PRESS RELEASE **Franklin Street Properties Corp.**

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Contact: Georgia Touma (877) 686-9496 **For Immediate Release**

Franklin Street Properties Corp. Announces Fourth Quarter and Annual 2016 Results

Wakefield, MA—February 14, 2017—Franklin Street Properties Corp. (the "Company", "FSP", "we" or "our") (NYSE MKT: FSP), a real estate investment trust (REIT), announced its results for the fourth quarter and year ended December 31, 2016.

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

"As 2017 begins, FSP expects to see Funds From Operations (FFO) growth for the full year, resulting in between \$1.04 and \$1.09 per fully diluted share. We expect growth to be led by contributions from increased leasing activity at our properties, full year contribution from our 2016 acquisitions and anticipated successful results from our redevelopment of 801 Marquette in downtown Minneapolis. Over the past several years, the portfolio transition efforts at FSP have resulted in positioning a significant portion of our portfolio into more urban and infill locations. Over 75% of our portfolio is now located within our five core markets of Atlanta, Dallas, Denver, Houston, and Minneapolis. We are optimistic about our prospects for long-term growth and look forward with anticipation to 2017 and beyond."

Highlights

- FFO was \$26.9 million and \$106.3 million or \$0.25 and \$1.03 per share for the fourth quarter and year ended December 31, 2016, respectively. Net Income was \$1.7 million and \$8.4 million or \$0.02 and \$0.08 per share for the fourth quarter and year ended December 31, 2016, respectively.
- We are maintaining our full year FFO guidance for 2017 to be in the range of approximately \$1.04 to \$1.09 per diluted share and, for the first quarter of 2017, we estimate FFO to be in the range of approximately \$0.25 to \$0.26 per diluted share.
- Adjusted Funds From Operations (AFFO) was \$0.13 and \$0.70 per diluted share for the fourth quarter and year ended December 31, 2016.
- Portfolio was approximately 89.3% leased as of December 31, 2016.
- On December 1, 2016, we acquired an approximately 613,527 square foot property known as Dominion Towers located at 600 17th Street in Denver, Colorado for approximately \$154 million. We funded the acquisition with the proceeds of a \$150 million unsecured, two-year bridge loan that closed on November 30, 2016 and existing cash on hand.
- On December 16, 2016, we sold a property located in Federal Way, Washington and received approximately \$7.3 million in net proceeds, and on January 6, 2017, we sold a property located in Milpitas, California and received approximately \$6.2 million in net proceeds.

Leasing and Development Update

- Our directly owned real estate portfolio of 36 properties totaling approximately 10.2 million square feet was approximately 89.3% leased as of December 31, 2016.
- During the quarter, we leased approximately 325,000 square feet, of which approximately 88,000 square feet was with new tenants. During 2016, we leased approximately 1,194,000 square feet, which represents nearly 12% of the total portfolio. Renewals accounted for approximately 75%, or approximately 895,000 square feet of the total leasing during 2016.
- Executed an expansion and extension with Alliance Data Systems, the anchor tenant at One Legacy Circle in Plano, Texas, for approximately 107,700 square feet until June 2026.
- The 801 Marquette Avenue demolition is complete and the building is open for tours. Delivery of the completed project is expected by the end of the second quarter of 2017. Leasing activity and market/tenant reception have been positive to date.

Acquisition and Disposition Update

- On December 1, 2016, FSP expanded its presence in downtown Denver, Colorado to nearly two million square feet with the off market acquisition of the approximately 613,527 square foot property known as Dominion Towers located at 600 17th Street, for approximately $154 million.
- On December 16, 2016, FSP sold its approximately 117,000 square foot office property located in Federal Way, Washington, which was our only property remaining in that market for approximately $7.3 million in net proceeds.
- On January 6, 2017, FSP sold its approximately 36,000 square foot office property in Milpitas, California, which was our only property remaining in that market for approximately $6.2 million in net proceeds.
- Although substantially complete, FSP will continue to transition out of remaining non-core assets when appropriate values/pricing are achieved.

Dividend Update

On January 6, 2017, the Company announced that its Board of Directors declared a regular quarterly dividend for the three months ended December 31, 2016 of $0.19 per share of common stock that will be paid on February 9, 2017 to stockholders of record on January 20, 2017.

Non-GAAP Financial Information

A reconciliation of Net Income to FFO and AFFO and our definitions of FFO and AFFO can be found on Supplementary Schedule H.

FFO Guidance

We are maintaining our full year FFO guidance for 2017 to be in the range of approximately $1.04 to $1.09 per diluted share and, for the first quarter of 2017, we estimate FFO to be in the range of approximately $0.25 to $0.26 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 general and administrative 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 December 31, 2016. The Company will also be filing an updated supplemental information package that will provide stockholders and the financial community with additional operating and financial data. The Company will file this supplemental information package with the SEC and make it available on its website at www.fspreit.com.

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

Earnings Call

A conference call is scheduled for February 15, 2017 at 10:00 a.m. (ET) to discuss the fourth quarter and year-end 2016 results. To access the call, please dial 1-800-464-8240. Internationally, the call may be accessed by dialing 1-412-902-6521. To access the call from Canada, please dial 1-866-605-3852. To listen via live audio webcast, please visit the Webcasts & Presentations section in the Investor Relations section of the Company's website (www.fspreit.com) at least ten minutes prior to the start of the call and follow the posted directions. The webcast will also be available via replay from the above location starting one hour after the call is finished.

About Franklin Street Properties Corp.

Franklin Street Properties Corp., based in Wakefield, Massachusetts, is focused on 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.fspreit.com.

Forward-Looking Statements

Statements made in this press release that state FSP’s or management’s intentions, beliefs, expectations, or predictions for the future may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This press release may also contain forward-looking statements, such as expectations for FFO in future periods and the timing and impact of the ongoing redevelopment of the 801 Marquette Avenue property, that are based on current judgments and current knowledge of management and are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those indicated in such forward-looking statements. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements. Investors are cautioned that our forward-looking statements involve risks and uncertainty, including without limitation, 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, delays in construction schedules, 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, 2016, as the same may be updated from time to time in subsequent filings with the United States Securities and Exchange Commission. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, acquisitions, dispositions, performance or achievements. We will not update any of the forward-looking statements after the date of this press release to conform them to actual results or to changes in our expectations that occur after such date, other than as required by law.

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)

	For the Three Months Ended December 31,		For the Year Ended December 31,	
(in thousands, except per share amounts)	**2016**	**2015**	**2016**	**2015**
Revenue:				
Rental	$ 64,611	$ 59,656	$ 244,349	$ 237,856
Related party revenue:				
Management fees and interest income from loans	1,357	1,575	5,465	5,930
Other	20	19	74	81
Total revenue	65,988	61,250	249,888	243,867
Expenses:				
Real estate operating expenses	18,209	15,939	65,335	61,890
Real estate taxes and insurance	10,618	9,202	40,140	38,660
Depreciation and amortization	24,957	22,569	93,052	91,359
Selling, general and administrative	3,683	3,128	14,126	13,291
Interest	6,931	6,455	26,548	25,432
Total expenses	64,398	57,293	239,201	230,632
Income before interest income, equity in losses of non-consolidated REITs, other, gain (loss) on sale of properties and property held for sale, less applicable income tax and taxes	1,590	3,957	10,687	13,235
Interest income	—	—	—	1
Equity in losses of non-consolidated REITs	(263)	(807)	(831)	(1,451)
Other	2,266	—	1,878	—
Gain (loss) on sale of properties and property held for sale, less applicable income tax	(1,772)	12,251	(2,938)	23,662
Income before taxes on income	1,821	15,401	8,796	35,447
Taxes on income	92	(11)	418	433
Net income	$ 1,729	$ 15,412	$ 8,378	$ 35,014
Weighted average number of shares outstanding, basic and diluted	107,231	100,187	102,843	100,187
Net income per share, basic and diluted	$ 0.02	$ 0.15	$ 0.08	$ 0.35

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

(in thousands, except share and par value amounts)	December 31, 2016	December 31, 2015
Assets:		
Real estate assets:		
Land	$ 196,178	$ 170,021
Buildings and improvements	1,822,183	1,637,066
Fixtures and equipment	4,136	2,528
	2,022,497	1,809,615
Less accumulated depreciation	337,228	299,991
Real estate assets, net	1,685,269	1,509,624
Acquired real estate leases, less accumulated amortization of $112,441 and $112,844, respectively	125,491	108,046
Investment in non-consolidated REITs	75,165	77,019
Asset held for sale	3,871	—
Cash and cash equivalents	9,335	18,163
Restricted cash	31	23
Tenant rent receivables, less allowance for doubtful accounts of $100 and $130, respectively	3,113	2,898
Straight-line rent receivable, less allowance for doubtful accounts of $50 and $50, respectively	50,930	48,502
Prepaid expenses and other assets	5,231	5,484
Related party mortgage loan receivables	81,780	118,641
Other assets: derivative asset	12,907	1,132
Office computers and furniture, net of accumulated depreciation of $1,277 and $1,333, respectively	313	484
Deferred leasing commissions, net of accumulated amortization of $18,301 and $20,002, respectively	34,697	28,999
Total assets	$ 2,088,133	$ 1,919,015
Liabilities and Stockholders' Equity:		
Liabilities:		
Bank note payable	$ 280,000	$ 290,000
Term loans payable, less unamortized financing costs of $4,783 and $2,353, respectively	765,217	617,647
Accounts payable and accrued expenses	57,259	49,489
Accrued compensation	3,784	3,726
Tenant security deposits	5,355	4,829
Other liabilities: derivative liabilities	5,551	8,243
Acquired unfavorable real estate leases, less accumulated amortization of $8,422 and $9,368, respectively	8,923	9,425
Total liabilities	1,126,089	983,359
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, 107,231,155 and 100,187,405 shares issued and outstanding, respectively	11	10
Additional paid-in capital	1,356,457	1,273,556
Accumulated other comprehensive loss	5,478	(7,111)
Accumulated distributions in excess of accumulated earnings	(399,902)	(330,799)
Total stockholders' equity	962,044	935,656
Total liabilities and stockholders' equity	$ 2,088,133	$ 1,919,015

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

(in thousands)	For the Year Ended December 31, 2016	2015
Cash flows from operating activities:		
Net income	$ 8,378	$ 35,014
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	95,243	93,426
Amortization of above market lease	(496)	(158)
Equity in losses of non-consolidated REITs	831	1,451
Hedge ineffectiveness	(1,878)	—
Gain (loss) on sale of properties, less applicable income tax	2,938	(23,662)
Increase (decrease) in allowance for doubtful accounts	(30)	(195)
Changes in operating assets and liabilities:		
Restricted cash	(8)	719
Tenant rent receivables	(185)	2,030
Straight-line rents	(1,977)	(2,448)
Lease acquisition costs	(1,095)	(1,487)
Prepaid expenses and other assets	(721)	422
Accounts payable, accrued expenses and other items	5,751	5,505
Accrued compensation	58	(32)
Tenant security deposits	526	581
Payment of deferred leasing commissions	(12,965)	(8,276)
Net cash provided by operating activities	94,370	102,890
Cash flows from investing activities:		
Property acquisitions	(221,119)	(66,104)
Acquired real estate leases	(51,509)	(10,604)
Property improvements, fixtures and equipment	(37,490)	(21,929)
Distributions in excess of earnings from non-consolidated REITs	1,023	107
Repayment of related party mortgage loan receivable	39,861	—
Investment in related party mortgage loan receivable	(3,000)	(25,000)
Proceeds received on sales of real estate assets	27,262	85,426
Net cash used in investing activities	(244,972)	(38,104)
Cash flows from financing activities:		
Distributions to stockholders	(77,481)	(76,142)
Proceeds from equity offering	83,511	—
Offering costs	(609)	—
Borrowings under bank note payable	175,000	110,000
Repayments of bank note payable	(185,000)	(88,000)
Borrowing of term loan payable	150,000	—
Deferred financing costs	(3,647)	—
Net cash provided by (used in) financing activities	141,774	(54,142)
Net increase (decrease) in cash and cash equivalents	(8,828)	10,644
Cash and cash equivalents, beginning of year	18,163	7,519
Cash and cash equivalents, end of period	$ 9,335	$ 18,163

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

Commercial portfolio lease expirations (1)

Year	Total Square Feet	% of Portfolio
2017	704,297	6.9%
2018	1,219,193	12.0%
2019	1,359,362	13.4%
2020	1,017,262	10.0%
2021	856,990	8.4%
Thereafter (2)	5,006,511	49.3%
	10,163,615	100.0%

(1) Percentages are determined based upon total square footage.
(2) Includes 1,086,285 square feet of current vacancies.

(dollars & square feet in 000's)	As of December 31, 2016				
State	# of Properties	Investment	% of Portfolio	Square Feet	% of Portfolio
Texas	9	$ 357,151	21.3%	2,417	23.8%
Colorado	6	545,708	32.5%	2,607	25.7%
Georgia	5	324,796	19.4%	1,998	19.7%
Virginia	4	90,478	5.4%	685	6.7%
Minnesota (a)	2	91,645	5.5%	632	6.2%
North Carolina	2	53,656	3.2%	322	3.2%
Missouri	2	49,137	2.9%	352	3.4%
Illinois	2	44,450	2.7%	372	3.6%
Maryland	1	49,394	2.9%	325	3.2%
Florida	1	40,507	2.4%	213	2.1%
Indiana	1	30,084	1.8%	205	2.0%
California (b)	1	—	—	36	0.4%
Total	36	$ 1,677,006	100.0%	10,164	100.0%

(a) Excludes approximately $8,263, which is our investment in a property being redeveloped.
(b) Excludes asset held for sale of $3,871, which was sold on January 6, 2017.

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				Year ended
	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16	31-Dec-16
Tenant improvements	$ 1,929	$ 1,329	$ 3,325	$ 7,885	$ 14,468
Deferred leasing costs	1,613	4,966	2,247	3,783	12,609
Non-investment capex	438	1,052	2,211	1,842	5,543
	$ 3,980	$ 7,347	$ 7,783	$ 13,510	$ 32,620

	For the Three Months Ended:				Year ended
	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	31-Dec-15
Tenant improvements	$ 2,936	$ 3,420	$ 1,794	$ 3,788	$ 11,938
Deferred leasing costs	830	1,539	1,490	3,952	7,811
Non-investment capex	643	1,411	1,090	1,162	4,306
	$ 4,409	$ 6,370	$ 4,374	$ 8,902	$ 24,055

Square foot & leased percentages	December 31, 2016	December 31, 2015
Owned portfolio of commercial real estate		
Number of properties (a)	36	36
Square feet	10,163,615	9,494,953
Leased percentage	89.3%	91.6%
Investments in non-consolidated REITs		
Number of properties	2	2
Square feet	1,396,071	1,396,071
Leased percentage	78.1%	73.5%
Single Asset REITs (SARs) managed		
Number of properties	5	7
Square feet	1,075,135	1,487,026
Leased percentage	89.6%	77.0%
Total owned, investments & managed properties		
Number of properties	43	45
Square feet	12,634,821	12,378,050
Leased percentage	88.1%	87.8%

(a) Excludes property in redevelopment in 2016.

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

Single Asset REIT name	City	State	Square Feet	% Leased 31-Dec-16	% Interest Held
FSP 303 East Wacker Drive Corp.	Chicago	IL	861,000	73.5%	43.7%
FSP Grand Boulevard Corp.	Kansas City	MO	535,071	85.4%	27.0%
			1,396,071	78.1%	

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

	Property Name	Location	Square Feet	% Leased (1) as of 30-Sep-16	Third Quarter Average % Leased (2)	% Leased (1) as of 31-Dec-16	Fourth Quarter Average % Leased (2)
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	234,496	100.0%	98.8%	100.0%	100.0%
	FEDERAL WAY (3)	Federal Way, WA	—	61.6%	61.6%	**(3)**	**(3)**
5	NORTHWEST POINT	Elk Grove Village, IL	176,848	100.0%	100.0%	100.0%	100.0%
6	TIMBERLAKE EAST	Chesterfield, MO	117,036	100.0%	98.7%	100.0%	100.0%
7	PARK TEN	Houston, TX	157,460	65.4%	65.4%	65.4%	65.4%
8	ADDISON	Addison, TX	288,667	94.0%	97.2%	97.0%	95.0%
9	COLLINS CROSSING	Richardson, TX	300,887	100.0%	100.0%	100.0%	100.0%
10	GREENWOOD PLAZA	Englewood, CO	196,236	100.0%	100.0%	100.0%	100.0%
11	RIVER CROSSING	Indianapolis, IN	205,059	96.6%	93.4%	96.6%	96.6%
12	LIBERTY PLAZA	Addison, TX	218,934	81.5%	81.8%	81.3%	80.9%
13	INNSBROOK	Glen Allen, VA	298,456	100.0%	100.0%	100.0%	100.0%
14	380 INTERLOCKEN	Broomfield, CO	240,185	93.2%	93.2%	82.7%	85.3%
15	BLUE LAGOON	Miami, FL	212,619	100.0%	100.0%	100.0%	100.0%
16	ELDRIDGE GREEN	Houston, TX	248,399	100.0%	100.0%	100.0%	100.0%
17	ONE OVERTON PARK	Atlanta, GA	387,267	94.0%	92.6%	80.7%	87.2%
18	390 INTERLOCKEN	Broomfield, CO	241,751	95.2%	95.2%	96.1%	95.8%
19	EAST BALTIMORE	Baltimore, MD	325,445	76.5%	81.3%	76.5%	76.5%
20	PARK TEN PHASE II	Houston, TX	156,746	100.0%	100.0%	100.0%	100.0%
21	LOUDOUN TECH	Dulles, VA	136,658	92.0%	92.0%	92.0%	92.0%
22	4807 STONECROFT	Chantilly, VA	111,469	100.0%	100.0%	100.0%	100.0%
23	121 SOUTH EIGHTH ST	Minneapolis, MN	305,990	56.0%	56.4%	61.1%	57.7%
24	EMPEROR BOULEVARD	Durham, NC	259,531	100.0%	100.0%	100.0%	100.0%
25	LEGACY TENNYSON CTR	Plano, TX	202,600	65.6%	77.1%	65.6%	65.6%
26	ONE LEGACY	Plano, TX	214,110	100.0%	100.0%	100.0%	100.0%
27	909 DAVIS	Evanston, IL	195,080	80.5%	80.5%	86.1%	86.1%
28	ONE RAVINIA DRIVE	Atlanta, GA	386,603	91.8%	92.6%	90.9%	91.2%
29	TWO RAVINIA	Atlanta, GA	442,130	78.1%	78.1%	79.0%	78.7%
30	WESTCHASE I & II	Houston, TX	629,025	84.0%	84.1%	83.4%	83.4%
31	1999 BROADWAY	Denver, CO	676,379	81.5%	81.3%	74.8%	74.3%
32	999 PEACHTREE	Atlanta, GA	621,946	95.7%	95.7%	97.5%	97.5%
33	1001 17th STREET	Denver, CO	655,413	89.0%	88.1%	89.9%	89.3%
34	PLAZA SEVEN	Minneapolis, MN	326,413	95.6%	95.6%	95.6%	95.6%
35	PERSHING PLAZA	Atlanta, GA	160,145	97.4%	97.4%	97.4%	97.4%
36	600 17th STREET (4)	Denver, CO	596,595	(4)	(4)	92.7%	92.7%
	TOTAL WEIGHTED AVERAGE		**10,163,615**	**89.5%**	**89.8%**	**89.3%**	**89.0%**

(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) Property was sold on December 16, 2016.
(4) Property was acquired December 1, 2016. Averages are for the period held in the fourth 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 December 31, 2016

	Tenant	Sq Ft	% of Portfolio
1	Quintiles IMS Healthcare Incorporated	259,531	2.9%
2	US Government	255,610	2.8%
3	CITGO Petroleum Corporation	248,399	2.7%
4	Newfield Exploration Company	234,495	2.6%
5	Sutherland Asbill & Brennan LLP	222,422	2.5%
6	Burger King Corporation	212,619	2.3%
7	Centene Management Company, LLC	206,262	2.3%
8	Citicorp Credit Services, Inc.	176,848	1.9%
9	EOG Resources, Inc.	174,215	1.9%
10	SunTrust Bank	159,671	1.8%
11	T-Mobile South, LLC dba T-Mobile	151,792	1.7%
12	Petrobras America, Inc.	144,813	1.6%
13	Murphy Exploration & Production Company	144,677	1.6%
14	Jones Day	140,342	1.5%
15	Argo Data Resource Corporation	140,246	1.5%
16	Vail Corp d/b/a Vail Resorts	125,588	1.4%
17	Federal National Mortgage Association	123,144	1.4%
18	Kaiser Foundation Health Plan	120,979	1.3%
19	Giesecke & Devrient America	112,110	1.2%
20	Houghton Mifflin Harcourt Publishing Company	111,550	1.2%
	Total	3,465,313	38.2%

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

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

Reconciliation of Net Income to FFO and AFFO:	Three Months Ended December 31,		Year Ended December 31,	
(In thousands, except per share amounts)	2016	2015	2016	2015
Net income	$ 1,729	$ 15,412	$ 8,378	$ 35,014
Gain (loss) on sale of properties and property held for sale, less applicable income tax	1,772	(12,251)	2,938	(23,662)
GAAP loss from non-consolidated REITs	263	807	831	1,451
FFO from non-consolidated REITs	714	601	3,041	2,732
Depreciation & amortization	24,565	22,507	92,556	91,201
NAREIT FFO	29,043	27,076	107,744	106,736
Hedge ineffectiveness	(2,266)	—	(1,878)	—
Acquisition costs of new properties	130	—	479	154
Funds From Operations (FFO)	$ 26,907	$ 27,076	$ 106,345	$ 106,890
Funds From Operations (FFO)	$ 26,907	$ 27,076	$ 106,345	$ 106,890
Reverse FFO from non-consolidated REITs	(714)	(601)	(3,041)	(2,732)
Distributions from non-consolidated REITs	332	26	1,023	107
Amortization of deferred financing costs	535	518	2,191	2,068
Straight-line rent	117	(875)	(1,977)	(2,448)
Tenant improvements	(7,885)	(3,788)	(14,468)	(11,938)
Leasing commissions	(3,783)	(3,952)	(12,609)	(7,811)
Non-investment capex	(1,842)	(1,162)	(5,543)	(4,306)
Adjusted Funds From Operations (AFFO)	$ 13,667	$ 17,242	$ 71,921	$ 79,830
Per Share Data				
EPS	$ 0.02	$ 0.15	$ 0.08	$ 0.35
FFO	$ 0.25	$ 0.27	$ 1.03	$ 1.07
AFFO	$ 0.13	$ 0.17	$ 0.70	$ 0.80
Weighted average shares (basic and diluted)	107,231	100,187	102,843	100,187

During the three months ended June 30, 2016 we changed the definition of FFO to exclude hedge ineffectiveness, which does not affect any prior period. Our interest rate swaps effectively fix interest rates on our term loans; however, there is no floor on the variable interest rate of the swaps whereas the current term loans are subject to a zero percent floor. As a result there is a mismatch and the ineffective portion of the derivatives' changes in fair value are recognized directly into earnings each quarter as hedge ineffectiveness. We believe that FFO excluding hedge ineffectiveness is useful supplemental information regarding our operating performance as it provides a more meaningful and consistent comparison of our operating performance and allows investors to more easily compare our operating results.

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, hedge ineffectiveness 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 as of May 17, 2016 in the table and note that other REITs may not define FFO in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently than we do.

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

Adjusted Funds From Operations ("AFFO")

The Company also evaluates performance based on Adjusted Funds From Operations, which we refer to as AFFO. The Company defines AFFO as (1) FFO, (2) excluding 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 and (5) less recurring capital expenditures that are generally for maintenance of properties, which we call non-investment capex or are second generation capital expenditures. Second generation costs include re-tenanting space after a tenant vacates, which include tenant improvements and leasing commissions.

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

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

Franklin Street Properties

Supplemental Operating and Financial Data

Fourth Quarter 2016

Franklin Street Properties Corp.
401 Edgewater Place | Wakefield, Massachusetts 01880
781.557.1300 | www.fspreit.com

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All financial information contained in this supplemental information package is unaudited. In addition, certain statements contained in this supplemental information package may be deemed to be forward-looking statements within the meaning of the federal securities laws. Although FSP believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved. Factors that could cause actual results to differ materially from FSP's current expectations include 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, which are detailed from time to time in FSP's reports filed with the Securities and Exchange Commission. FSP assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

1001 17th Street, Denver, CO

Company Information

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 December 31, 2016, the Company owned and operated a portfolio of real estate consisting of 36 properties, managed seven 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, develop or redevelop 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
Chief Executive Officer and Chairman of the Board

Jeffrey B. Carter
President and Chief Investment Officer

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

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

John F. Donahue
Executive Vice President

Eriel Anchondo
Executive Vice President and Chief Operating Officer

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

Snapshot (as of December 31, 2016)

Corporate Headquarters	Wakefield, MA
Fiscal Year-End	31-Dec
Total Properties	36
Total Square Feet	10.2 Million
Trading Symbol	FSP
Exchange	NYSE MKT
Common Shares Outstanding	107,231,155
Quarterly Dividend	$0.19
Dividend Yield	5.9%
Total Market Capitalization	$2.4 Billion
Insider Holdings	3.9%


999 Peachtree Street, Atlanta, GA

Summary of Financial Highlights

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

	31-Dec-16	30-Sep-16	30-Jun-16	31-Mar-16	31-Dec-15
Income Items:					
Rental revenue	$ 64,611	61,925	$ 59,453	$ 58,360	$ 59,656
Total revenue	65,988	63,280	60,807	59,813	61,250
Adjusted EBITDA*	32,823	32,356	32,144	31,637	32,112
Equity in losses of non-consolidated REITs	(263)	(196)	(86)	(286)	(807)
Net income	1,729	2,458	1,612	2,579	15,412
FFO*	26,907	26,670	26,731	26,037	27,076
Per Share Data:					
EPS	$ 0.02	0.02	$ 0.02	$ 0.03	$ 0.15
FFO*	$ 0.25	0.26	$ 0.27	$ 0.26	$ 0.27
Weighted Average Shares (diluted)	107,231	103,709	100,187	100,187	100,187
Closing share price	$ 12.96	12.60	$ 12.27	$ 10.61	$ 10.35
Dividend	$ 0.19	0.19	$ 0.19	$ 0.19	$ 0.19
Payout Ratio:	76%	74%	71%	73%	70%
Balance Sheet Items:					
Real estate, net	$ 1,685,269	1,567,521	$ 1,526,936	$ 1,487,281	$ 1,509,624
Other assets, net	402,864	372,924	368,481	374,104	409,391
Total assets, net	2,088,133	1,940,445	1,895,417	1,861,385	1,919,015
Total liabilities, net	1,126,089	977,497	1,000,434	948,301	983,359
Shareholders' equity	962,044	962,948	894,983	913,084	935,656
Market Capitalization and Debt:					
Total Market Capitalization (a)	$ 2,439,716	2,249,113	$ 2,159,299	$ 1,947,988	$ 1,946,940
Total debt outstanding (excluding unamortized financing costs)	1,050,000	898,000	930,000	885,000	910,000
Debt to Total Market Capitalization	43.0%	39.9%	43.1%	45.4%	46.7%
Debt to Adjusted EBITDA*	8.0	6.9	7.2	7.0	7.1
Owned Portfolio Leasing Statistics (b):					
Owned portfolio assets	36	36	35	35	36
Portfolio total SF	10,163,615	9,683,846	9,523,054	9,325,249	9,494,953
Portfolio % leased	89.3%	89.5%	90.1%	90.2%	91.6%

(a) Total Market Capitalization is the closing share price multiplied by the number of shares outstanding plus total debt outstanding on that date.
(b) For periods in 2016, excludes one property held for redevelopment located in Minneapolis, Minnesota.
* 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				Year Ended	For the Three Months Ended				For the Year Ended
	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16	31-Dec-16	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	31-Dec-15
Revenue:										
Rental	$ 58,360	$ 59,453	$ 61,925	$ 64,611	$ 244,349	$ 59,013	$ 58,801	$ 60,386	$ 59,656	$ 237,856
Related party revenue:										
Management fees and interest income from loans	1,433	1,337	1,338	1,357	5,465	1,473	1,412	1,470	1,575	5,930
Other	20	17	17	20	74	21	20	21	19	81
Total revenue	**59,813**	**60,807**	**63,280**	**65,988**	**249,888**	**60,507**	**60,233**	**61,877**	**61,250**	**243,867**
Expenses:										
Real estate operating expenses	15,292	14,929	16,905	18,209	65,335	15,356	14,644	15,951	15,939	61,890
Real estate taxes and insurance	9,150	10,154	10,218	10,618	40,140	10,048	9,469	9,941	9,202	38,660
Depreciation and amortization	22,445	22,352	23,298	24,957	93,052	22,672	23,207	22,911	22,569	91,359
Selling, general and administrative	3,530	3,494	3,419	3,683	14,126	3,691	3,401	3,071	3,128	13,291
Interest	6,433	6,417	6,767	6,931	26,548	6,187	6,365	6,425	6,455	25,432
Total expenses	**56,850**	**57,346**	**60,607**	**64,398**	**239,201**	**57,954**	**57,086**	**58,299**	**57,293**	**230,632**
Income before interest income, equity in losses of non-consolidated REITs, other, gain (loss) on sale of properties and property held for sale, less applicable income tax and taxes	2,963	3,461	2,673	1,590	10,687	2,553	3,147	3,578	3,957	13,235
Interest income	—	—	—	—	—	1	—	—	—	1
Equity in losses of non-consolidated REITs	(286)	(86)	(196)	(263)	(831)	(322)	(38)	(284)	(807)	(1,451)
Other	—	(1,009)	621	2,266	1,878	—	—	—	—	—
Gain (loss) on sale of properties and provision for loss on property held for sale, less applicable income tax	—	(643)	(523)	(1,772)	(2,938)	10,462	948	1	12,251	23,662
Income before taxes on income	2,677	1,723	2,575	1,821	8,796	12,694	4,057	3,295	15,401	35,447
Income tax expense	98	111	117	92	418	161	154	129	(11)	433
Net income	**$ 2,579**	**$ 1,612**	**$ 2,458**	**$ 1,729**	**$ 8,378**	**$ 12,533**	**$ 3,903**	**$ 3,166**	**$ 15,412**	**$ 35,014**
Weighted average number of shares outstanding, basic and diluted	100,187	100,187	103,709	107,231	102,843	100,187	100,187	100,187	100,187	100,187
Net income per share, basic and diluted	**$ 0.03**	**$ 0.02**	**$ 0.02**	**$ 0.02**	**$ 0.08**	**$ 0.13**	**$ 0.04**	**$ 0.03**	**$ 0.15**	**$ 0.35**

Condensed Consolidated Balance Sheets
(in thousands)

	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015
Assets:								
Real estate assets:								
Land	$ 168,120	$ 172,205	$ 177,505	$ 196,178	$ 174,707	$ 180,271	$ 180,271	$ 170,021
Buildings and improvements	1,625,819	1,667,507	1,713,296	1,822,183	1,581,524	1,636,444	1,639,869	1,637,066
Fixtures and equipment	2,649	2,771	3,205	4,136	1,724	1,800	1,882	2,528
	1,796,588	1,842,483	1,894,006	2,022,497	1,757,955	1,818,515	1,822,022	1,809,615
Less accumulated depreciation	309,307	315,547	326,485	337,228	271,058	279,172	291,331	299,991
Real estate assets, net	1,487,281	1,526,936	1,567,521	1,685,269	1,486,897	1,539,343	1,530,691	1,509,624
Acquired real estate leases, net	99,102	104,350	102,226	125,491	124,337	126,926	117,272	108,046
Investment in non-consolidated REITs	76,707	76,289	75,761	75,165	78,228	78,164	77,853	77,019
Asset held for sale	15,921	9,275	8,893	3,871	—	—	—	—
Cash and cash equivalents	14,316	7,524	13,372	9,335	14,945	15,841	19,100	18,163
Restricted cash	10	3	48	31	56	48	34	23
Tenant rent receivables, net	3,691	3,268	3,331	3,113	4,587	2,886	3,548	2,898
Straight-line rent receivable, net	49,696	50,196	50,742	50,930	45,498	46,168	47,330	48,502
Prepaid expenses and other assets	5,943	5,875	6,460	5,231	10,475	6,278	7,187	5,484
Related party mortgage loan receivable	79,575	79,310	79,045	81,780	93,641	93,641	93,641	118,641
Other assets: derivative asset	—	—	—	12,907	774	918	—	1,132
Office computers and furniture, net of accumulated depreciation	438	385	370	313	588	562	551	484
Deferred leasing commissions, net	28,705	32,006	32,676	34,697	26,335	26,508	26,587	28,999
Total assets	**$ 1,861,385**	**$ 1,895,417**	**$ 1,940,445**	**$ 2,088,133**	**$ 1,886,361**	**$ 1,937,283**	**$ 1,923,794**	**$ 1,919,015**
Liabilities and Stockholders' Equity:								
Liabilities:								
Bank note payable	$ 265,000	$ 310,000	$ 278,000	$ 280,000	$ 240,000	$ 300,000	$ 300,000	$ 290,000
Term loan payable, net of unamortized financing costs	617,880	618,113	615,636	765,217	616,949	617,182	617,414	617,647
Accounts payable and accrued expenses	37,791	41,498	53,964	57,259	36,065	39,199	42,164	49,489
Accrued compensation	1,274	2,170	3,238	3,784	1,241	2,327	3,236	3,726
Tenant security deposits	4,433	4,693	4,719	5,355	4,019	4,315	4,349	4,829
Other liabilities: derivative liabilities	13,226	14,913	12,651	5,551	9,836	7,632	12,096	8,243
Acquired unfavorable real estate leases, net	8,697	9,047	9,289	8,923	9,921	11,082	10,241	9,425
Total liabilities	**948,301**	**1,000,434**	**977,497**	**1,126,089**	**918,031**	**981,737**	**989,500**	**983,359**
Commitments and contingencies								
Stockholders' Equity:								
Preferred stock	-	-	-	-	-	-	-	-
Common stock	10	10	11	11	10	10	10	10
Additional paid-in capital	1,273,556	1,273,556	1,356,457	1,356,457	1,273,556	1,273,556	1,273,556	1,273,556
Accumulated other comprehensive income (loss)	(13,226)	(13,904)	(12,263)	5,478	(9,062)	(6,714)	(12,096)	(7,111)
Accumulated distributions in excess of accumulated earnings	(347,256)	(364,679)	(381,257)	(399,902)	(296,174)	(311,306)	(327,176)	(330,799)
Total stockholders' equity	**913,084**	**894,983**	**962,948**	**962,044**	**968,330**	**955,546**	**934,294**	**935,656**
Total liabilities and stockholders' equity	**$ 1,861,385**	**$ 1,895,417**	**$ 1,940,445**	**$ 2,088,133**	**$ 1,886,361**	**$ 1,937,283**	**$ 1,923,794**	**$ 1,919,015**

Condensed Consolidated Statements of Cash Flows
(in thousands)

	Twelve Months ended December 31, 2016	2015	2014
Cash flows from operating activities:			
Net income	$ 8,378	$ 35,014	$ 13,148
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	95,243	93,426	97,916
Amortization of above market lease	(496)	(158)	635
Hedge ineffectiveness	(1,878)	—	—
(Gain) loss on sale of properties and property held for sale, less applicable income tax	2,938	(23,662)	(940)
Equity in earnings (losses) from non-consolidated REITs	831	1,451	1,760
Increase in allowance for doubtful accounts	(30)	(195)	275
Changes in operating assets and liabilities:			
Restricted cash	(8)	719	(99)
Tenant rent receivables	(185)	2,030	94
Straight-line rents	(1,977)	(2,448)	(4,737)
Lease acquisition costs	(1,095)	(1,487)	(440)
Prepaid expenses and other assets	(721)	422	700
Accounts payable and accrued expenses	5,751	5,505	206
Accrued compensation	58	(32)	773
Tenant security deposits	526	581	222
Payment of deferred leasing commissions	(12,965)	(8,276)	(6,347)
Net cash provided by operating activities	**94,370**	**102,890**	**103,166**
Cash flows from investing activities:			
Property acquisitions	(221,119)	(66,104)	—
Acquired real estate leases	(51,509)	(10,604)	—
Property improvements, fixtures and equipment	(37,407)	(21,929)	(18,561)
Office computers and furniture	(83)	—	—
Distributions in excess of earnings from non-consolidated REITs	1,023	107	107
Investment in related party mortgage loan receivable	(3,000)	(25,000)	(11,170)
Repayment of related party mortgage loan receivable	39,861	—	17,275
Proceeds received on sales of real estate assets	27,262	85,426	14,192
Net cash provided by (used in) investing activities	**(244,972)**	**(38,104)**	**1,843**
Cash flows from financing activities:			
Distributions to stockholders	(77,481)	(76,142)	(76,142)
Proceeds (costs) from equity offering, net	82,902	—	—
Borrowings under bank note payable	175,000	110,000	15,000
Repayments of bank note payable	(185,000)	(88,000)	(53,500)
Borrowing (repayment) of term loan payable, net	150,000	—	—
Deferred Financing Costs	(3,647)	—	(2,471)
Net cash provided by (used in) financing activities	**141,774**	**(54,142)**	**(117,113)**
Net increase (decrease) in cash and cash equivalents	(8,828)	10,644	(12,104)
Cash and cash equivalents, beginning of period	18,163	7,519	19,623
Cash and cash equivalents, end of period	**$ 9,335**	**$ 18,163**	**$ 7,519**

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

(in thousands)	Rentable Square Feet or RSF	Three Months Ended 31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16	Year Ended 31-Dec-16	Three Months Ended 31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	Year Ended 31-Dec-15	Inc (Dec)	% Change
Region													
East	1,332	$ 4,671	$ 4,604	$ 4,602	$ 4,527	$ 18,404	$ 4,736	$ 4,648	$ 4,703	$ 4,735	$ 18,822	$ (418)	(2.2)%
MidWest	1,235	2,958	3,103	2,973	2,882	11,916	2,915	2,941	2,950	3,419	12,225	(309)	(2.5)%
South	4,025	16,020	16,256	15,346	15,392	63,014	15,781	15,995	15,971	15,956	63,703	(689)	(1.1)%
West	2,046	8,302	8,467	8,038	7,799	32,606	7,720	8,077	8,071	7,892	31,760	846	2.7 %
Same Store	8,638	31,951	32,430	30,959	30,600	125,940	31,152	31,661	31,695	32,002	126,510	(570)	(0.5)%
Acquisitions	1,525	1,180	1,350	2,928	4,003	9,461	—	1,057	1,067	1,090	3,214	6,247	4.8 %
Property NOI* from the continuing portfolio	10,163	33,131	33,780	33,887	34,603	135,401	31,152	32,718	32,762	33,092	129,724	5,677	4.4 %
Dispositions, Non-Operating, Development or Redevelopment		336	129	157	91	713	1,871	1,178	1,055	852	4,956	(4,243)	(3.3)%
Property NOI*		$ 33,467	$ 33,909	$ 34,044	$ 34,694	$ 136,114	$ 33,023	$ 33,896	$ 33,817	$ 33,944	$ 134,680	$ 1,434	1.1 %
Same Store		$ 31,951	$ 32,430	$ 30,959	$ 30,600	$ 125,940	$ 31,152	$ 31,661	$ 31,695	$ 32,002	$ 126,510	$ (570)	(0.5)%
Less Nonrecurring Items in NOI* (a)		413	586	146	502	1,647	75	81	420	576	1,152	495	(0.4)%
Comparative Same Store		$ 31,538	$ 31,844	$ 30,813	$ 30,098	$ 124,293	$ 31,077	$ 31,580	$ 31,275	$ 31,426	$ 125,358	$ (1,065)	(0.8)%

(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 Definition of Non-GAAP Measures beginning on page 27.

FFO* & AFFO* Reconciliation

(in thousands, except per share amounts)

	For the Three Months Ended				Year Ended	For the Three Months Ended				Year Ended
	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16	**31-Dec-16**	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	**31-Dec-15**
Net income	$ 2,579	$ 1,612	$ 2,458	$ 1,729	$ **8,378**	$ 12,533	$ 3,903	$ 3,166	$ 15,412	$ **35,014**
(Gain) loss on sale of properties and property held for sale, less applicable income tax	—	643	523	1,772	**2,938**	(10,462)	(948)	(1)	(12,251)	**(23,662)**
GAAP income from non-consolidated REITs	286	86	196	263	**831**	322	38	284	807	**1,451**
FFO from non-consolidated REITs	645	895	787	714	**3,041**	601	885	645	601	**2,732**
Depreciation & amortization	22,527	22,352	23,112	24,565	**92,556**	22,678	23,168	22,848	22,507	**91,201**
NAREIT FFO*	26,037	25,588	27,076	29,043	**107,744**	25,672	27,046	26,942	27,076	**106,736**
Hedge ineffectiveness	—	1,009	(621)	(2,266)	**(1,878)**	—	—	—	—	**—**
Acquisition costs	—	134	215	130	**479**	—	142	12	—	**154**
Funds From Operations (FFO)*	$ 26,037	$ 26,731	$ 26,670	$ 26,907	$ **106,345**	$ 25,672	$ 27,188	$ 26,954	$ 27,076	$ **106,890**
Adjusted Funds From Operations (AFFO)*										
Funds From Operations (FFO)*	$ 26,037	$ 26,731	$ 26,670	$ 26,907	$ **106,345**	$ 25,672	$ 27,188	$ 26,954	$ 27,076	$ **106,890**
Reverse FFO from non-consolidated REITs	(645)	(895)	(787)	(714)	**(3,041)**	(601)	(885)	(645)	(601)	**(2,732)**
Distributions from non-consolidated REITs	27	332	332	332	**1,023**	27	27	27	26	**107**
Amortization of deferred financing costs	517	517	622	535	**2,191**	517	517	516	518	**2,068**
Straight-line rent	(1,275)	(700)	(119)	117	**(1,977)**	(69)	(574)	(930)	(875)	**(2,448)**
Tenant improvements	(1,929)	(1,329)	(3,325)	(7,885)	**(14,468)**	(2,936)	(3,420)	(1,794)	(3,788)	**(11,938)**
Leasing commissions	(1,613)	(4,966)	(2,247)	(3,783)	**(12,609)**	(830)	(1,539)	(1,490)	(3,952)	**(7,811)**
Non-investment capex	(438)	(1,052)	(2,211)	(1,842)	**(5,543)**	(643)	(1,411)	(1,090)	(1,162)	**(4,306)**
Adjusted Funds From Operations (AFFO)*	$ 20,681	$ 18,638	$ 18,935	$ 13,667	$ **71,921**	$ 21,137	$ 19,903	$ 21,548	$ 17,242	$ 79,830
Per Share Data:										
EPS	$ 0.03	$ 0.02	$ 0.02	$ 0.02	$ **0.08**	$ 0.13	$ 0.04	$ 0.03	$ 0.15	$ **0.35**
FFO*	0.26	0.27	0.26	0.25	**1.03**	0.26	0.27	0.27	0.27	**1.07**
AFFO*	0.21	0.19	0.18	0.13	**0.70**	0.21	0.20	0.22	0.17	**0.80**
Weighted Average Shares (basic and diluted)	100,187	100,187	103,709	107,231	**102,843**	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				Year Ended	Three Months Ended				Year Ended
	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16	**31-Dec-16**	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	**31-Dec-15**
Net income	$ 2,579	$ 1,612	$ 2,458	$ 1,729	**$ 8,378**	$ 12,533	$ 3,903	$ 3,166	$ 15,412	**$ 35,014**
Interest expense	6,433	6,417	6,767	6,931	**26,548**	6,187	6,365	6,425	6,455	**25,432**
Depreciation and amortization	22,527	22,352	23,112	24,565	**92,556**	22,678	23,168	22,848	22,507	**91,201**
Income taxes	98	111	117	92	**418**	161	154	129	(11)	**433**
EBITDA*	31,637	30,492	32,454	33,317	**127,900**	41,559	33,590	32,568	44,363	**152,080**
(Gain) loss on sale of properties and property held for sale, less applicable income tax	—	643	523	1,772	**2,938**	(10,462)	(948)	(1)	(12,251)	**(23,662)**
Hedge ineffectiveness	—	1,009	(621)	(2,266)	**(1,878)**	—	—	—	—	**—**
Adjusted EBITDA*	$ 31,637	$ 32,144	$ 32,356	$ 32,823	**$ 128,960**	$ 31,097	$ 32,642	$ 32,567	$ 32,112	**$ 128,418**
Interest expense	$ 6,433	$ 6,417	$ 6,767	$ 6,931	**$ 26,548**	$ 6,187	$ 6,365	$ 6,425	$ 6,455	**$ 25,432**
Scheduled principal payments	—	—	—	—	**—**	—	—	—	—	**—**
Interest and scheduled principal payments	$ 6,433	$ 6,417	$ 6,767	$ 6,931	**$ 26,548**	$ 6,187	$ 6,365	$ 6,425	$ 6,455	**$ 25,432**
Interest coverage ratio	4.92	5.01	4.78	4.74	**4.86**	5.03	5.13	5.07	4.97	**5.05**
Debt service coverage ratio	4.92	5.01	4.78	4.74	**4.86**	5.03	5.13	5.07	4.97	**5.05**
Debt (excluding unamortized financing costs)	$ 885,000	$ 930,000	$ 898,000	$ **1,050,000**		$ 860,000	$ 920,000	$ 920,000	$ 910,000	
Adjusted EBITDA* (1)	31,637	32,478	32,721	**34,418**		31,097	32,716	32,567	32,112	
Annualized	126,548	129,913	130,885	**137,674**		124,388	130,864	130,268	128,448	
Debt-to-EBITDA*	7.0	7.2	6.9	**7.6**		6.9	7.0	7.1	7.1	

* 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.

(1) Includes an adjustment for acquisitions in the quarter acquired by the amount attributable to properties owned less than a full quarter. The calculation is based on the partial quarter results over the number of days held multiplied by the number of days in the full quarter.

Reconciliation of Net Income to Property NOI*

(in thousands)

Reconciliation of Net income to Property NOI*	Three Months Ended				Year Ended	Three Months Ended				Year Ended
	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16	31-Dec-16	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	31-Dec-15
Net Income	$ 2,579	$ 1,612	$ 2,458	$ 1,729	$ 8,378	$ 12,533	$ 3,903	$ 3,166	$ 15,412	$ 35,014
Add (deduct):										
(Gain) loss on sale of properties and property held for sale, less applicable income taxes	—	643	523	1,772	2,938	(10,462)	(948)	(1)	(12,251)	(23,662)
Hedge ineffectiveness	—	1,009	(621)	(2,266)	(1,878)	—	—	—	—	—
Management fee income	(660)	(688)	(727)	(749)	(2,824)	(643)	(559)	(621)	(645)	(2,468)
Depreciation and amortization	22,445	22,352	23,298	24,957	93,052	22,672	23,207	22,911	22,569	91,359
Amortization of above/below market leases	81	—	(185)	(392)	(496)	6	(39)	(63)	(62)	(158)
Selling, general and administrative	3,530	3,494	3,419	3,683	14,126	3,691	3,401	3,071	3,128	13,291
Interest expense	6,433	6,417	6,767	6,931	26,548	6,187	6,365	6,425	6,455	25,432
Interest income	(1,279)	(1,171)	(1,184)	(1,200)	(4,834)	(1,262)	(1,278)	(1,293)	(1,397)	(5,230)
Equity in losses of non-consolidated REITs	286	86	196	263	831	322	38	284	807	1,451
Non-property specific items, net	52	155	100	(34)	273	(20)	(195)	(62)	(72)	(349)
Property NOI*	$ 33,467	$ 33,909	$ 34,044	$ 34,694	$ 136,114	$ 33,024	$ 33,895	$ 33,817	$ 33,944	$ 134,680

* 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 31-Dec-16	Interest Rate (a) Components	Interest Rate at 31-Dec-16	Facility Fee
BAML Revolver	29-Oct-18	$ 500,000	$ 280,000	L + 1.25%	1.88%	0.25%
JPM Term Loan	30-Nov-18	150,000	150,000	L + 1.35%	2.16%	
BAML Term Loan	27-Sep-21	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%	
		$ 1,270,000	$ 1,050,000		2.48%	

We have a bank facility we call the BAML Credit Facility, which 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. We also have a term loan we call the BMO Term Loan for $220 million and a bridge loan we call the JPM Term Loan for $150 million. Additional information about these loans can be found in the footnotes to our financial statements. Pricing is based on our credit rating for the BAML Revolver, JPM Term Loan, BAML Term Loan and the BMO Term Loan. Our credit rating as of December 31, 2016 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 1.88% as of December 31, 2016. 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 JPM Term Loan is priced based on our current credit rating at a spread of 1.35%, which was an interest rate of 2.16% at December 31, 2016.
- The BAML Term Loan has base LIBOR fixed at 0.75% until September 27, 2017. At our credit rating, the spread for the BAML Term Loan is 1.45%, so our interest rate is 2.20%. On July 21, 2016, we extended the maturity date of the BAML Term Loan to September 27, 2021 (see below).
- On July 21, 2016, we amended the BAML Credit Facility to extend the maturity date applicable to the BAML Term Loan from September 27, 2017 to September 27, 2021 (the extension period), and amended financial covenants and definitions. We also amended the BMO Term Loan to conform covenants and definitions to the BAML Credit Facility. On July 22, 2016, we entered into a forward interest rate swap that fixed the base LIBOR interest rate for the extension period at 1.12%. Accordingly, based upon our credit rating as of December 31, 2016, the interest rate when the extension period of the BAML Term Loan commences would be 2.57%.
- The BMO Term Loan has fixed base LIBOR at 2.32% until August 20, 2020. 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 and BAML Term Loan and the credit facilities that preceded them. We also incurred financing costs in connection with the JPM Term Loan and 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 $2.5 million.
- The BAML Revolver can be extended for 1 year at our option upon payment of fees. The BAML Credit Facility includes an accordion feature that allows for up to $350 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.

(a) Interest rate excludes amortization of deferred financing costs and facility fees, which is discussed in the notes above.

Capital Analysis

(in thousands, except per share amounts)

	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15
Market Data:								
Shares Outstanding	100,187	100,187	107,231	107,231	100,187	100,187	100,187	100,187
Closing market price per share	$ 10.61	$ 12.27	$ 12.60	$ 12.96	$ 12.82	$ 11.31	$ 10.75	$ 10.35
Market capitalization	$ 1,062,988	$ 1,229,299	$ 1,351,113	$ 1,389,716	$ 1,284,403	$ 1,133,120	$ 1,077,015	$ 1,036,940
Total Debt	885,000	930,000	898,000	1,050,000	860,000	920,000	920,000	910,000
Total Market Capitalization	$ 1,947,988	$ 2,159,299	$ 2,249,113	$ 2,439,716	$ 2,144,403	$ 2,053,120	$ 1,997,015	$ 1,946,940
Dividend Data:								
Total dividends paid	$ 19,036	$ 19,036	$ 19,036	$ 20,373	$ 19,036	$ 19,036	$ 19,035	$ 19,035
Common dividend per share	$ 0.19	$ 0.19	$ 0.19	$ 0.19	$ 0.19	$ 0.19	$ 0.19	$ 0.19
Quarterly dividend as a % of FFO*	73.1%	71.2%	73.9%	75.7%	74.1%	70.0%	70.6%	70.3%
Liquidity:								
Cash and cash equivalents	$ 14,316	$ 7,524	$ 13,372	$ 9,335	$ 14,945	$ 15,841	$ 19,100	$ 18,163
Revolver:								
Gross potential available under the BAML Revolver	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Less:								
Outstanding balance	(265,000)	(310,000)	(278,000)	(280,000)	(240,000)	(300,000)	(300,000)	(290,000)
Total Liquidity	$ 249,316	$ 197,524	$ 235,372	$ 229,335	$ 274,945	$ 215,841	$ 219,100	$ 228,163

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

Owned Portfolio Overview

	As of the Quarter Ended				
	31-Dec-16	30-Sep-16	30-Jun-16	31-Mar-16	31-Dec-15
Owned portfolio of commercial real estate:					
Number of properties (a)	36	36	35	35	36
Square feet	10,163,615	9,683,846	9,523,054	9,325,249	9,494,953
Leased percentage	89.3%	89.5%	90.1%	90.2%	91.6%
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	1,396,071	1,396,071
Leased percentage	78.1%	73.8%	73.1%	73.9%	73.5%
Single Asset REITs (SARs) managed:					
Number of properties	5	5	5	6	7
Square feet	1,075,135	1,075,135	1,075,135	1,191,135	1,487,026
Leased percentage	89.6%	89.6%	86.1%	75.8%	77.0%
Total owned, investments and managed properties:					
Number of properties	43	43	42	43	45
Square feet	12,634,821	12,155,052	11,994,260	11,912,455	12,378,050
Leased percentage	88.1%	87.7%	87.8%	86.8%	87.8%

(a) Excludes one property being redeveloped in 2016.

FRANKLIN STREET PROPERTIES

Owned Portfolio Overview

MSA / Property Name	City	State	Square Feet	Percent Leased	Wtd Ave (a) Occupied	GAAP (b) Rent
East Region						
Baltimore						
East Baltimore	Baltimore	MD	325,445	76.5%	81.6%	$ 23.48
Washington, D.C.						
Meadow Point	Chantilly	VA	138,537	100.0%	100.0%	$ 27.08
Stonecroft	Chantilly	VA	111,469	100.0%	100.0%	$ 37.83
Loudoun Tech Center	Dulles	VA	136,658	92.0%	92.0%	$ 18.35
Richmond						
Innsbrook	Glen Allen	VA	298,456	100.0%	100.0%	$ 19.04
Charlotte						
Forest Park	Charlotte	NC	62,212	100.0%	100.0%	$ 14.03
Raleigh-Durham						
Emperor Boulevard	Durham	NC	259,531	100.0%	100.0%	$ 34.88
East Region Total			1,332,308	93.4%	94.7%	$ 25.46

MSA / Property Name	City	State	Square Feet	Percent Leased	Wtd Ave (a) Occupied	GAAP (b) Rent
Midwest Region						
Chicago						
Northwest Point	Elk Grove Village	IL	176,848	100.0%	100.0%	$ 25.05
909 Davis Street	Evanston	IL	195,080	86.1%	83.2%	$ 34.04
Indianapolis						
River Crossing	Indianapolis	IN	205,059	96.6%	89.0%	$ 20.83
St. Louis						
Timberlake	Chesterfield	MO	234,496	100.0%	94.7%	$ 22.02
Timberlake East	Chesterfield	MO	117,036	100.0%	82.9%	$ 22.93
Minneapolis						
121 South 8th Street	Minneapolis	MN	305,990	61.1%	56.2%	$ 21.48
Plaza Seven	Minneapolis	MN	326,413	95.6%	92.2%	28.98
Midwest Region Total			1,560,922	89.3%	84.2%	$ 25.34

(a) Weighted Occupied Percentage for the year ended December 31, 2016.
(b) Weighted Average GAAP Rent per Occupied Square Foot.

Owned Portfolio Overview

MSA / Property Name	City	State	Square Feet	Percent Leased	Wtd Ave (a) Occupied	GAAP (b) Rent
South Region						
Dallas-Fort Worth						
Legacy Tennyson Center	Plano	TX	202,600	65.6%	85.7%	$ 18.96
One Legacy Circle	Plano	TX	214,110	100.0%	99.4%	$ 33.83
Addison Circle	Addison	TX	288,667	97.0%	92.7%	$ 28.56
Collins Crossing	Richardson	TX	300,887	100.0%	100.0%	$ 24.56
Liberty Plaza	Addison	TX	218,934	81.3%	79.9%	$ 20.83
Houston						
Park Ten	Houston	TX	157,460	65.4%	63.1%	$ 31.62
Eldridge Green	Houston	TX	248,399	100.0%	100.0%	$ 30.02
Park Ten Phase II	Houston	TX	156,746	100.0%	100.0%	$ 30.99
Westchase I & II	Houston	TX	629,025	83.4%	84.5%	$ 32.29
Miami-Ft. Lauderdale-West Palm Beach						
Blue Lagoon Drive	Miami	FL	212,619	100.0%	100.0%	$ 22.72
Atlanta						
One Overton Place	Atlanta	GA	387,267	80.7%	85.6%	$ 24.95
One Ravinia	Atlanta	GA	386,603	90.9%	93.4%	$ 23.66
Two Ravinia	Atlanta	GA	442,130	79.0%	78.3%	$ 26.00
Pershing Plaza	Atlanta	GA	160,145	97.4%	97.4%	$ 34.35
999 Peachtree	Atlanta	GA	621,946	97.5%	95.1%	$ 29.72
South Region Total			4,627,538	89.2%	90.0%	$ 27.70

MSA / Property Name	City	State	Square Feet	Percent Leased	Wtd Ave (a) Occupied	GAAP (b) Rent
West Region						
San Francisco-San Jose-Oakland						
Hillview Center (c)	Milpitas	CA	36,288	100.0%	100.0%	$ 16.85
Denver						
380 Interlocken	Broomfield	CO	240,185	82.7%	92.0%	$ 30.20
1999 Broadway	Denver	CO	676,379	74.8%	79.6%	$ 31.83
Greenwood Plaza	Englewood	CO	196,236	100.0%	100.0%	$ 24.21
390 Interlocken	Broomfield	CO	241,751	96.1%	87.8%	$ 28.02
1001 17th Street	Denver	CO	655,413	89.9%	87.2%	$ 35.19
600 17th Street	Denver	CO	596,595	92.7%	92.7%	$ 31.04
West Region Total			2,642,847	87.5%	88.1%	$ 31.09
Total Owned			10,163,615	89.3%	89.2%	$ 27.92

(a) Weighted Occupied Percentage for the year ended December 31, 2016.
(b) Weighted Average GAAP Rent per Occupied Square Foot.
(c) Property was sold on January 6, 2017.

Managed Portfolio Overview

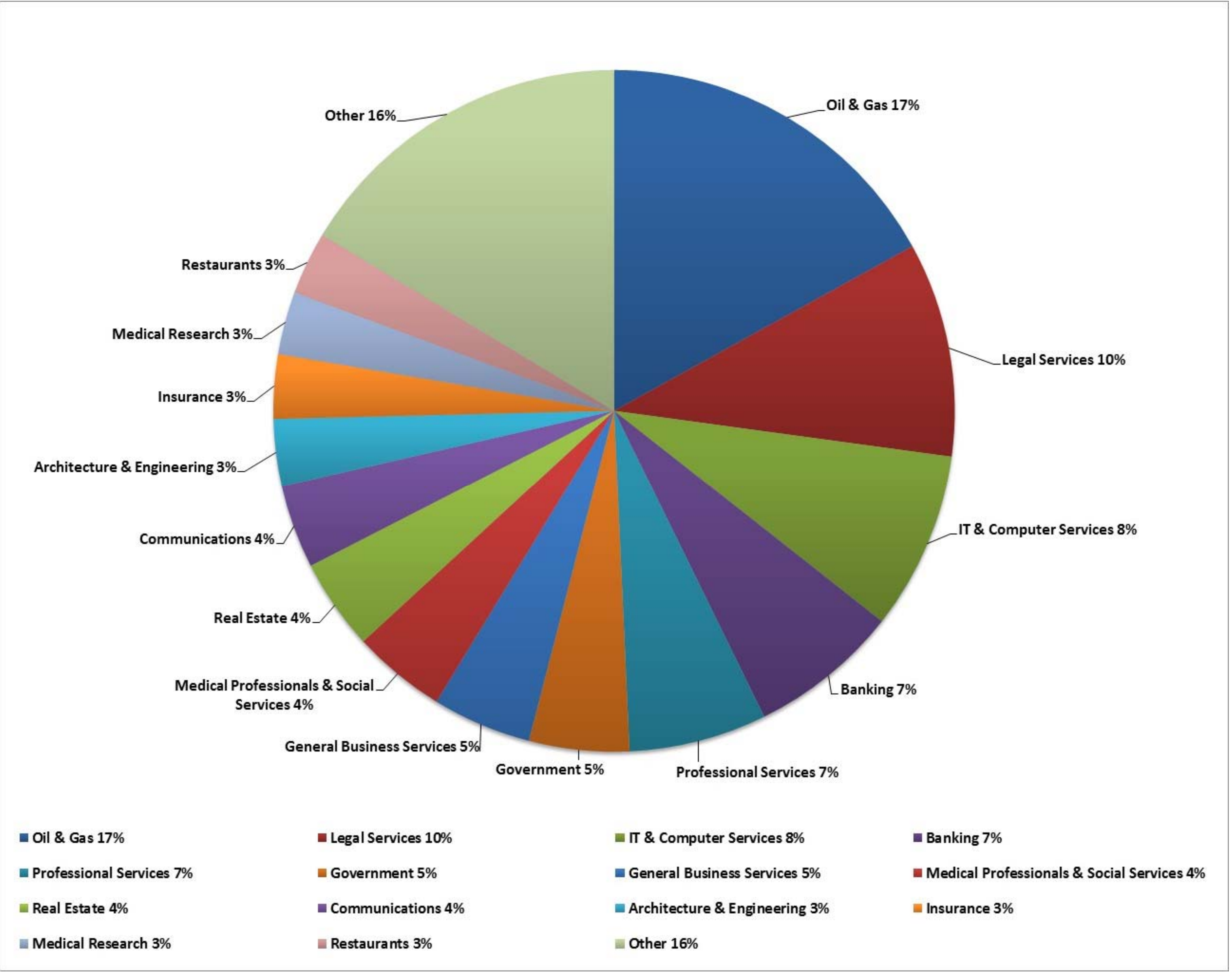
MSA / Property Name	City	State	Square Feet
Southeast Region			
Columbia			
1441 Main Street	Columbia	SC	264,857
Atlanta			
Satellite Place	Duluth	GA	134,785
Southeast Region Total			399,642
Southwest Region			
Houston			
Energy Tower I	Houston	TX	325,797
Southwest Region Total			325,797

MSA / Property Name	City	State	Square Feet
Midwest Region			
Chicago			
(a) East Wacker	Chicago	IL	861,000
Indianapolis			
Monument Circle	Indianapolis	IN	213,760
Kansas City			
(b) Grand Boulevard	Kansas City	MO	535,071
Cincinnati			
Centre Pointe V	West Chester	OH	135,936
Midwest Region Total			1,745,767
Total Managed			**2,471,206**
Total Owned & Managed			**12,634,821**

(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)



20 Largest Tenants with Annualized Rent and Remaining Term

	Tenant Name	Number of Leases	Remaining Lease Term in Months	Aggregate Leased Square Feet	% of Total Square Feet	Annualized Rent	% of Aggregate Leased Annualized Rent
1	Quintiles IMS Healthcare Incorporated (a)	1	113	259,531	2.9%	$ 8,740,721	3.5%
2	US Government (b)	5	6, 8, 17, 45, 49	255,610	2.8%	7,870,275	3.1%
3	CITGO Petroleum Corporation	1	62	248,399	2.7%	7,894,120	3.1%
4	Newfield Exploration Company	1	62	234,495	2.6%	8,928,280	3.5%
5	Sutherland Asbill & Brennan LLP (c)	1	40	222,422	2.5%	7,010,151	2.8%
6	Burger King Corporation	1	21	212,619	2.3%	5,381,387	2.1%
7	Centene Management Company, LLC (d)	3	78, 78, 78	206,262	2.3%	4,446,016	1.8%
8	Citicorp Credit Services, Inc (e)	1	128	176,848	1.9%	4,704,157	1.9%
9	EOG Resources, Inc.	1	119	174,215	1.9%	5,703,824	2.3%
10	SunTrust Bank (f)	2	57, 116	159,671	1.8%	3,075,309	1.2%
11	T-Mobile South, LLC dba T-Mobile	1	26	151,792	1.7%	3,864,880	1.5%
12	Petrobras America, Inc.	1	35	144,813	1.6%	5,387,043	2.1%
13	Murphy Exploration & Production Company	1	4	144,677	1.6%	4,790,659	1.9%
14	Jones Day	1	47	140,342	1.5%	4,533,900	1.8%
15	Argo Data Resource Corporation	1	80	140,246	1.5%	4,005,426	1.6%
16	Vail Corp d/b/a Vail Resorts (g)	2	30, 78	125,588	1.4%	3,665,638	1.5%
17	Federal National Mortgage Association	1	21	123,144	1.4%	4,329,743	1.7%
18	Kaiser Foundation Health Plan	1	89	120,979	1.3%	3,094,764	1.2%
19	Giesecke & Devrient America	1	96	112,110	1.2%	1,948,472	0.8%
20	Houghton Mifflin Harcourt Publishing Company (h)	2	3, 123	111,550	1.2%	4,756,044	1.9%
			Total	**3,465,313**	**38.2%**	**$ 104,130,810**	**41.3%**

(a) Quintiles Transnational Corp. is now known as Quintiles IMS Healthcare Incorporated.
(b) Includes 180,444 and 27,398 square feet which expire in 2018 and 2017, respectively. The remaining 47,768 square feet expire between 2017 and 2021.
(c) Effective 2/1/17, the firm changed their name to Eversheds Sutherland (US) LLP.
(d) Includes 62,019 SF, which commenced on 4/1/16, 117,618 SF, which commenced 12/15 and 26,625 that commenced on 12/1/16.
(e) Includes 30,588 square feet, which expire 12/31/16 and 146,260 square feet, which expire 8/31/27.
(f) Includes 32,171 square feet, which expire 10/31/16 and 127,500 square feet, which expire 9/30/21.
(g) Includes 38,293 square feet, which expire 3/31/19. The remaining 87,295 square feet expire 3/31/23.
(h) Includes 50,128 square feet, which expire on 3/31/17 and 60,522 square feet, which expire on 3/31/27.

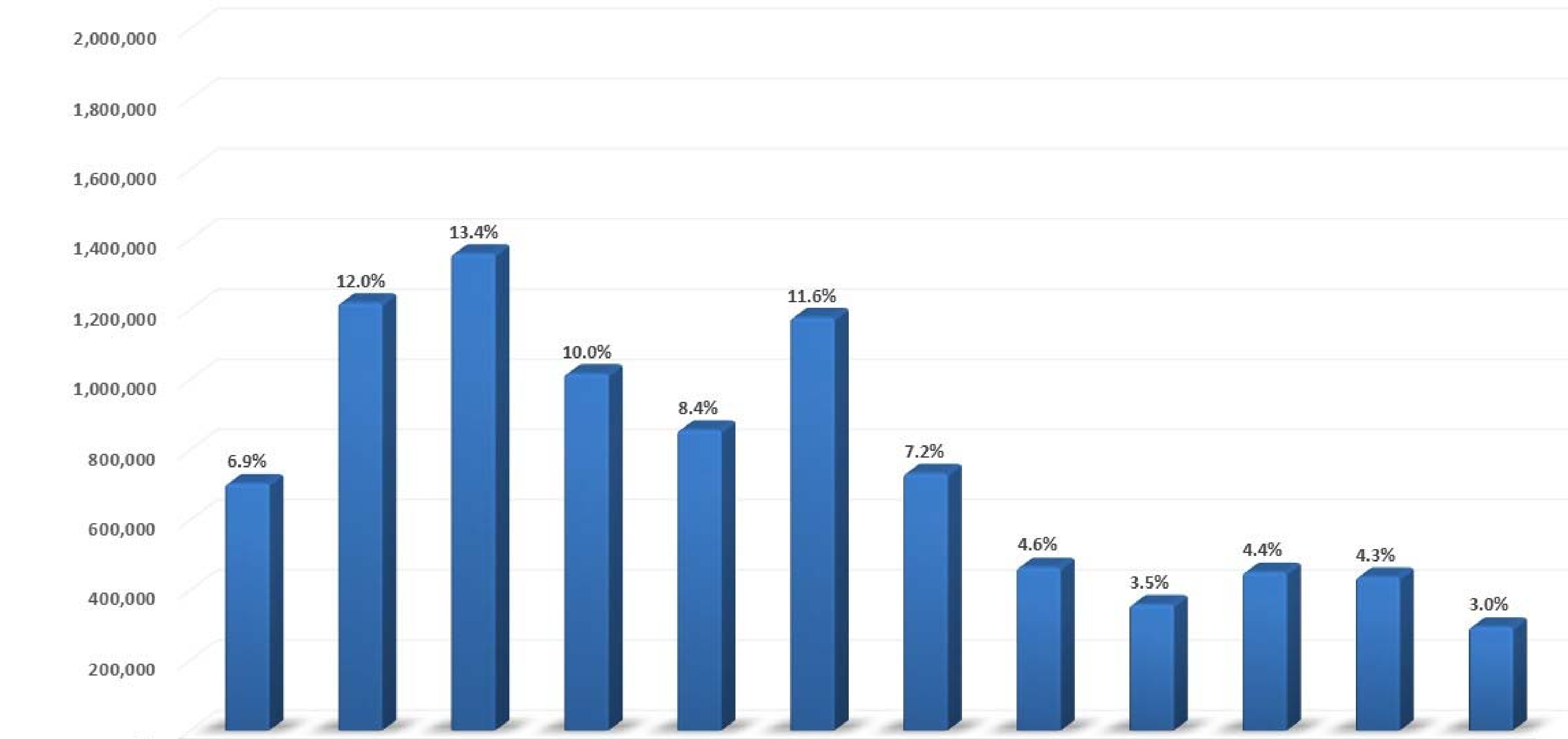
Leasing Activity

(Owned Portfolio)

Leasing Activity	Year Ended 31-Dec-16	Year Ended 31-Dec-15	Year Ended 31-Dec-14
(in Square Feet - SF)			
New leasing	299,000	362,000	149,000
Renewals	895,000	957,000	635,000
	1,194,000	1,319,000	784,000
Other information per SF			
(Activity on a year-to-date basis)			
GAAP Rents on leasing	$ 29.64	$ 28.66	$ 26.89
Weighted average lease term	6.6 Years	5.3 Years	6.25 Years
Increase over average GAAP rents in prior year	10.4%	10.4%	11.8%
Average free rent	3 Months	3 Months	3 Months
Tenant Improvements	$ 18.71	$ 13.17	$ 16.40
Leasing Costs	$ 10.05	$ 5.81	$ 7.66

Lease Expirations by Square Feet

(Owned Portfolio)



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Thereafter
Total Square Feet	704,297	1,219,193	1,359,362	1,017,262	856,990	1,177,420	732,996	465,469	359,406	451,597	437,782	295,556

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
2017	80 (c)	704,297	$ 21,787,488	$ 30.94	8.6%	8.6%
2018	86	1,219,193	38,101,723	31.25	15.1%	23.7%
2019	79	1,359,362	38,013,112	27.96	15.1%	38.8%
2020	74	1,017,262	29,039,426	28.55	11.5%	50.3%
2021	59	856,990	22,799,732	26.60	9.1%	59.4%
2022	53	1,177,420	33,189,062	28.19	13.2%	72.6%
2023	28	732,996	18,454,352	25.18	7.3%	79.9%
2024	23	465,469	9,902,355	21.27	3.9%	83.8%
2025	11	359,406	9,037,500	25.15	3.6%	87.4%
2026	8	451,597	14,892,002	32.98	5.9%	93.3%
2027 and thereafter	65	733,338 (d)	16,718,397	22.80	6.7%	100.0%
	566	9,077,330	$ 251,935,150	$ 27.75	100.0%	
Vacancies as of 12/31/16		1,086,285				
Total Portfolio Square Footage		10,163,615				

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

(b) Annualized rent represents the monthly rent charged, including tenant reimbursements, for each lease in effect at December 31, 2016 multiplied by 12. Tenant reimbursements generally include payment of real estate taxes, operating expenses and common area maintenance and utility charges.

(c) Includes 10 leases that are month-to-month.

(d) Includes 99,069 square feet that are non-revenue producing building amenities.

Capital Expenditures

(in thousands)

	Three Months Ended				Year Ended
	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16	31-Dec-16
Tenant improvements	$ 1,929	$ 1,329	$ 3,325	$ 7,885	$ 14,468
Deferred leasing costs	1,613	4,966	2,247	3,783	12,609
Non-investment capex	438	1,052	2,211	1,842	5,543
Total Capital Expenditures	$ 3,980	$ 7,347	$ 7,783	$ 13,510	$ 32,620

	For the Three Months Ended				Year ended
	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	31-Dec-15
Tenant improvements	$ 2,936	$ 3,420	$ 1,794	$ 3,788	$ 11,938
Deferred leasing costs	830	1,539	1,490	3,952	7,811
Non-investment capex	643	1,411	1,090	1,162	4,306
Total Capital Expenditures	$ 4,409	$ 6,370	$ 4,374	$ 8,902	$ 24,055

First generation leasing and investment capital was $19.6 million and $7.4 million for the year ended December 31, 2016 and 2015, respectively.

Transaction Activity

(in thousands except for Square Feet)

	City	State	Square Feet	Date Acquired	Purchase Price
2016					
Plaza Seven	Minneapolis	MN	325,796	6/6/16	$ 82,000
Pershing Plaza	Atlanta	GA	160,145	8/10/16	45,450
600 17th Street	Denver	CO	613,527	12/1/16	154,260
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

	City	State	Square Feet	Date Sold	Gross Sales Proceeds	Gain (loss) on Sales
2016						
Lakeside I	Maryland Heights	MO	127,778	4/5/16	$ 20,189	$ 4,154
Federal Way	Federal Way	WA	117,010	12/16/16	7,500	(7,092)
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	949
Montague	San Jose	CA	145,561	12/9/15	30,000	12,251
2014						
Centennial	Colorado Springs	CO	110,405	12/3/14	$ 15,500	$ 940

Loan Portfolio of Secured Real Estate

(in thousands)

(dollars in thousands) Sponsored REIT	Location	Maturity Date	Maximum Amount of Loan	Amount Drawn at 31-Dec-16	Interest Rate (1)	Draw Fee (2)	Interest Rate at 31-Dec-16
Secured revolving lines of credit							
FSP Satellite Place Corp.	Duluth, GA	31-Mar-17	$ 5,500	$ 3,180	L+4.40%	0.5%	5.03%
FSP 1441 Main Street Corp.	Columbia, SC	31-Mar-17	10,800	9,000	L+4.40%	0.5%	5.03%
FSP Energy Tower I Corp.	Houston, TX	30-Jun-17	20,000	15,600	L+5.00%	0.5%	5.63%
Mortgage loan secured by property							
FSP Monument Circle LLC (3)	Indianapolis, IN	7-Dec-18	21,000	21,000	4.90%	n/a	4.90%
FSP Energy Tower I Corp. (4)	Houston, TX	30-Jun-17	33,000	33,000	6.41%	n/a	6.41%
			$ 90,300	$ 81,780			

(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.
(3) Includes an origination fee of $164,000 and an exit fee of $38,000 when repaid by the borrower.
(4) This mortgage includes an annual extension fee of $108,900 paid by the borrower.

Net Asset Value Components

(in thousands except per share data)

	As of 31-Dec-16
Total Market Capitalization Values	
Shares outstanding	107,231.2
Closing price	$ 12.96
Market capitalization	$ 1,389,716
Debt	1,050,000
Total Market Capitalization	$ 2,439,716

NOI Components	**3 Months Ended 31-Dec-16**
Same Store NOI (1)	$ 30,600
Acquisitions (1) (2)	4,003
Property NOI (1)	34,603
Full quarter adjustment (3)	1,595
Stabilized portfolio	**$ 36,198**

Financial Statement Reconciliation:	
Rental Revenue	$ 64,611
Rental operating expenses	(18,209)
Real estate taxes and insurance	(10,618)
NOI on assets sold	91
Taxes (4)	(92)
Management fees & other (5)	415
Property NOI (1)	$ 36,198

Assets:	
Loans outstanding on secured RE	$ 81,780
Investments in SARs (book basis)	75,165
Straight-line rent receivable	50,930
Asset held for sale	3,871
Cash and cash equivalents	9,335
Restricted cash	31
Tenant rent receivables	3,113
Prepaid expenses	2,989
Office computers and furniture	313
Other assets:	
Deferred financing costs, net	7,025
Other assets: Derivative Market Value	12,907
Other assets	—
	$ 247,459

Liabilities:	
Debt (excluding contra for unamortized financing costs)	$ 1,050,000
Accounts payable & accrued expenses	61,043
Tenant security deposits	5,355
Other liabilities: derivative liability	5,551
	$ 1,121,949

Other information:	
Leased SF to be FFO producing During 2017 (in 000's)	136
Straight-line rental revenue current quarter	$ (117)
Management fee income current quarter	$ 157
Interest income from secured loans	1,201
Management fees and interest income from loans	$ 1,357
FFO from non-consolidated REITs - Q3 2016 (6):	
East Wacker	$ 624
Grand Boulevard	163
Total	$ 787

Footnotes to the components

(1) See pages 11 & 28 for definitions and reconciliations.

(2) Includes NOI from acquisitions not in same store.

(3) Adjustment to reflect property NOI for a full quarter in the quarter acquired, if necessary.

(4) HB3 Tax in Texas is classified as an income tax, though we treat it as a real estate tax in Property NOI.

(5) Management & other fees are eliminated in consolidation but included in Property NOI.

(6) 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

During the three months ended June 30, 2016 we changed the definition of FFO, Adjusted EBITDA and Property NOI to exclude hedge ineffectiveness, which does not affect any prior period. Our interest rate swaps effectively fix interest rates on our term loans; however, there is no floor on the variable interest rate of the swaps whereas the current term loans are subject to a zero percent floor. As a result there is a mismatch and the ineffective portion of the derivatives' changes in fair value are recognized directly into earnings each quarter as hedge ineffectiveness. We believe that FFO, Adjusted EBITDA and Property NOI excluding hedge ineffectiveness is useful supplemental information regarding our operating performance as it provides a more meaningful and consistent comparison of our operating performance and allows investors to more easily compare our operating results.

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, hedge ineffectiveness 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 as of May 17, 2016 in the table on page 9 and note that other REITs may not define FFO in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently than we do.

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

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 hedge ineffectiveness, 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, hedge ineffectiveness, gains or losses on the sale of assets and excludes non-property specific income and expenses. The information presented includes footnotes and the data is shown by region with properties owned in both periods, which we call Same Store. The Comparative Same Store results include properties held for the periods presented and exclude properties that are non-operating, being developed or redeveloped, dispositions and significant nonrecurring income such as bankruptcy settlements and lease termination fees. NOI, as defined by the Company, may not be comparable to NOI reported by other REITs that define NOI differently. NOI should not be considered an alternative to net income as an indication of our performance or to cash flows as a measure of the Company's liquidity or its ability to make distributions.

Definition of Adjusted Funds From Operations (AFFO)

The Company also evaluates performance based on Adjusted Funds From Operations, which we refer to as AFFO. The Company defines AFFO as (1) FFO, (2) excluding 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 and (5) less recurring capital expenditures that are generally for maintenance of properties, which we call non-investment capex or are second generation capital expenditures. Second generation costs include re-tenanting space after a tenant vacates, which include tenant improvements and leasing commissions.

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

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

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