

PRESS RELEASE

Franklin Street Properties Corp.

401 Edgewater Place • Suite 200 • Wakefield, Massachusetts 01880 • (781) 557-1300 • www.franklinstreetproperties.com
Contact: Georgia Touma (877) 686-9496

For Immediate Release

Franklin Street Properties Corp. Announces Third Quarter 2015 Results

Wakefield, MA—October 27, 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 \$27.0 million or \$0.27 per share for the third quarter ended September 30, 2015; and net income of \$3.2 million or \$0.03 per share for the third quarter ended September 30, 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 September 30,			Nine Months Ended September 30,		
	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
Net Income	\$ 3,166	\$ 1,567	\$ 1,599	\$ 19,602	\$ 8,853	\$ 10,749
FFO	\$ 26,954	\$ 27,904	\$ (950)	\$ 79,814	\$ 84,937	\$ (5,123)
Per Share Data:						
EPS	\$ 0.03	\$ 0.02	\$ 0.01	\$ 0.20	\$ 0.09	\$ 0.11
FFO	\$ 0.27	\$ 0.28	\$ (0.01)	\$ 0.80	\$ 0.85	\$ (0.05)
Weighted average shares (diluted)	100,187	100,187	-	100,187	100,187	-

Comparing results for the third quarter of 2015 to the same period in 2014, FFO decreased \$0.9 million or \$0.01 per share to \$27.0 million or \$0.27 per share in 2015. The FFO decrease was primarily from lower property income as a result of asset sales, loan repayments achieved in the last twelve months and lower occupancy, which was partially offset as a result of the acquisition of a property on April 8, 2015. Net Income and EPS was \$3.2 million and \$0.03 per share for the third quarter of 2015, respectively, compared to a net income of \$1.6 million and EPS of \$0.02 per share for the third quarter of 2014.

Comparing results for the nine months ended September 30, 2015 to the same period in 2014, FFO decreased \$5.1 million or \$0.05 per share to \$79.8 million or \$0.80 per share. 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 was partially offset as a result of the acquisition of a property on April 8, 2015. We recorded an \$11.4 million gain on the sale of three properties during the nine months ended September 30, 2015. Net Income and EPS was \$19.6 million and \$0.20 per share for the nine months ended September 30, 2015, respectively, compared to Net Income of \$8.9 million or \$0.09 per share for the nine months ended September 30, 2014.

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

“For the third quarter of 2015, FSP’s profits as represented by FFO totaled approximately \$27.0 million, or \$0.27 per share. Our directly owned real estate portfolio of 36 properties totaling approximately 9.6 million square feet

was 90.5% leased as of September 30, 2015. We are updating our full-year 2015 FFO guidance to the range of \$1.05 to \$1.07 per share.

FSP continued efforts to transform its portfolio into one characterized by urban-infill assets within our top five core markets of Atlanta, Dallas, Denver, Houston and Minneapolis. To that end, we remain focused on our strategy of disposing of non-core assets throughout the portfolio with emphasis on selling suburban commodity/legacy assets both inside and outside of our five core markets. FSP is actively working on a number of potential dispositions and potential loan repayment transactions which, if consummated, would slightly expand our total potential disposition/loan repayment guidance range to between \$150 and \$225 million, including the approximately \$57 million achieved so far this year. A number of these in-process dispositions are still subject to their respective due diligence inspection periods and/or other transaction specific uncertainties, and so execution risks remain. The timing of potential dispositions/loan repayments could spill into 2016 and we will keep the market informed as transaction clarity emerges.

Balancing the timing of potential new acquisition/development opportunities with potential dispositions continues to be challenging. Repositioning our portfolio without incurring bridge financing indebtedness, which we believe would raise our corporate risk profile above levels that we are comfortable with, continues to be a significant timing exercise in our capital recycling efforts. Currently, we have a pipeline of potential acquisitions that are receiving our full focus. Our prior potential acquisition guidance had been between \$150 and \$300 million and we are maintaining that guidance at this time. We will continue to manage disposition timing as best as possible to match-fund against new potential acquisitions. New acquisitions may occur prior to year-end or spill into the new-year. We will keep the market informed as transaction clarity emerges.

Additionally, we have made progress on a redevelopment plan for our CBD Minneapolis, Minnesota property located at 801 Marquette Avenue. Although subject to change, FSP currently contemplates co-developing an approximately 50-story, mixed-use tower that would include a full-service hotel, residential apartments and office space. Under the current plan, FSP would contribute the land and approximately \$80 to \$90 million in additional capital costs for 100% ownership of the office portion of the project, which is tentatively slated to be approximately 260,000 rentable square feet in the middle of the tower stack. FSP is working with a residential group and hotel company to further evaluate the project. Final costing and development agreements have yet to be concluded and are fully subject to change and/or cancellation. If successful in the costing and pre-development work ahead, we intend to break ground on the project sometime during the second half of 2016. Significant thought and design are being incorporated into the redevelopment of 801 Marquette Avenue in order to integrate it with and enhance the appeal of its next-door neighbor office building, FSP's tower at 121 South Eighth Street.

We remain very positive about our prospects and opportunities for the balance of the current year and 2016.”

Dividend Update

On October 9, 2015, the Company announced that its Board of Directors declared a regular quarterly dividend for the three months ended September 30, 2015 of \$0.19 per share of common stock that will be paid on November 12, 2015 to stockholders of record on October 23, 2015.

FFO Guidance

Our full year FFO guidance for 2015 has been updated to be in the range of \$1.05 to \$1.07 per diluted share. This guidance (a) excludes the impact of future acquisitions, developments, 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 September 30, 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 September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	\$ 3,166	\$ 1,567	\$ 19,602	\$ 8,853
Gain on sale of assets, less applicable income tax	(1)	-	(11,411)	-
GAAP loss from non-consolidated REITs	284	455	644	1,491
FFO from non-consolidated REITs	645	508	2,131	1,278
Depreciation & amortization	22,848	25,374	68,694	73,301
NAREIT FFO	26,942	27,904	79,660	84,923
Acquisition costs of new properties	12	-	154	14
Funds From Operations (FFO)	<u>\$ 26,954</u>	<u>\$ 27,904</u>	<u>\$ 79,814</u>	<u>\$ 84,937</u>
Per Share Data				
EPS	\$ 0.03	\$ 0.02	\$ 0.20	\$ 0.09
FFO	\$ 0.27	\$ 0.28	\$ 0.80	\$ 0.85
Weighted average shares (basic and diluted)	<u>100,187</u>	<u>100,187</u>	<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 October 28, 2015 at 9:00 a.m. (ET) to discuss the third 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.

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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 September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenue:				
Rental	\$ 60,386	\$ 59,728	\$ 178,200	\$ 182,319
Related party revenue:				
Management fees and interest income from loans	1,470	1,462	4,355	4,776
Other	21	-	62	99
Total revenue	61,877	61,190	182,617	187,194
Expenses:				
Real estate operating expenses	15,951	15,632	45,951	45,698
Real estate taxes and insurance	9,941	8,555	29,458	27,569
Depreciation and amortization	22,911	24,878	68,790	72,741
Selling, general and administrative	3,071	3,071	10,163	9,491
Interest	6,425	6,883	18,977	20,950
Total expenses	58,299	59,019	173,339	176,449
Income before interest income, equity in losses of non-consolidated REITs and taxes	3,578	2,171	9,278	10,745
Interest income	-	-	1	2
Equity in losses of non-consolidated REITs	(284)	(455)	(644)	(1,491)
Gain on sale of properties, less applicable income tax	1	-	11,411	-
Income before taxes on income	3,295	1,716	20,046	9,256
Taxes on income	129	149	444	403
Net income	\$ 3,166	\$ 1,567	\$ 19,602	\$ 8,853
Weighted average number of shares outstanding, basic and diluted	100,187	100,187	100,187	100,187
Earnings per share, basic and diluted:				
Net income per share, basic and diluted	\$ 0.03	\$ 0.02	\$ 0.20	\$ 0.09

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

(in thousands, except share and par value amounts)	September 30, 2015	December 31, 2014
Assets:		
Real estate assets:		
Land	\$ 180,271	\$ 183,930
Buildings and improvements	1,639,869	1,604,984
Fixtures and equipment	1,882	1,677
	<u>1,822,022</u>	<u>1,790,591</u>
Less accumulated depreciation	291,331	266,284
Real estate assets, net	1,530,691	1,524,307
Acquired real estate leases, less accumulated amortization of \$116,711 and \$101,838, respectively	117,272	138,714
Investment in non-consolidated REITs	77,853	78,611
Cash and cash equivalents	19,100	7,519
Restricted cash	34	742
Tenant rent receivables, less allowance for doubtful accounts of \$200 and \$325, respectively	3,548	4,733
Straight-line rent receivable, less allowance for doubtful accounts of \$50 and \$162, respectively	47,330	47,021
Prepaid expenses and other assets	9,773	10,292
Related party mortgage loan receivables	93,641	93,641
Other assets: derivative asset	-	3,020
Office computers and furniture, net of accumulated depreciation of \$1,261 and \$1,036, respectively	551	609
Deferred leasing commissions, net of accumulated amortization of \$19,294 and \$16,944, respectively	26,587	27,181
Total assets	\$ 1,926,380	\$ 1,936,390
Liabilities and Stockholders' Equity:		
Liabilities:		
Bank note payable	\$ 300,000	\$ 268,000
Term loans payable	620,000	620,000
Accounts payable and accrued expenses	42,164	42,561
Accrued compensation	3,236	3,758
Tenant security deposits	4,349	4,248
Other liabilities: derivative liability	12,096	7,268
Acquired unfavorable real estate leases, less accumulated amortization of \$10,504 and \$8,687, respectively	10,241	10,908
Total liabilities	992,086	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	(12,096)	(4,248)
Accumulated distributions in excess of accumulated earnings	(327,176)	(289,671)
Total stockholders' equity	934,294	979,647
Total liabilities and stockholders' equity	\$ 1,926,380	\$ 1,936,390

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

(in thousands)	For the Nine Months Ended September 30,	
	2015	2014
Cash flows from operating activities:		
Net income	\$ 19,602	\$ 8,853
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	70,340	74,237
Amortization of above market lease	(96)	560
Equity in losses of non-consolidated REITs	644	1,491
Gain on sale of properties, less applicable income tax	(11,411)	-
Increase (decrease) in allowance for doubtful accounts	(125)	125
Changes in operating assets and liabilities:		
Restricted cash	708	(64)
Tenant rent receivables	1,310	2,112
Straight-line rents	(1,573)	(4,038)
Lease acquisition costs	(463)	(438)
Prepaid expenses and other assets	(997)	(106)
Accounts payable, accrued expenses and other items	(603)	(2,133)
Accrued compensation	(522)	(122)
Tenant security deposits	101	304
Payment of deferred leasing commissions	(4,254)	(4,854)
Net cash provided by operating activities	72,661	75,927
Cash flows from investing activities:		
Property acquisitions	(66,104)	-
Acquired real estate leases	(10,604)	-
Property improvements, fixtures and equipment	(15,005)	(12,403)
Distributions in excess of earnings from non-consolidated REITs	81	81
Repayment of related party mortgage loan receivable	-	13,880
Investment in related party mortgage loan receivable	-	(2,570)
Proceeds received on sales of real estate assets	55,659	-
Net cash used in investing activities	(35,973)	(1,012)
Cash flows from financing activities:		
Distributions to stockholders	(57,107)	(57,108)
Borrowings under bank note payable	95,000	10,000
Repayments of bank note payable	(63,000)	(31,500)
Net cash used in financing activities	(25,107)	(78,608)
Net increase in cash and cash equivalents	11,581	(3,693)
Cash and cash equivalents, beginning of year	7,519	19,623
Cash and cash equivalents, end of period	\$ 19,100	\$ 15,930

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</u> <u>Square Feet</u>	<u>% of</u> <u>Portfolio</u>
2015	69,019	0.7%
2016	1,005,764	10.4%
2017	1,119,778	11.6%
2018	996,420	10.3%
2019	1,473,328	15.3%
Thereafter (2)	4,976,595	51.7%
	<u>9,640,904</u>	<u>100.0%</u>

- (1) Percentages are determined based upon total square footage.
 (2) Includes 915,234 square feet of current vacancies.

(dollars & square feet in 000's)

<u>State</u>	As of September 30, 2015				
	<u># of</u> <u>Properties</u>	<u>Investment</u>	<u>% of</u> <u>Portfolio</u>	<u>Square</u> <u>Feet</u>	<u>% of</u> <u>Portfolio</u>
Texas	9	\$ 367,987	24.0%	2,418	25.1%
Colorado	5	431,870	28.2%	2,010	20.8%
Georgia	4	285,408	18.6%	1,838	19.1%
Virginia	4	94,528	6.2%	685	7.1%
Minnesota	1	29,957	2.0%	475	4.9%
Missouri	3	60,626	4.0%	478	5.0%
North Carolina	2	55,570	3.6%	322	3.3%
Illinois	2	44,909	2.9%	372	3.9%
Maryland	1	51,553	3.4%	326	3.4%
Florida	1	42,266	2.8%	213	2.2%
Indiana	1	31,890	2.1%	205	2.1%
California	2	20,560	1.3%	182	1.9%
Washington	1	13,567	0.9%	117	1.2%
	<u>36</u>	<u>\$ 1,530,691</u>	<u>100.0%</u>	<u>9,641</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)	For the Three Months Ended			For the Nine
	<u>31-Mar-15</u>	<u>30-Jun-15</u>	<u>30-Sep-15</u>	Months Ended <u>30-Sep-15</u>
Tenant improvements	\$ 2,936	\$ 3,420	\$ 1,794	\$ 8,150
Deferred leasing costs	830	1,539	1,490	3,859
Non-investment capex	643	1,418	1,090	3,151
	<u>\$ 4,409</u>	<u>\$ 6,377</u>	<u>\$ 4,374</u>	<u>\$ 15,160</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

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Owned portfolio of commercial real estate		
Number of properties	36	38
Square feet	9,640,904	9,580,057
Leased percentage	90.5%	92.8%
Investments in non-consolidated REITs		
Number of properties	2	2
Square feet	1,396,071	1,395,780
Leased percentage	71.2%	71.3%
Single Asset REITs (SARs) managed		
Number of properties	7	8
Square feet	1,487,026	1,897,801
Leased percentage	77.0%	84.7%
Total owned, investments & managed properties		
Number of properties	45	48
Square feet	12,524,001	12,873,638
Leased percentage	86.8%	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 30-Sep-15</u>	<u>% Interest Held</u>
FSP 303 East Wacker Drive Corp.	Chicago	IL	861,000	60.6%	43.7%
FSP Grand Boulevard Corp.	Kansas City	MO	535,071	88.4%	27.0%
			<u>1,396,071</u>	<u>71.2%</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>as of</u> <u>30-Jun-15</u>	<u>Average %</u> <u>Leased (2)</u>	<u>as of</u> <u>30-Sep-15</u>	<u>Average %</u> <u>Leased (2)</u>
1 HILLVIEW CENTER	Milpitas, CA	36,288	100.0%	100.0%	100.0%	100.0%
2 FOREST PARK	Charlotte, NC	62,212	100.0%	100.0%	100.0%	100.0%
3 MEADOW POINT	Chantilly, VA	138,537	100.0%	100.0%	100.0%	100.0%
4 TIMBERLAKE	Chesterfield, MO	234,023	93.8%	60.4%	93.8%	93.8%
5 FEDERAL WAY	Federal Way, WA	117,010	58.9%	58.9%	58.9%	58.9%
6 NORTHWEST POINT	Elk Grove Village, IL	176,848	100.0%	100.0%	100.0%	100.0%
7 TIMBERLAKE EAST	Chesterfield, MO	116,197	43.7%	43.5%	43.7%	43.7%
8 PARK TEN	Houston, TX	157,460	63.1%	63.1%	63.1%	63.1%
9 MONTAGUE	San Jose, CA	145,951	81.1%	81.1%	81.1%	81.1%
10 ADDISON	Addison, TX	290,041	91.6%	88.6%	93.4%	92.8%
11 COLLINS CROSSING	Richardson, TX	300,887	100.0%	99.7%	100.0%	100.0%
12 GREENWOOD PLAZA	Englewood, CO	196,236	100.0%	100.0%	100.0%	100.0%
13 RIVER CROSSING	Indianapolis, IN	205,059	90.6%	93.7%	90.6%	90.6%
14 LIBERTY PLAZA	Addison, TX	218,934	84.2%	86.3%	82.5%	82.5%
15 INNSBROOK	Glen Allen, VA	298,456	99.9%	99.9%	99.9%	99.9%
16 380 INTERLOCKEN	Broomfield, CO	240,185	97.1%	96.7%	97.1%	97.1%
17 BLUE LAGOON	Miami, FLA	212,619	100.0%	100.0%	100.0%	100.0%
18 ELDRIDGE GREEN	Houston, TX	248,399	100.0%	100.0%	100.0%	100.0%
19 ONE OVERTON PARK	Atlanta, GA	387,267	84.5%	83.8%	85.0%	84.5%
20 390 INTERLOCKEN	Broomfield, CO	241,516	72.3%	72.3%	85.3%	81.0%
21 EAST BALTIMORE	Baltimore, MD	325,445	81.3%	81.3%	85.4%	84.7%
22 PARK TEN PHASE II	Houston, TX	156,746	100.0%	100.0%	100.0%	100.0%
23 LAKESIDE CROSSING I	Maryland Heights, MO	127,778	100.0%	100.0%	100.0%	100.0%
24 LOUDOUN TECH	Dulles, VA	136,658	92.0%	92.0%	92.0%	92.0%
25 4807 STONECROFT	Chantilly, VA	111,469	100.0%	100.0%	100.0%	100.0%
26 121 SOUTH EIGHTH ST	Minneapolis, MN	475,694	90.2%	90.2%	90.8%	90.1%
27 EMPEROR BOULEVARD	Durham, NC	259,531	100.0%	100.0%	100.0%	100.0%
28 LEGACY TENNYSON CTR	Plano, TX	202,600	100.0%	100.0%	100.0%	100.0%
29 ONE LEGACY	Plano, TX	214,110	100.0%	100.0%	100.0%	100.0%
30 909 DAVIS	Evanston, IL	195,245	100.0%	99.7%	100.0%	100.0%
31 ONE RAVINIA DRIVE	Atlanta, GA	386,603	95.2%	95.2%	94.8%	94.8%
32 TWO RAVINIA	Atlanta, GA	442,130	77.5%	77.5%	77.4%	76.9%
33 WESTCHASE I & II	Houston, TX	629,025	95.9%	95.9%	90.2%	90.2%
34 1999 BROADWAY	Denver, CO	676,379	86.2%	86.7%	82.5%	85.1%
35 999 PEACHTREE	Atlanta, GA	621,946	95.1%	96.0%	94.7%	94.7%
36 1001 17th STREET	Denver, CO	655,420	86.3%	86.5%	86.3%	86.3%
TOTAL WEIGHTED AVERAGE		9,640,904	90.6%	89.9%	90.5%	90.5%

(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.

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

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

As of September 30, 2015

	<u>Tenant</u>	<u>Sq Ft</u>	<u>% of Portfolio</u>
1	TCF National Bank	263,111	2.7%
2	Quintiles Transnational Corp	259,531	2.7%
3	CITGO Petroleum Corporation	248,399	2.6%
4	Newfield Exploration Company	234,495	2.4%
5	US Government	223,433	2.3%
6	Sutherland Asbill Brennan LLP	222,422	2.3%
7	Burger King Corporation	212,619	2.2%
8	Denbury Onshore, LLC	202,600	2.1%
9	SunTrust Bank	182,888	1.9%
10	Citicorp Credit Services, Inc	176,848	1.8%
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	1.5%
14	Murphy Exploration & Production Company	144,677	1.5%
15	Argo Data Resource Corporation	140,246	1.5%
16	Monsanto Company	127,778	1.3%
17	Federal National Mortgage Association	123,144	1.3%
18	Vail Corp d/b/a Vail Resorts	122,232	1.3%
19	Kaiser Foundation Health Plan	120,979	1.3%
20	Centene Management Company, LLC	117,618	1.2%
	Total	3,569,675	37.1%

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 Third 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 September 30, 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, Chief
Financial Officer & 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: Georgia Touma
877-686-9496 or InvestorRelations@franklinstreetproperties.com

Snapshot (as of September 30, 2015)

Corporate Headquarters	Wakefield, MA
Fiscal Year-End	31-Dec
Total Properties	36
Total Square Feet	9.6 Million
Trading Symbol	FSP
Exchange	NYSE MKT
Common Shares Outstanding	100,187,405
Quarterly Dividend	\$0.19
Dividend Yield	7.1%
Total Market Capitalization	\$2.0 Billion
Insider Holdings	5.1%



999 Peachtree Street, Atlanta GA



Summary of Financial Highlights

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

	30-Sep-15	30-Jun-15	31-Mar-15	31-Dec-14	30-Sep-14
Income Items:					
Rental revenue	\$ 60,386	\$ 58,801	\$ 59,013	\$ 61,022	\$ 59,728
Total revenue	61,877	60,233	60,507	62,489	61,190
Adjusted EBITDA*	32,567	32,642	31,097	33,182	33,973
Equity in losses of non-consolidated REITs	(284)	(38)	(322)	(269)	(455)
Net income	3,166	3,903	12,533	4,295	1,567
FFO*	26,954	27,188	25,672	27,525	27,904
Per Share Data:					
EPS	\$ 0.03	\$ 0.04	\$ 0.13	\$ 0.04	\$ 0.02
FFO*	\$ 0.27	\$ 0.27	\$ 0.26	\$ 0.27	\$ 0.28
Weighted Average Shares (diluted)	100,187	100,187	100,187	100,187	100,187
Closing share price	\$ 10.75	\$ 11.31	\$ 12.82	\$ 12.27	\$ 11.22
Dividend	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19
Payout Ratio:	71%	70%	74%	69%	68%
Balance Sheet Items:					
Real estate, net	\$ 1,530,691	\$ 1,539,343	\$ 1,486,897	\$ 1,524,307	\$ 1,542,012
Other assets, net	395,689	400,758	402,515	412,083	425,305
Total assets, net	1,926,380	1,940,101	1,889,412	1,936,390	1,967,317
Total liabilities, net	992,086	984,555	921,082	956,743	968,948
Shareholders' equity	934,294	955,546	968,330	979,647	998,369
Market Capitalization and Debt:					
Total Market Capitalization (a)	\$ 1,997,015	\$ 2,053,120	\$ 2,144,403	\$ 2,117,299	\$ 2,029,103
Total debt outstanding	920,000	920,000	860,000	888,000	905,000
Debt to Total Market Capitalization	46.1%	44.8%	40.1%	41.9%	44.6%
Debt to Adjusted EBITDA	7.1	7.0	6.9	6.7	6.7
Owned Portfolio Leasing Statistics:					
Owned portfolio assets	36	36	36	38	39
Portfolio total SF	9,640,904	9,639,740	9,310,131	9,580,057	9,690,361
Portfolio % leased	90.5%	90.6%	90.4%	92.8%	93.3%

(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 Months Ended			For the Nine Months Ended	For the Three Months Ended				For the Year Ended
	31-Mar-15	30-Jun-15	30-Sep-15	30-Sep-15	31-Mar-14	30-Jun-14	30-Sep-14	31-Dec-14	31-Dec-14
Revenue:									
Rental	\$ 59,013	\$ 58,801	\$ 60,386	\$ 178,200	\$ 61,597	\$ 60,994	\$ 59,728	\$ 61,022	\$ 243,341
Related party revenue:									
Management fees and interest income from loans	1,473	1,412	1,470	4,355	1,643	1,671	1,462	1,465	6,241
Other	21	20	21	62	23	76	-	2	101
Total revenue	60,507	60,233	61,877	182,617	63,263	62,741	61,190	62,489	249,683
Expenses:									
Real estate operating expenses	15,356	14,644	15,951	45,951	15,071	14,995	15,632	16,334	62,032
Real estate taxes and insurance	10,048	9,469	9,941	29,458	9,251	9,763	8,555	9,288	36,857
Depreciation and amortization	22,672	23,207	22,911	68,790	24,300	23,563	24,878	23,174	95,915
Selling, general and administrative	3,691	3,401	3,071	10,163	3,272	3,148	3,071	3,492	12,983
Interest	6,187	6,365	6,425	18,977	7,176	6,891	6,883	6,483	27,433
Total expenses	57,954	57,086	58,299	173,339	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	3,147	3,578	9,278	4,193	4,381	2,171	3,718	14,463
Interest income	1	-	-	1	1	1	-	1	3
Equity in losses of non-consolidated REITs	(322)	(38)	(284)	(644)	(484)	(552)	(455)	(269)	(1,760)
Gain on sale of properties, less applicable income tax	10,462	948	1	11,411	-	-	-	940	940
Income before taxes on income	12,694	4,057	3,295	20,046	3,710	3,830	1,716	4,390	13,646
Income tax expense	161	154	129	444	137	117	149	95	498
Net income	\$ 12,533	\$ 3,903	\$ 3,166	\$ 19,602	\$ 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	100,187	100,187	100,187
Net income per share, basic and diluted	\$ 0.13	\$ 0.04	\$ 0.03	\$ 0.20	\$ 0.04	\$ 0.04	\$ 0.02	\$ 0.04	\$ 0.13



Condensed Consolidated Balance Sheets (in thousands)

	March 31, 2015	June 30, 2015	September 30, 2015	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Assets:							
Real estate assets:							
Land	\$ 174,707	\$ 180,271	\$ 180,271	\$ 185,479	\$ 185,479	\$ 185,479	\$ 183,930
Buildings and improvements	1,581,524	1,636,444	1,639,869	1,605,808	1,609,747	1,613,699	1,604,984
Fixtures and equipment	1,724	1,800	1,882	1,296	1,395	1,633	1,677
	<u>1,757,955</u>	<u>1,818,515</u>	<u>1,822,022</u>	<u>1,792,583</u>	<u>1,796,621</u>	<u>1,800,811</u>	<u>1,790,591</u>
Less accumulated depreciation	271,058	279,172	291,331	234,447	246,658	258,799	266,284
Real estate assets, net	1,486,897	1,539,343	1,530,691	1,558,136	1,549,963	1,542,012	1,524,307
Acquired real estate leases, net	124,337	126,926	117,272	172,262	161,519	149,019	138,714
Investment in non-consolidated REITs	78,228	78,164	77,853	79,983	79,405	78,907	78,611
Cash and cash equivalents	14,945	15,841	19,100	20,031	18,455	15,930	7,519
Restricted cash	56	48	34	688	728	707	742
Tenant rent receivables, net	4,587	2,886	3,548	6,035	2,867	2,865	4,733
Straight-line rent receivable, net	45,498	46,168	47,330	44,392	46,021	46,737	47,021
Prepaid expenses and other assets	14,114	9,658	10,324	9,954	9,716	9,768	10,901
Related party mortgage loan receivable	93,641	93,641	93,641	101,916	88,436	88,436	93,641
Other assets: derivative asset	774	918	-	4,801	2,626	4,582	3,020
Deferred leasing commissions, net	26,335	26,508	26,587	27,477	28,861	28,354	27,181
Total assets	\$ 1,889,412	\$ 1,940,101	\$ 1,926,380	\$ 2,025,675	\$ 1,988,597	\$ 1,967,317	\$ 1,936,390
Liabilities and Stockholders' Equity:							
Liabilities:							
Bank note payable	\$ 240,000	\$ 300,000	\$ 300,000	\$ 316,500	\$ 296,500	\$ 285,000	\$ 268,000
Term loan payable	620,000	620,000	620,000	620,000	620,000	620,000	620,000
Accounts payable and accrued expenses	36,065	39,199	42,164	34,390	34,590	40,228	42,561
Accrued compensation	1,241	2,327	3,236	1,027	2,052	2,863	3,758
Tenant security deposits	4,019	4,315	4,349	4,258	4,259	4,331	4,248
Other liabilities: derivative termination value	9,836	7,632	12,096	3,825	5,985	4,847	7,268
Acquired unfavorable real estate leases, net	9,921	11,082	10,241	13,273	12,467	11,679	10,908
Total liabilities	921,082	984,555	992,086	993,273	975,853	968,948	956,743
Commitments and contingencies							
Stockholders' Equity:							
Preferred stock	-	-	-	-	-	-	-
Common stock	10	10	10	10	10	10	10
Additional paid-in capital	1,273,556	1,273,556	1,273,556	1,273,556	1,273,556	1,273,556	1,273,556
Accumulated other comprehensive income (loss)	(9,062)	(6,714)	(12,096)	976	(3,359)	(265)	(4,248)
Accumulated distributions in excess of accumulated earnings	(296,174)	(311,306)	(327,176)	(242,140)	(257,463)	(274,932)	(289,671)
Total stockholders' equity	968,330	955,546	934,294	1,032,402	1,012,744	998,369	979,647
Total liabilities and stockholders' equity	\$ 1,889,412	\$ 1,940,101	\$ 1,926,380	\$ 2,025,675	\$ 1,988,597	\$ 1,967,317	\$ 1,936,390

September 30, 2015



Condensed Consolidated Statements of Cash Flows (in thousands)

	Nine Months ended September 30,		Twelve Months ended December 31	
	2015	2014	2014	2013
Cash flows from operating activities:				
Net income	\$ 19,602	\$ 8,853	\$ 13,148	\$ 19,827
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization expense	70,340	74,237	97,916	81,267
Amortization of above market lease	(96)	560	635	(365)
Gain on sale of properties, less applicable income tax	(11,411)	-	(940)	(2,158)
Equity in earnings (losses) from non-consolidated REITs	644	1,491	1,760	1,358
Increase in allowance for doubtful accounts	(125)	125	275	(1,250)
Changes in operating assets and liabilities:				
Restricted cash	708	(64)	(99)	(68)
Tenant rent receivables	1,310	2,112	94	(2,103)
Straight-line rents	(1,573)	(4,038)	(4,737)	(5,782)
Lease acquisition costs	(463)	(438)	(440)	(1,146)
Prepaid expenses and other assets	(997)	(106)	700	(1,547)
Accounts payable and accrued expenses	(603)	(2,133)	206	11,137
Accrued compensation	(522)	(122)	773	445
Tenant security deposits	101	304	222	1,538
Payment of deferred leasing commissions	(4,254)	(4,854)	(6,347)	(9,125)
Net cash provided by operating activities	72,661	75,927	103,166	92,028
Cash flows from investing activities:				
Property acquisitions	(66,104)	-	-	(454,447)
Acquired real estate leases	(10,604)	-	-	(100,143)
Property improvements, fixtures and equipment	(15,005)	(12,403)	(18,370)	(19,120)
Office computers and furniture	-	-	(191)	(355)
Investment in non-consolidated REITs	-	-	-	4,858
Distributions in excess of earnings from non-consolidated REITs	81	81	107	108
Investment in related party mortgage loan receivable	-	(2,570)	(11,170)	(8,200)
Repayment of related party mortgage loan receivable	-	13,880	17,275	2,350
Changes in deposits on real estate assets	-	-	-	-
Proceeds received on sales of real estate assets	55,659	-	14,192	12,301
Net cash provided by (used in) investing activities	(35,973)	(1,012)	1,843	(562,648)
Cash flows from financing activities:				
Distributions to stockholders	(57,107)	(57,108)	(76,142)	(69,588)
Proceeds (costs) from equity offering, net	-	-	-	230,682
Borrowings under bank note payable	95,000	10,000	15,000	160,000
Repayments of bank note payable	(63,000)	(31,500)	(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	(25,107)	(78,608)	(117,113)	468,976
Net decreases in cash and cash equivalents	11,581	(3,693)	(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	\$ 19,100	\$ 15,930	\$ 7,519	\$ 19,623



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

(in thousands)

Region	Rentable Square Feet or RSF	Nine Months				Nine Months				Inc (Dec)	% Change
		Three Months Ended			Ended	Three Months Ended			Ended		
		31-Mar-15	30-Jun-15	30-Sep-15	30-Sep-15	31-Mar-14	30-Jun-14	30-Sep-14	30-Sep-14		
East	1,333	\$ 4,736	\$ 4,648	\$ 4,703	\$ 14,087	\$ 4,577	\$ 4,655	\$ 4,600	\$ 13,832	\$ 255	1.8%
MidWest	1,531	3,469	3,563	3,547	10,579	4,586	4,541	4,610	13,737	(3,158)	-23.0%
South	4,026	15,781	15,995	15,971	47,747	16,796	16,183	16,370	49,349	(1,602)	-3.2%
West	2,309	8,216	8,571	8,523	25,310	9,388	9,290	8,522	27,200	(1,890)	-6.9%
Same Store	9,199	32,202	32,777	32,744	97,723	35,347	34,669	34,102	104,118	(6,395)	-6.1%
Acquisitions	442	-	1,057	1,067	2,124	-	-	-	-	2,124	2.0%
Property NOI from the continuing portfolio	9,641	32,202	33,834	33,811	99,847	35,347	34,669	34,102	104,118	(4,271)	-4.1%
Dispositions		822	61	6	889	1,226	1,257	1,351	3,834	(2,945)	-2.6%
Property NOI		\$ 33,024	\$ 33,895	\$ 33,817	\$ 100,736	\$ 36,573	\$ 35,926	\$ 35,453	\$ 107,952	\$ (7,216)	-6.7%
Same Store		\$ 32,202	\$ 32,777	\$ 32,744	\$ 97,723	\$ 35,347	\$ 34,669	\$ 34,102	\$ 104,118	\$ (6,395)	-6.1%
Less Nonrecurring Items in NOI (a)		75	81	419	575	707	287	173	1,167	(592)	0.5%
Comparative Same Store		\$ 32,127	\$ 32,696	\$ 32,325	\$ 97,148	\$ 34,640	\$ 34,382	\$ 33,929	\$ 102,951	\$ (5,803)	-5.6%

(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 Nine	For the Three Months Ended				For the
	31-Mar-15	30-Jun-15	30-Sep-15	Months Ended 30-Sep-15	31-Mar-14	30-Jun-14	30-Sep-14	31-Dec-14	Year Ended 31-Dec-14
Net income	\$ 12,533	\$ 3,903	\$ 3,166	\$ 19,602	\$ 3,573	\$ 3,713	\$ 1,567	\$ 4,295	\$ 13,148
Gain (loss) on sale, less applicable income tax	(10,462)	(948)	(1)	(11,411)	-	-	-	(940)	(940)
GAAP income from non-consolidated REITs	322	38	284	644	484	552	455	269	1,760
FFO from non-consolidated REITs	601	885	645	2,131	419	351	508	652	1,930
Depreciation & amortization	22,678	23,168	22,848	68,694	24,289	23,638	25,374	23,249	96,550
NAREIT FFO*	25,672	27,046	26,942	79,660	28,765	28,254	27,904	27,525	112,448
Acquisition costs	-	142	12	154	14	-	-	-	14
Funds From Operations (FFO)*	\$ 25,672	\$ 27,188	\$ 26,954	\$ 79,814	\$ 28,779	\$ 28,254	\$ 27,904	\$ 27,525	\$ 112,462
Adjusted Funds From Operations (AFFO)*									
Funds From Operations (FFO)*	\$ 25,672	\$ 27,188	\$ 26,954	\$ 79,814	\$ 28,779	\$ 28,254	\$ 27,904	\$ 27,525	\$ 112,462
Reverse FFO from non-consolidated REITs	(601)	(885)	(645)	(2,131)	(419)	(351)	(508)	(652)	(1,930)
Distributions from non-consolidated REITs	27	27	27	81	27	27	27	26	107
Amortization of deferred financing costs	517	517	516	1,550	499	499	498	506	2,002
Straight-line rent	(69)	(574)	(930)	(1,573)	(1,783)	(1,541)	(714)	(698)	(4,736)
Tenant improvements	(2,936)	(3,420)	(1,794)	(8,150)	(1,132)	(1,837)	(2,612)	(4,244)	(9,825)
Leasing commissions	(830)	(1,539)	(1,490)	(3,859)	(1,080)	(2,786)	(577)	(1,405)	(5,848)
Non-investment capex	(643)	(1,418)	(1,090)	(3,151)	(364)	(1,621)	(700)	(851)	(3,536)
Adjusted Funds From Operations (AFFO)*	\$ 21,137	\$ 19,896	\$ 21,548	\$ 62,581	\$ 24,527	\$ 20,644	\$ 23,318	\$ 20,207	\$ 88,696
Per Share Data:									
EPS	\$ 0.13	\$ 0.04	\$ 0.03	\$ 0.20	\$ 0.04	\$ 0.04	\$ 0.02	\$ 0.04	\$ 0.13
FFO*	0.26	0.27	0.27	0.80	0.29	0.28	0.28	0.27	1.12
AFFO*	0.21	0.20	0.22	0.62	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	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)

	Nine Months				Year Ended				
	For the Three Months Ended			Ended	For the Three Months Ended			31-Dec-14	31-Dec-14
	31-Mar-15	30-Jun-15	30-Sep-15	30-Sep-15	31-Mar-14	30-Jun-14	30-Sep-14	31-Dec-14	31-Dec-14
Net income	\$ 12,533	\$ 3,903	\$ 3,166	\$ 19,602	\$ 3,573	\$ 3,713	\$ 1,567	\$ 4,295	\$ 13,148
Interest expense	6,187	6,365	6,425	18,977	7,176	6,891	6,883	6,483	27,433
Depreciation and amortization	22,678	23,168	22,848	68,694	24,289	23,638	25,374	23,249	96,550
Income taxes	161	154	129	444	137	117	149	95	498
EBITDA	41,559	33,590	32,568	107,717	35,175	34,359	33,973	34,122	137,629
Excluding (gain) loss on sale, less applicable income tax	(10,462)	(948)	(1)	(11,411)	-	-	-	(940)	(940)
Adjusted EBITDA	\$ 31,097	\$ 32,642	\$ 32,567	\$ 96,306	\$ 35,175	\$ 34,359	\$ 33,973	\$ 33,182	\$ 136,689
Interest expense	\$ 6,187	\$ 6,365	\$ 6,425	\$ 18,977	\$ 7,176	\$ 6,891	\$ 6,883	\$ 6,483	\$ 27,433
Scheduled principal payments	-	-	-	-	-	-	-	-	-
Interest and scheduled principal payments	\$ 6,187	\$ 6,365	\$ 6,425	\$ 18,977	\$ 7,176	\$ 6,891	\$ 6,883	\$ 6,483	\$ 27,433
Interest coverage ratio	5.03	5.13	5.07	5.07	4.90	4.99	4.94	5.12	4.98
Debt service coverage ratio	5.03	5.13	5.07	5.07	4.90	4.99	4.94	5.12	4.98
Debt	\$ 860,000	\$ 920,000	\$ 920,000		\$ 936,500	\$ 916,500	\$ 905,000	\$ 888,000	
Adjusted EBITDA	31,097	32,642	32,567		35,175	34,359	33,973	33,182	
Annualized	124,388	130,568	130,268		140,700	137,436	135,892	132,728	
Debt-to-EBITDA	6.9	7.0	7.1		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				Three Months Ended			
	31-Mar-15			30-Sep-15	31-Mar-14			30-Sep-14
	31-Mar-15	30-Jun-15	30-Sep-15	30-Sep-15	31-Mar-14	30-Jun-14	30-Sep-14	30-Sep-14
Net Income	\$ 12,533	\$ 3,903	\$ 3,166	\$ 19,602	\$ 3,573	\$ 3,713	\$ 1,567	\$ 8,853
Add (deduct):								
Gain on sale of properties,								
less applicable income taxes	(10,462)	(948)	(1)	(11,411)	-	-	-	-
Management fee income	(643)	(559)	(621)	(1,823)	(646)	(682)	(649)	(1,977)
Depreciation and amortization	22,672	23,207	22,911	68,790	24,300	23,563	24,878	72,741
Amortization of above/below market leases	6	(39)	(63)	(96)	(11)	74	497	560
Selling, general and administrative	3,691	3,401	3,071	10,163	3,272	3,148	3,071	9,491
Interest expense	6,187	6,365	6,426	18,978	7,176	6,891	6,883	20,950
Interest income	(1,262)	(1,278)	(1,293)	(3,833)	(1,410)	(1,408)	(1,216)	(4,034)
Equity in losses of				-				-
non-consolidated REITs	322	38	284	644	484	552	455	1,491
Non-property specific items, net	(20)	(195)	(63)	(278)	(165)	75	(33)	(123)
Property NOI	\$ 33,024	\$ 33,895	\$ 33,817	\$ 100,736	\$ 36,573	\$ 35,926	\$ 35,453	\$ 107,952

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



Debt Summary (in thousands)

	Maturity Date	Maximum Amount of Loan	Amount Drawn at 30-Sep-15	Interest Rate Components	Interest Rate at 30-Sep-15	Facility Fee
BAML Revolver	29-Oct-18	\$ 500,000	\$ 300,000	L+1.25%	1.45%	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%	
		\$ 1,120,000	\$ 920,000		2.38%	

(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 September 30, 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 1.44% as of September 30, 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>30-Jun-15</u>	<u>30-Sep-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	100,187	100,187
Closing market price per share	\$ 12.82	\$ 11.31	\$ 10.75	\$ 12.60	\$ 12.58	\$ 11.22	\$ 12.27
Market capitalization	\$ 1,284,403	\$ 1,133,120	\$ 1,077,015	\$ 1,262,361	\$ 1,260,358	\$ 1,124,103	\$ 1,229,299
Total Debt	860,000	920,000	920,000	936,500	916,500	905,000	888,000
Total Market Capitalization	\$ 2,144,403	\$ 2,053,120	\$ 1,997,015	\$ 2,198,861	\$ 2,176,858	\$ 2,029,103	\$ 2,117,299
Dividend Data:							
Total dividends paid	\$ 19,036	\$ 19,035	\$ 19,035	\$ 19,036	\$ 19,035	\$ 19,036	\$ 19,036
Common dividend per share	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19
Quarterly dividend as a % of FFO*	73.1%	70.4%	70.4%	65.5%	67.9%	67.9%	70.4%
Liquidity:							
Cash and cash equivalents	\$ 14,946	\$ 15,841	\$ 19,100	\$ 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	900,000	900,000
Less:							
Outstanding balance	(640,000)	(700,000)	(700,000)	(716,500)	(696,500)	(685,000)	(668,000)
Total Liquidity	\$ 274,946	\$ 215,841	\$ 219,100	\$ 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.

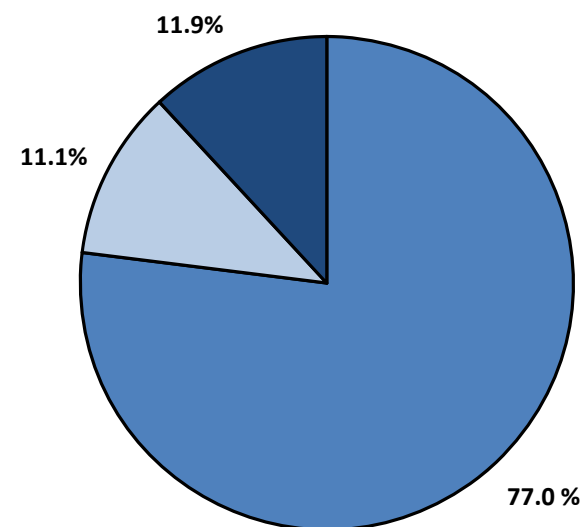


Portfolio Overview

	As of the Quarter Ended				
	30-Sep-15	30-Jun-15	31-Mar-15	31-Dec-14	30-Sep-14
Owned portfolio of commercial real estate:					
Number of properties	36	36	36	38	39
Square feet	9,640,904	9,639,740	9,310,131	9,580,057	9,690,361
Leased percentage	90.5%	90.6%	90.4%	92.8%	93.3%
Investments in non-consolidated commercial real estate:					
Number of properties	2	2	2	2	2
Square feet	1,396,071	1,396,071	1,396,071	1,395,780	1,395,500
Leased percentage	71.2%	69.7%	70.1%	71.3%	71.0%
Single Asset REITs (SARs) managed:					
Number of properties	7	7	7	8	9
Square feet	1,487,026	1,487,026	1,488,003	1,897,801	2,036,572
Leased percentage	77.0%	73.5%	73.4%	84.7%	86.6%
Total owned (a) , investments and managed properties:					
Number of properties	45	45	45	48	50
Square feet	12,524,001	12,522,837	12,194,205	12,873,638	13,122,433
Leased percentage	86.8%	86.3%	86.0%	89.3%	89.9%

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	85.4%	81.3%	\$ 23.40	Northwest Point	Elk Grove Village	IL	176,848	100.0%	100.0%	\$ 24.73
							909 Davis Street	Evanston	IL	195,245	100.0%	98.9%	\$ 35.20
Washington, D.C.							Indianapolis						
Meadow Point	Chantilly	VA	138,537	100.0%	94.3%	\$ 27.31	River Crossing	Indianapolis	IN	205,059	90.6%	94.7%	\$ 20.43
Stonecroft	Chantilly	VA	111,469	100.0%	100.0%	\$ 37.64							
Loudoun Tech Center	Dulles	VA	136,658	92.0%	92.0%	\$ 17.88	St. Louis						
							Timberlake	Chesterfield	MO	234,023	93.8%	54.7%	\$ 21.15
Richmond							Timberlake East	Chesterfield	MO	116,197	43.7%	28.5%	\$ 21.96
Innsbrook	Glen Allen	VA	298,456	99.9%	99.9%	\$ 18.73	Lakeside Crossing	Maryland Heights	MO	127,778	100.0%	100.0%	\$ 24.33
Charlotte							Minneapolis						
Forest Park	Charlotte	NC	62,212	100.0%	100.0%	\$ 13.82	121 South 8th Street	Minneapolis	MN	475,694	90.8%	89.9%	\$ 15.49
Raleigh-Durham							Midwest Region Total						
Emperor Boulevard	Durham	NC	259,531	100.0%	100.0%	\$ 35.93				1,530,844	90.7%	83.7%	\$ 22.10
East Region Total			1,332,308	95.6%	94.0%	\$ 25.53							

(a) Weighted Occupied Percentage for the nine months ended September 30, 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>	<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							West Region						
Dallas-Fort Worth							Seattle						
Legacy Tennyson Center	Plano	TX	202,600	100.0%	100.0%	\$ 17.37	Federal Way	Federal Way	WA	117,010	58.9%	58.1%	\$ 18.58
One Legacy Circle	Plano	TX	214,110	100.0%	100.0%	\$ 33.36	San Francisco-San Jose-Oakland						
Addison Circle	Addison	TX	290,041	93.4%	86.1%	\$ 24.79	Hillview Center	Milpitas	CA	36,288	100.0%	100.0%	\$ 16.33
Collins Crossing	Richardson	TX	300,887	100.0%	99.5%	\$ 24.54	Montague Business Center	San Jose	CA	145,951	81.1%	81.1%	\$ 16.55
Liberty Plaza	Addison	TX	218,934	82.5%	86.3%	\$ 20.76	Denver						
Houston							380 Interlocken	Broomfield	CO	240,185	97.1%	96.3%	\$ 29.54
Park Ten	Houston	TX	157,460	63.1%	63.1%	\$ 31.56	1999 Broadway	Denver	CO	676,379	82.5%	85.8%	\$ 32.23
Eldridge Green	Houston	TX	248,399	100.0%	100.0%	\$ 31.28	Greenwood Plaza	Englewood	CO	196,236	100.0%	100.0%	\$ 24.78
Park Ten Phase II	Houston	TX	156,746	100.0%	100.0%	\$ 31.53	390 Interlocken	Broomfield	CO	241,516	85.3%	71.7%	\$ 28.29
Westchase I & II	Houston	TX	629,025	90.2%	94.2%	\$ 33.99	1001 17th Street	Denver	CO	655,420	86.3%	84.2%	\$ 34.39
Miami-Ft. Lauderdale-West Palm Beach							West Region Total						
Blue Lagoon Drive	Miami	FL	212,619	100.0%	100.0%	\$ 22.54				2,308,985	85.9%	84.7%	\$ 29.70
Atlanta							Total Owned						
One Overton Place	Atlanta	GA	387,267	85.0%	80.1%	\$ 24.40				9,640,904	90.5%	88.8%	\$ 26.81
One Ravinia	Atlanta	GA	386,603	94.8%	95.1%	\$ 22.91							
Two Ravinia	Atlanta	GA	442,130	77.4%	75.8%	\$ 24.98							
999 Peachtree	Atlanta	GA	621,946	94.7%	95.3%	\$ 30.14							
South Region Total			<u>4,468,767</u>	<u>83.7%</u>	<u>91.1%</u>	<u>\$ 27.30</u>							

(a) Weighted Occupied Percentage for the nine months ended September 30, 2015.

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



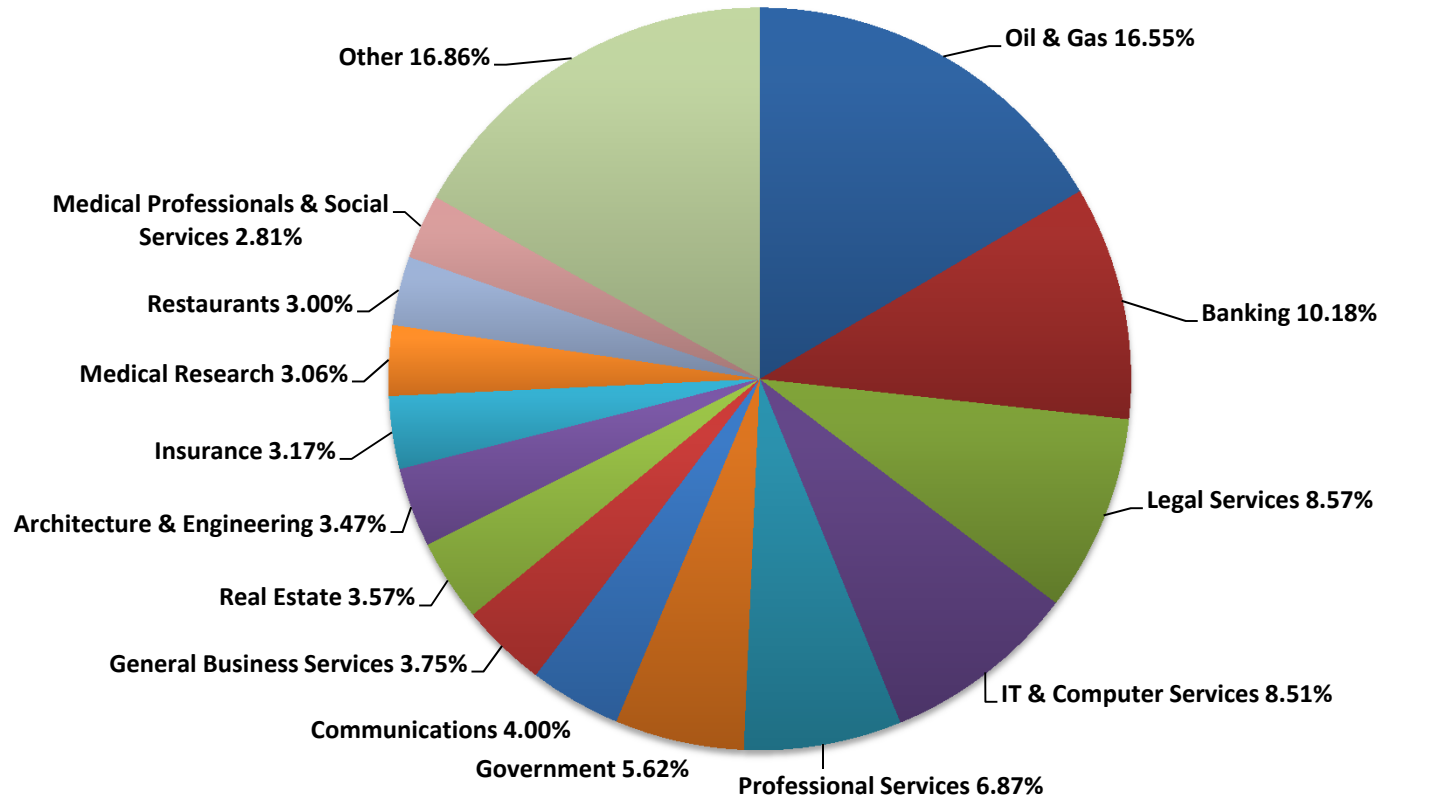
Managed Portfolio Overview

<u>MSA / Property Name</u>	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>MSA / Property Name</u>	<u>City</u>	<u>State</u>	<u>Square Feet</u>
Southeast Region				Midwest Region			
Columbia				Chicago			
1441 Main Street	Columbia	SC	264,857	(a) East Wacker	Chicago	IL	861,000
Atlanta				Indianapolis			
Satellite Place	Duluth	GA	134,785	Monument Circle	Indianapolis	IN	213,760
Southeast Region Total			<u>399,642</u>	St. Louis			
Southwest Region				Kansas City			
Houston				(b) Grand Boulevard			
Energy Tower I	Houston	TX	325,797	Kansas City	Kansas City	MO	535,071
Denver				Cincinnati			
385 Interlocken	Broomfield	CO	295,891	Centre Pointe V	West Chester	OH	135,936
Southwest Region Total			<u>621,688</u>	Midwest Region Total			<u>1,861,767</u>
Total Managed							<u>2,883,097</u>
Total Owned & Managed							<u>12,524,001</u>

(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 16.55%
- IT & Computer Services 8.51%
- Communications 4.00%
- Architecture & Engineering 3.47%
- Restaurants 3.00%
- Banking 10.18%
- Professional Services 6.87%
- General Business Services 3.75%
- Insurance 3.17%
- Medical Professionals & Social Services 2.81%
- Legal Services 8.57%
- Government 5.62%
- Real Estate 3.57%
- Medical Research 3.06%
- Other 16.86%



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 Total Square Feet	Annualized Rent (in 000's)	% of Aggregate Leased Annualized Rent
1	TCF National Bank	2	3	263,111	2.7%	\$ 2,997,573	1.3%
2	Quintiles Transnational Corp	1	42	259,531	2.7%	9,067,770	4.0%
3	CITGO Petroleum Corporation	1	77	248,399	2.6%	7,904,056	3.5%
4	Newfield Exploration Company	1	77	234,495	2.4%	8,630,672	3.9%
5	US Government (a)	5	9, 11, 32, 46, 60	223,433	2.3%	7,225,672	3.2%
6	Sutherland Asbill Brennan LLP	1	55	222,422	2.3%	6,823,317	3.0%
7	Burger King Corporation	1	36	212,619	2.2%	5,134,749	2.3%
8	Denbury Onshore, LLC (b)	2	10, 46	202,600	2.1%	3,510,042	1.6%
9	SunTrust Bank (c)	3	8, 134, 72	182,888	1.9%	3,736,826	1.7%
10	Citicorp Credit Services, Inc	1	15	176,848	1.8%	4,612,196	2.1%
11	T-Mobile South, LLC dba T-Mobile	1	41	151,792	1.6%	3,635,589	1.6%
12	Houghton Mifflin Harcourt Publishing Company	1	18	150,050	1.6%	6,243,052	2.8%
13	Petrobras America, Inc.	1	50	144,813	1.5%	5,337,807	2.4%
14	Murphy Exploration & Production Company	1	19	144,677	1.5%	4,718,321	2.1%
15	Argo Data Resource Corporation	1	95	140,246	1.5%	3,718,923	1.7%
16	Monsanto Company	1	52	127,778	1.3%	3,019,394	1.3%
17	Federal National Mortgage Association	1	12	123,144	1.3%	2,695,622	1.2%
18	Vail Corp d/b/a Vail Resorts (d)	2	42, 90	122,232	1.3%	3,478,650	1.6%
19	Kaiser Foundation Health Plan	1	104	120,979	1.3%	3,091,345	1.4%
20	Centene Management Company, LLC (e)	1	93	117,618	1.2%	-	-
			Total	3,569,675	37.1%	\$ 95,581,575	42.7%

(a) Includes 180,444 and 27,398 square feet which expire in 2018 & 2017, respectively. The remaining 15,591 square feet expire between 2016 - 2020.

(b) Includes 102,600 square feet which expire 7/31/16 and 100,000 square feet that expire 7/31/19.

(c) Includes 23,217 square feet, which expire 4/30/16 and 32,171 square feet, which expire 10/31/26. The remaining 127,500 square feet expire 9/30/21.

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

(e) The lease was executed June 30, 2015 and rent has not commenced.



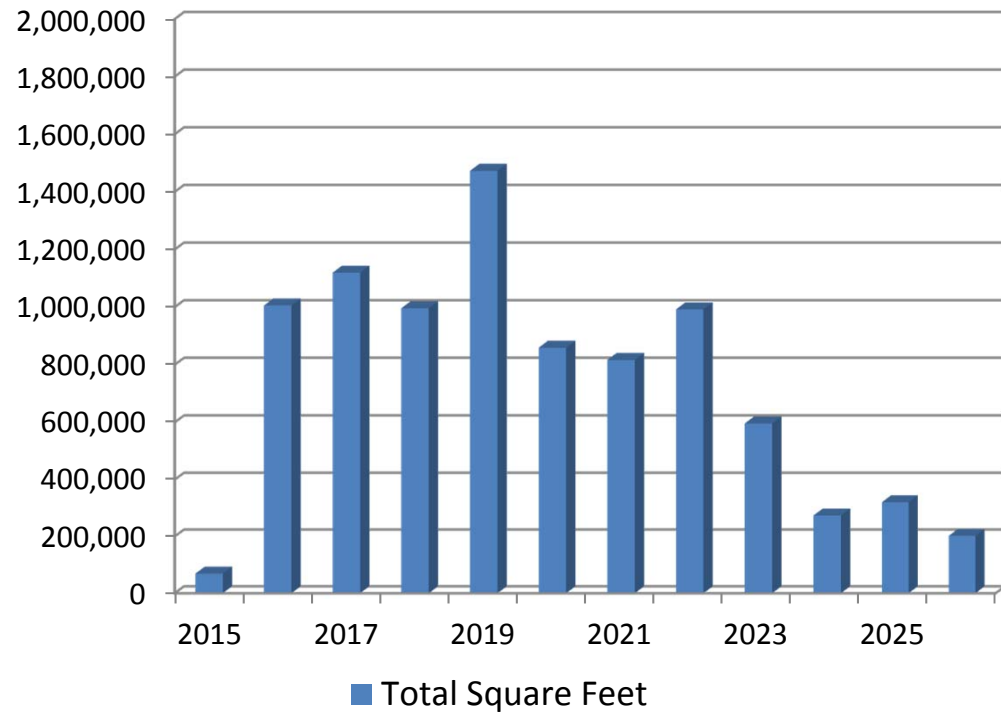
Leasing Activity (Owned Portfolio)

	Nine Months Ended	Year Ended	Year Ended
	30-Sep-15	31-Dec-14	31-Dec-13
Leasing Activity (in Square Feet - SF)			
New leasing	262,000	149,000	267,000
Renewals	454,000	635,000	645,000
	<u>716,000</u>	<u>784,000</u>	<u>912,000</u>
 Other information per SF (Activity on a year-to-date basis)			
GAAP Rents on leasing	\$ 26.70	\$ 26.89	\$ 23.33
Weighted average lease term	5.2 Years	6.25 Years	7.2 Years
 Increase over average GAAP rents in prior year	 12.9%	 11.8%	 8.0%
 Average free rent	 3 Months	 3 Months	 3 Months
Tenant Improvements	\$ 16.88	\$ 16.40	\$ 18.25
Leasing Costs	\$ 6.33	\$ 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	69,019	0.7%
2016	1,005,764	10.4%
2017	1,119,778	11.6%
2018	996,420	10.3%
2019	1,473,328	15.3%
2020	859,385	8.9%
2021	816,955	8.5%
2022	992,342	10.3%
2023	596,384	6.2%
2024	273,770	2.9%
2025	320,471	3.3%
2026	202,054	2.1%
Vacant	915,234	9.5%
Total	9,640,904	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 (a)	Rentable Square Footage Subject to Expiring Leases	Annualized Rent Under Expiring Leases (b)	Annualized Rent Per Square Foot Under Expiring Leases	Percentage of Total Annualized Rent Under Expiring Leases	Cumulative Total
2015	21 (c)	69,019	\$ 1,996,865	\$ 28.93	0.9%	0.9%
2016	65	1,005,764	21,309,028	21.19	9.5%	10.4%
2017	71	1,119,778	32,867,345	29.35	14.7%	25.1%
2018	74	996,420	29,078,109	29.18	13.0%	38.1%
2019	62	1,473,328	41,082,293	27.88	18.4%	56.4%
2020	58	859,385	22,049,788	25.66	9.8%	66.3%
2021	26	816,955	19,713,951	24.13	8.8%	75.1%
2022	25	992,342	28,891,248	29.11	12.9%	88.0%
2023	19	596,384	11,562,784	19.39	5.2%	93.2%
2024	7	273,770	6,862,689	25.07	3.1%	96.2%
2025 and thereafter	17	522,525 (d)	8,447,095	16.17	3.8%	100.0%
	445	8,725,670	\$ 223,861,194	\$ 25.66	100.0%	
Vacancies as of 9/30/15		915,234				
Total Portfolio Square Footage		<u>9,640,904</u>				

(a) The number of leases approximates the number of tenants. Tenants with lease maturities in different years are included in annual totals for each lease. Tenants may have multiple leases in the same year.

(b) Annualized rent represents the monthly rent charged, including tenant reimbursements, for each lease in effect at September 30, 2015 multiplied by 12. Tenant reimbursements generally include payment of real estate taxes, operating expenses and common area maintenance and utility charges.

(c) Includes 13 leases that are month-to-month.

(d) Includes 68,281 square feet that are non-revenue producing building amenities.



Capital Expenditures

(in thousands)

	For the Three Months Ended			Nine Months
	31-Mar-15	30-Jun-15	30-Sep-15	Ended 30-Sep-15
Tenant improvements	\$ 2,936	\$ 3,420	\$ 1,794	\$ 8,150
Deferred leasing costs	830	1,539	1,490	3,859
Non-investment capex	643	1,418	1,090	3,151
Recurring Capital Expenditures	4,409	6,377	4,374	15,160
1st generation leasing	1,934	712	451	3,097
Investment capex	230	243	558	1,031
Total Capital Expenditures	\$ 6,573	\$ 7,332	\$ 5,383	\$ 19,288



121 South 8th Street, Minneapolis, MN

	For the Three Months Ended				Year ended
	31-Mar-14	30-Jun-14	30-Sep-14	31-Dec-14	31-Dec-14
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	2,576	6,244	3,889	6,500	19,209
1st generation leasing	33	9	394	580	1,016
Investment capex	755	580	244	516	2,095
Total Capital Expenditures	\$ 3,364	\$ 6,833	\$ 4,527	\$ 7,596	\$ 22,320



Transaction Activity

(in thousands except for Square Feet)

Recent Acquisitions:

	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>Date Acquired</u>	<u>Purchase Price</u>
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 Proceeds</u>	<u>Gains 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
Park Seneca	Charlotte	NC	109,699	5/13/15	8,150	948
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)

(dollars in thousands)

<u>Sponsored REIT</u>	<u>Location</u>	<u>Maturity Date</u>	<u>Maximum Amount of Loan</u>	<u>Amount Drawn at 30-Sep-15</u>	<u>Interest Rate (1)</u>	<u>Draw Fee (2)</u>	<u>Interest Rate at 30-Sep-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%	4.60%
FSP 1441 Main Street Corp.	Columbia, SC	31-Mar-16	10,800	9,000	L+4.4%	0.5%	4.60%
FSP Energy Tower I Corp.	Houston, TX	30-Jun-17	20,000	8,600	L+5.0%	0.5%	5.20%
Secured construction loan							
FSP 385 Interlocken Development Corp.	Broomfield, CO	30-Apr-16	42,000	37,541	L+4.4%	n/a	4.60%
Mortgage loan secured by property							
FSP Energy Tower I Corp.	Houston, TX	30-Jun-17	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>30-Sep-15</u>	Loans outstanding on secured RE	\$ 93,641	Leased SF to be FFO producing
Total Market Capitalization Values		Investments in SARs (book basis)	77,853	During 2015 (in 000's) <u>74</u>
Shares outstanding	100,187.4	Straight-line rent receivable	47,330	
Closing price	\$ 10.75	Asset held for sale	-	Straight-line rental revenue current quarter
Market capitalization	\$ 1,077,015	Cash and cash equivalents	19,100	<u>\$ 930</u>
Debt	<u>920,000</u>	Restricted cash	34	Management fee income current quarter
Total Market Capitalization	<u>\$ 1,997,015</u>	Tenant rent receivables	3,548	\$ 177
		Prepaid expenses	956	Interest income from secured loans
		Office computers and furniture	551	<u>\$ 1,470</u>
		Other assets:		FFO from non-consolidated REITs - Q1 2015 (7):
	3 Months	Deferred financing costs, net	7,637	East Wacker
	Ended	Other assets: Derivative Market Value	-	\$ 680
NOI Components	<u>30-Sep-15</u>	Phoenix Tower Liquidating Trust (6)	4	Grand Boulevard
Same Store NOI (1)	\$ 32,744	Other assets	<u>1,176</u>	<u>\$ 885</u>
Acquisitions (1) (2)	1,067		<u>\$ 251,830</u>	
Property NOI (1)	33,811		-	
Full quarter adjustment (3)	-			
Stabilized portfolio	<u>\$ 33,811</u>			
Financial Statement Reconciliation:		Liabilities:		
Rental Revenue	\$ 60,386	Debt	\$ 920,000	
Rental operating expenses	(15,951)	Accounts payable & accrued expenses	45,400	
Real estate taxes and insurance	(9,941)	Tenant security deposits	4,349	
NOI on assets sold during the quarter	(6)	Other liabilities: derivative liability	<u>12,096</u>	
Taxes (4)	(129)		<u>\$ 981,845</u>	
Management fees & other (5)	(548)		-	
Property NOI (1)	<u>\$ 33,811</u>			

Footnotes to the components

- (1) See pages 11 & 28 for definitions and reconciliations
- (2) Includes NOI from 3 acquisitions 2013
- (3) Adjustment to reflect property NOI for a full quarter in the quarter acquired, if necessary
- (4) HB3 Tax in Texas is classified as an income tax, though we treat it as a real estate tax in Property NOI
- (5) Management & other fees are eliminated in consolidation but included 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.



Investor Relations Contact:

Georgia Touma

(877) 686-9496

InvestorRelations@franklinstreetproperties.com



One & Two Ravinia Drive, Atlanta, GA

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

www.franklinstreetproperties.com