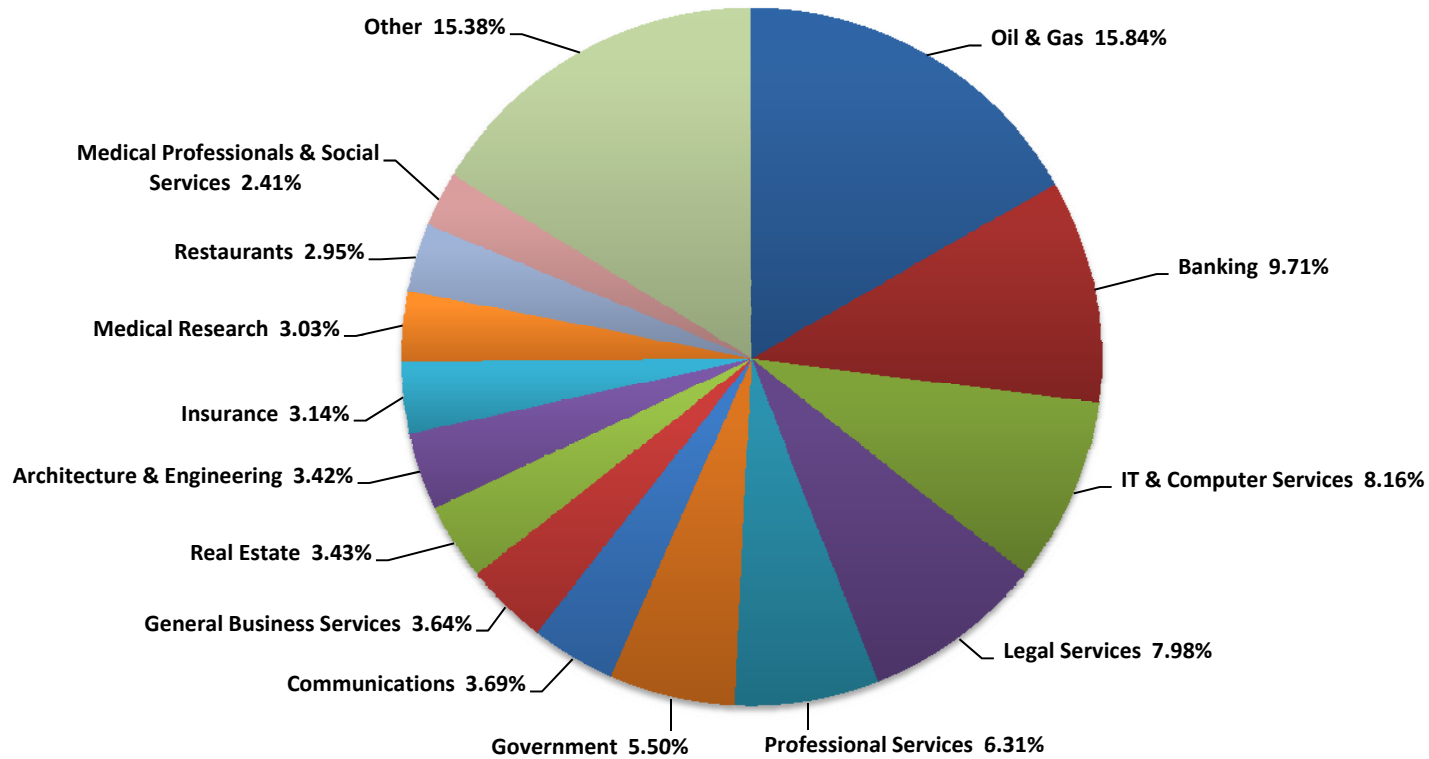
Total Owned & Managed

12,194,205

(a) FSP has a Preferred Share Interest of 43.7% in the entity that owns this property.

(b) FSP has a Preferred Share Interest of 27.0% in the entity that owns this property.

Tenants by Industry (By Square Feet)



- Oil & Gas 15.84%
- Banking 9.71%
- IT & Computer Services 8.16%
- Legal Services 7.98%
- Professional Services 6.31%
- Government 5.50%
- Communications 3.69%
- General Business Services 3.64%
- Real Estate 3.43%
- Architecture & Engineering 3.42%
- Insurance 3.14%
- Medical Research 3.03%
- Restaurants 2.95%
- Medical Professionals & Social Services 2.41%
- Other 15.38%



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

	Tenant Name	Number of Leases	Remaining Lease Term in Months	Aggregate Leased Square Feet	% of Aggregate Leased Square Feet	Annualized Rent (in 000's)	% of Aggregate Leased Annualized Rent
1	TCF National Bank	2	9	263,111	2.8%	\$ 2,997,573	1.4%
2	Quintiles Transnational Corp	1	48	259,531	2.8%	9,067,770	4.1%
3	CITGO Petroleum Corporation	1	83	248,399	2.7%	7,904,056	3.6%
4	Sutherland Asbill Brennan LLP (a)	1	61	243,839	2.6%	7,210,826	3.3%
5	Newfield Exploration Company	1	83	234,495	2.5%	8,413,433	3.8%
6	US Government (b)	5	5, 15, 38, 52, 66	221,270	2.4%	7,147,549	3.3%
7	Burger King Corporation	1	42	212,619	2.3%	5,134,749	2.3%
8	Denbury Onshore, LLC	2	52	202,600	2.2%	3,510,042	1.6%
9	SunTrust Bank (c)	2	19, 78	182,888	2.0%	3,694,751	1.7%
10	Citicorp Credit Services, Inc	1	21	176,848	1.9%	4,612,196	2.1%
11	T-Mobile South, LLC dba T-Mobile	1	47	151,792	1.6%	3,620,103	1.6%
12	Houghton Mifflin Harcourt Publishing Company	1	24	150,050	1.6%	6,142,199	2.8%
13	Petrobras America, Inc.	1	56	144,813	1.6%	5,337,807	2.4%
14	Murphy Exploration & Production Company	1	25	144,677	1.5%	4,520,645	2.1%
15	Argo Data Resource Corporation	1	101	140,246	1.5%	3,718,923	1.7%
16	Monsanto Company	1	58	127,778	1.4%	3,019,394	1.4%
17	Federal National Mortgage Association	1	18	123,144	1.3%	2,695,622	1.2%
18	Vail Corp d/b/a Vail Resorts (d)	1	48, 96	122,232	1.3%	3,471,917	1.6%
19	Kaiser Foundation Health Plan	1	110	120,979	1.3%	2,942,751	1.3%
20	Giesecke & Devrient America	1	116	112,110	1.2%	1,892,417	0.9%
			Total	3,583,421	38.5%	\$ 97,054,721	44.2%

(a) Includes 222,422 expiring in 2020 and 21,417 expiring April 30, 2015.

(b) Includes 180,444 and 27,398 square feet which expire. The remaining 13,428 square feet expire between 2015 - 2020.

(c) Includes 55,388 square feet which expires October 31. square feet expires September 30, 2021.

(d) Includes 38,293 square feet which expires March 31, 2019. The remaining 83,939 square feet expires March 31, 2023.



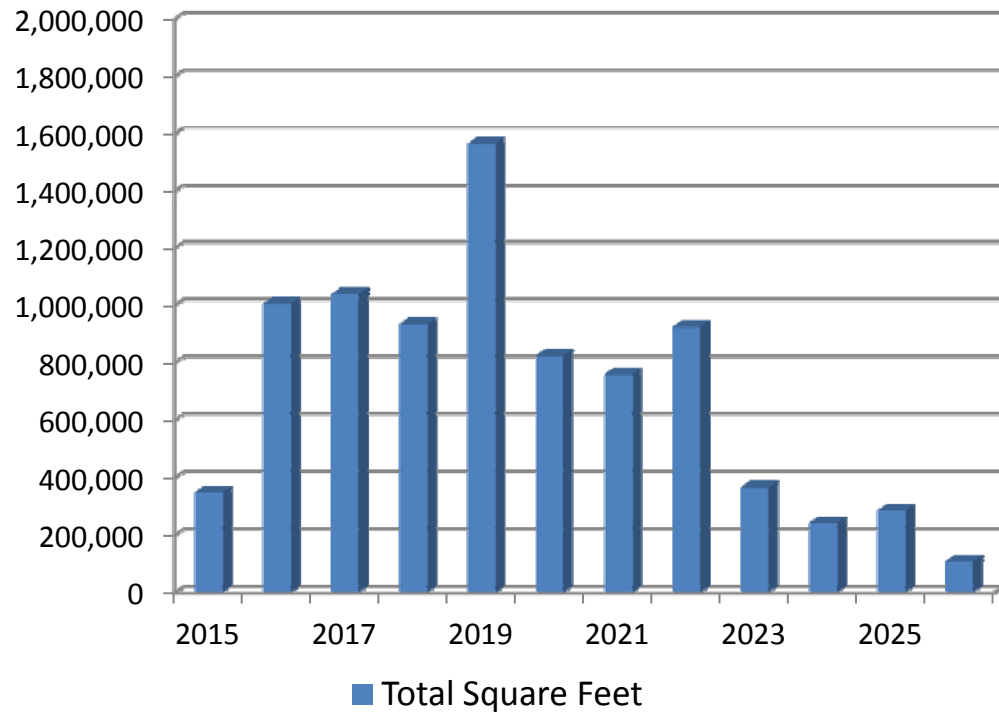
Leasing Activity (Owned Portfolio)

Leasing Activity (in Square Feet - SF)	Three Months Ended		Year Ended	Year Ended
	31-Mar-15	31-Mar-14	31-Dec-14	31-Dec-13
New leasing	73,000	15,000	149,000	267,000
Renewals	135,000	165,000	635,000	645,000
	208,000	180,000	784,000	912,000
 Other information per SF (Activity on a year-to-date basis)				
GAAP Rents on leasing	\$ 24.59	\$ 23.95	\$ 26.89	\$ 23.33
Weighted average lease term	4.0 Years	6.75 Years	6.25 Years	7.2 Years
Increase over average GAAP rents in prior year	10.5%	11.9%	11.8%	8.0%
Average free rent	2 Months	3 Months	3 Months	3 Months
Tenant Improvements	\$ 10.71	\$ 13.61	\$ 16.40	\$ 18.25
Leasing Costs	\$ 4.31	\$ 8.30	\$ 7.66	\$ 8.48



Lease Expirations by Square Feet (Owned Portfolio)

<u>Year</u>	<u>Total Square Feet</u>	<u>% of Square Feet</u>
2015	349,621	3.8%
2016	1,005,893	10.8%
2017	1,039,874	11.2%
2018	934,962	10.0%
2019	1,566,112	16.8%
2020	825,545	8.9%
2021	758,994	8.2%
2022	924,619	9.9%
2023	367,128	3.9%
2024	243,343	2.6%
2025	286,792	3.1%
2026	109,927	1.2%
Vacant	897,321	9.6%
Total	9,310,131	100.0%





Lease Expirations with Annualized Rent per Square Foot. (Owned Portfolio)

Year of Lease Expiration December 31,	Number of Leases Expiring Within the Year	Rentable Square Footage Subject to Expiring Leases	Annualized Rent Under Expiring Leases (a)	Annualized Rent Per Square Foot Under Expiring Leases	Percentage of Total Annualized Rent Under Expiring Leases	Cumulative Total
2015	90 (b)	349,621	\$ 9,521,008	27.23	4.33%	4.33%
2016	77	1,005,893	21,753,543	21.63	9.90%	14.23%
2017	81	1,039,874	30,383,530	29.22	13.83%	28.06%
2018	64	934,962	27,191,586	29.08	12.38%	40.44%
2019	62	1,566,112	42,318,668	27.02	19.26%	59.70%
2020	42	825,545	21,102,844	25.56	9.60%	69.30%
2021	18	758,994	18,278,842	24.08	8.32%	77.62%
2022	19	924,619	26,550,474	28.72	12.08%	89.70%
2023 and thereafter	31	1,007,190 (c)	22,624,317	22.46	10.30%	100.00%
	484	8,412,810	219,724,814	26.12	100.00%	
Vacancies as of 3/31/15		<u>897,321</u>				
Total Portfolio Square Footage		<u><u>9,310,131</u></u>				

(a) Annualized rent represents the monthly rent, including tenant reimbursements, for each lease in effect at March 31, 2015 multiplied by 12 months.

Tenant reimbursements generally include payment of real estate taxes, operating expenses and common area maintenance and utility costs.

(b) Includes 28 leases that are month-to-month.

(c) Includes 53,055 square feet that are non-revenue producing building amenities.



Capital Expenditures

(in thousands)

Capital Expenditures Owned Portfolio

	<u>31-Mar-15</u>
Tenant improvements	\$ 2,936
Deferred leasing costs	830
Non-investment capex	643
Recurring Capital Expenditures	<u>4,409</u>
1st generation leasing	1,934
Investment capex	<u>230</u>
Total Capital Expenditures	<u>\$ 6,573</u>



121 South 8th Street, Minneapolis, MN

(in thousands)

	<u>For the Three Months Ended</u>				<u>Year ended</u>
	<u>31-Mar-14</u>	<u>30-Jun-14</u>	<u>30-Sep-14</u>	<u>31-Dec-14</u>	<u>31-Dec-14</u>
Tenant improvements	\$ 1,132	\$ 1,837	\$ 2,612	\$ 4,244	\$ 9,825
Deferred leasing costs	1,080	2,786	577	1,405	5,848
Non-investment capex	364	1,621	700	851	3,536
Recurring Capital Expenditures	<u>2,576</u>	<u>6,244</u>	<u>3,889</u>	<u>6,500</u>	<u>19,209</u>
1st generation leasing	33	9	394	580	1,016
Investment capex	<u>755</u>	<u>580</u>	<u>244</u>	<u>516</u>	<u>2,095</u>
Total Capital Expenditures	<u>\$ 3,364</u>	<u>\$ 6,833</u>	<u>\$ 4,527</u>	<u>\$ 7,596</u>	<u>\$ 22,320</u>



Transaction Activity

Recent Acquisitions:

	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>Date Acquired</u>	<u>Purchase Price</u> (in thousands)
2015					
Two Ravinia	Atlanta	GA	442,130	4/8/15	\$ 78,000
2013					
1999 Broadway	Denver	CO	673,793	5/22/13	\$ 183,000
999 Peachtree	Atlanta	GA	621,946	7/1/13	157,900
1001 17th Street	Denver	CO	655,420	8/28/13	217,000
2012					
One Ravinia	Atlanta	GA	386,603	7/31/12	\$ 52,750
Westchase	Houston	TX	629,025	11/1/12	154,750

Recent Dispositions:

	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>Date Sold</u>	<u>Gross Sales</u> <u>Proceeds</u>	<u>Gains</u> <u>on Sales</u>
2015						
Willow Bend	Plano	TX	117,050	2/23/15	\$ 20,750	\$ 1,462
Eden Bluff	Eden Prairie	MN	153,028	3/31/15	28,000	9,000
2014						
Centennial	Colorado Springs	CO	110,405	12/3/14	\$ 15,500	\$ 940
2013						
East Renner Road	Richardson	TX	122,300	10/29/13	\$ 12,475	\$ 2,169



Loan Portfolio of Secured Real Estate (in thousands)

<u>Sponsored REIT</u>	<u>Location</u>	<u>Maturity Date</u>	<u>Maximum Amount of Loan</u>	<u>Amount Drawn at 31-Mar-15</u>	<u>Interest Rate (1)</u>	<u>Draw Fee (2)</u>	<u>Interest Rate at 31-Mar-15</u>	
Secured revolving lines of credit								
FSP Satellite Place Corp.	Duluth, GA	31-Mar-17	\$ 5,500	\$ 5,500	L+4.4%	0.5%	4.57%	
FSP 1441 Main Street Corp.	Columbia, SC	31-Mar-16	10,800	9,000	L+4.4%	0.5%	4.57%	
FSP Energy Tower I Corp.	Houston, TX	3-Jul-15	20,000	8,600	L+5.0%	0.5%	5.17%	
Secured construction loan								
FSP 385 Interlocken Development Corp.	Broomfield, CO	30-Apr-16	42,000	37,541	L+4.4%	n/a	4.57%	
Mortgage loan secured by property								
FSP Energy Tower I Corp.	Houston, TX	3-Jul-15	33,000	33,000	6.41%	n/a	6.41%	
			<u>\$ 111,300</u>	<u>\$ 93,641</u>				

(1) The interest rate is 30-day LIBOR rate plus the additional rate indicated, otherwise a fixed rate.

(2) The draw fee is a percentage of each new advance, and is paid at the time of each new draw.



Net Asset Value Components

(in thousands except per share data)

	As of	Assets:		Other information:	
	<u>31-Mar-15</u>	Loans outstanding on secured RE	\$ 93,641	Leased SF to be FFO producing	
Total Market Capitalization Values		Investments in SARs (book basis)	78,228	During 2015 (in 000's)	<u>132</u>
Shares outstanding	100,187.4	Straight-line rent receivable	45,498		
Closing price, December 31st	\$ 12.82	Asset held for sale	-	Straight-line rental revenue current quarter	<u>\$ 69</u>
Market capitalization	\$ 1,284,403	Cash and cash equivalents	14,945	Management fee income current quarter	\$ 211
Debt	<u>860,000</u>	Restricted cash	56	Interest income from secured loans	<u>1,262</u>
Total Market Capitalization	<u>2,144,403</u>	Tenant rent receivables	4,587	Management fees and interest income from loans	<u>\$ 1,473</u>
	3 Months	Prepaid expenses	4,709		
	Ended	Office computers and furniture	588	FFO from non-consolidated REITs - Q4 2014 (7):	
	<u>31-Mar-15</u>	Other assets:		East Wacker	\$ 487
NOI Components		Deferred financing costs, net	7,637	Grand Boulevard	<u>165</u>
Same Store NOI (1)	\$ 32,223	Other assets: Derivative Market Value	774	Total	<u>\$ 652</u>
Acquisitions (1) (2)	-	Phoenix Tower Liquidating Trust (6)	4		
Property NOI (1)	32,223	Other assets	<u>1,176</u>		
Full quarter adjustment (3)	-		<u>\$ 251,843</u>		
Stabilized portfolio	<u>\$ 32,223</u>		-		
		Liabilities:		Footnotes to the components	
Financial Statement Reconciliation:		Debt	\$ 860,000	(1) See pages 11 & 28 for definitions and reconciliations	
Rental Revenue	\$ 59,013	Accounts payable & accrued expenses	37,306	(2) Includes NOI from 3 acquisitions 2013	
Rental operating expenses	(15,356)	Tenant security deposits	4,019	(3) Adjustment to reflect property NOI for a full quarter	
Real estate taxes and insurance	(10,048)	Other liabilities: derivative liability	<u>9,836</u>	in the quarter acquired, if necessary	
NOI on assets sold during the quarter	(726)		<u>\$ 911,161</u>	(4) HB3 Tax in Texas is classified as an income tax, though	
Taxes (4)	(161)		-	we treat it as a real estate tax in Property NOI	
Management fees & other (5)	(499)			(5) Management & other fees are eliminated in consolidation	
Property NOI (1)	<u>\$ 32,223</u>			but included on Property NOI	
				(6) Expected liquidating distribution from sale of equity interest	
				(Collection within 2 years, subject to some expenses)	
				(7) We report FFO from non-consolidated REITs for the previous	
				quarter as their financial statements are not yet complete for	
				the current quarter.	



Appendix: Non-GAAP Financial Measure Definitions

Definition of Funds From Operations (“FFO”)

The Company evaluates performance based on Funds From Operations, which we refer to as FFO, as management believes that FFO represents the most accurate measure of activity and is the basis for distributions paid to equity holders. The Company defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property and acquisition costs of newly acquired properties 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 in our table and note that other REITs may not define FFO in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently than we do.

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



Appendix: Non-GAAP Financial Measure Definitions

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

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

Definition of Property Net Operating Income (Property NOI)

The Company provides property performance based on Net Operating Income, which we refer to as NOI. Management believes that investors are interested in this information. NOI is a non-GAAP financial measure that the Company defines as net income (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, 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 both periods, which we call Same Store. The Comparative Same Store results include properties held for the periods presented and exclude 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 as an indication of our performance or to cash flows as a measure of the Company's liquidity or its ability to make distributions.



Appendix: Non-GAAP Financial Measure Definitions

Definition of Adjusted Funds From Operations (AFFO)

The Company defines AFFO as the sum of (1) FFO; (2) excluding our proportionate share of FFO and including distributions received, from non-consolidated REITs; (3) excluding the effect of straight-line rent; (4) plus deferred financing costs, (5) less recurring capital expenditures that are generally for (a) maintenance of properties, which we call non-investment capex or are second generation capital expenditures. Second generation costs include re-tenanting space after a tenant vacates, which include tenant improvements and leasing commissions.

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

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



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