



Supplemental Operating and Financial Data Third Quarter 2013



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.





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. FSP’s subsidiary, FSP Investments LLC (member, FINRA and SIPC), is a real estate investment banking firm and registered broker/dealer that previously sponsored the organization of single-purpose entities that own real estate and the private placement of equity in those entities, which we refer to as “Sponsored REITs”.

Our Business

As of September 30, 2013, the Company owned and operated a portfolio of real estate consisting of 40 properties including one property held for sale, managed 15 Sponsored REITs and held seven 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

Barbara J. Fournier
Executive Vice President, Chief Operating Officer,
Treasurer, Secretary and Director

Janet Notopoulos
Executive Vice President and Director

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

Jeffrey B. Carter
Executive Vice President and
Chief Investment Officer

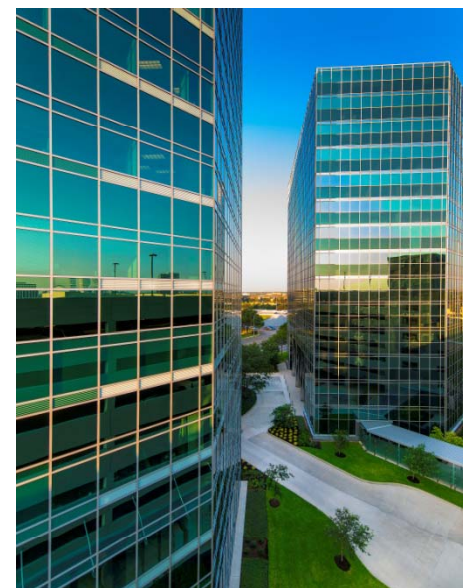
John G. Demeritt
Executive Vice President and
Chief Financial Officer

Inquiries

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

Snapshot (as of September 30, 2013)

Corporate Headquarters	Wakefield, MA
Fiscal Year-End	31-Dec
Total Properties	40
Total Square Feet	9.8 Million
Trading Symbol	FSP
Exchange	NYSE MKT
Common Shares Outstanding	100,187,405
Quarterly Dividend	\$0.19
Dividend Yield	6.0%
Total Market Capitalization	\$2.2 Billion
Insider Holdings	10.6%





Summary of Financial Highlights

(in thousands, except per share data)

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

	For the Three Months Ended						
	30-Sep-13	30-Jun-13	31-Mar-13	31-Dec-12	30-Sep-12	30-Jun-12	31-Mar-12
Income Items:							
Rental revenue	\$ 56,760	\$ 46,017	\$ 42,841	\$ 41,227	\$ 38,251	\$ 35,570	\$ 36,303
Total revenue	58,446	47,671	44,494	43,115	41,775	38,654	38,953
Adjusted EBITDA*	31,862	26,075	24,712	25,492	23,348	22,751	22,789
Equity in earnings in non-consolidated REITs	(431)	(196)	(187)	972	176	494	391
Net income	4,094	4,741	4,401	5,459	(8,998)	5,433	5,738
FFO*	27,134	22,142	20,616	20,516	19,913	19,042	19,571
Per Share Data:							
EPS	\$ 0.04	\$ 0.05	\$ 0.05	\$ 0.07	\$ (0.11)	\$ 0.07	\$ 0.07
FFO*	\$ 0.27	\$ 0.24	\$ 0.25	\$ 0.25	\$ 0.24	\$ 0.23	\$ 0.24
Weighted Average Shares (diluted)	100,187	91,847	82,937	82,937	82,937	82,937	82,937
Closing share price	\$ 12.74	\$ 13.20	\$ 14.62	\$ 12.31	\$ 11.07	\$ 10.58	\$ 10.60
Dividend	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19
Payout Ratio:	70%	79%	76%	77%	79%	83%	81%
Balance Sheet Items:							
Real estate, net	\$ 1,575,690	\$ 1,280,252	\$ 1,128,398	\$ 1,134,788	\$ 1,008,111	\$ 974,778	\$ 979,063
Other assets, net	500,939	428,789	383,244	391,280	386,662	454,373	458,203
Total assets, net	2,076,629	1,709,041	1,511,642	1,526,068	1,394,773	1,429,151	1,437,266
Total liabilities, net	1,017,480	627,997	657,809	661,319	520,177	528,128	525,919
Shareholders' equity	1,059,149	1,081,044	853,833	864,749	874,596	901,023	911,347
Market Capitalization and Debt:							
Total Market Capitalization (a)	\$ 2,227,888	\$ 1,903,974	\$ 1,834,295	\$ 1,637,709	\$ 1,400,117	\$ 1,371,478	\$ 1,373,136
Total debt outstanding	951,500	581,500	621,750	616,750	482,000	494,000	494,000
Debt to Total Market Capitalization	42.7%	30.5%	33.9%	37.7%	34.4%	36.0%	36.0%
Debt to Adjusted EBITDA	7.5	5.6	6.3	6.0	5.2	5.4	5.4
Owned Portfolio Leasing Statistics:							
Owned portfolio assets (includes asset held for sale)	40	38	37	37	37	36	36
Portfolio total SF	9,807,339	8,529,752	7,856,859	7,854,679	7,439,195	7,052,592	7,052,068
Portfolio % leased	93.8%	94.4%	94.4%	94.0%	89.9%	90.0%	89.0%

(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 Nine Months Ended				For the Three Months Ended				For the Year Ended 31-Dec-12
	For the Three Months Ended		For the Three Months Ended		For the Three Months Ended		For the Three Months Ended		
	31-Mar-13	30-Jun-13	30-Sep-13	30-Sep-13	31-Mar-12	30-Jun-12	30-Sep-12	31-Dec-12	
Revenue:									
Rental	\$ 42,841	\$ 46,017	\$ 56,760	\$ 145,618	\$ 35,998	\$ 35,265	\$ 37,944	\$ 41,227	\$ 150,434
Related party revenue:									
Management fees and interest income from loans	1,622	1,642	1,665	4,929	2,616	3,045	3,485	1,801	10,947
Other	31	12	21	64	34	39	39	87	199
Total revenue	44,494	47,671	58,446	150,611	38,648	38,349	41,468	43,115	161,580
Expenses:									
Real estate operating expenses	10,770	11,116	13,991	35,877	8,694	8,602	9,642	10,501	37,439
Real estate taxes and insurance	6,595	7,308	8,801	22,704	5,694	5,491	5,761	5,959	22,905
Depreciation and amortization	15,781	16,919	22,163	54,863	12,866	12,798	13,367	15,019	54,050
Selling, general and administrative	2,532	3,204	3,477	9,213	2,077	2,236	3,141	2,462	9,916
Interest	4,208	4,174	5,474	13,856	3,677	4,037	4,187	4,167	16,068
Total expenses	39,886	42,721	53,906	136,513	33,008	33,164	36,098	38,108	140,378
Income before interest income, equity in earnings of non-consolidated REITs and taxes									
Interest income	1	4	5	10	8	4	5	34	51
Equity in earnings of non-consolidated REITs	(187)	(196)	(431)	(814)	391	494	176	972	2,033
Income before taxes on income	4,422	4,758	4,114	13,294	6,039	5,683	5,551	6,013	23,286
Income tax expense	119	115	118	352	79	77	80	99	335
Income from continuing operations	4,303	4,643	3,996	12,942	5,960	5,606	5,471	5,914	22,951
Income from discontinued operations	98	98	98	294	(222)	(172)	(169)	71	(492)
Gain (loss) on sale, less applicable income tax	-	-	-	-	-	-	(14,300)	(526)	(14,826)
Net income	\$ 4,401	\$ 4,741	\$ 4,094	\$ 13,236	\$ 5,738	\$ 5,434	\$ (8,998)	\$ 5,459	\$ 7,633
Weighted average number of shares outstanding, basic and diluted									
	82,937	91,847	100,187	91,720	82,937	82,937	82,937	82,937	82,937
Earnings per share, basic and diluted, attributable to:									
Continuing operations	\$ 0.05	\$ 0.05	\$ 0.04	\$ 0.14	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.28
Discontinued operations	-	-	-	-	-	-	-	-	(0.01)
Gain (loss) on sale, less applicable income tax	-	-	-	-	-	-	(0.18)	-	(0.18)
Net income per share, basic and diluted	\$ 0.05	\$ 0.05	\$ 0.04	\$ 0.14	\$ 0.07	\$ 0.07	\$ (0.11)	\$ 0.07	\$ 0.09



Condensed Consolidated Balance Sheets

(in thousands)

	March 31, 2013	June 30, 2013	September 30, 2013	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012
Assets:							
Real estate assets:							
Land	\$ 141,545	\$ 157,879	\$ 185,479	\$ 129,602	\$ 129,602	\$ 133,054	\$ 141,545
Buildings and improvements	1,175,743	1,320,703	1,599,519	1,004,490	1,007,906	1,045,895	1,172,928
Fixtures and equipment	904	960	985	860	871	904	904
	1,318,192	1,479,542	1,785,983	1,134,952	1,138,379	1,179,853	1,315,377
Less accumulated depreciation	189,794	199,290	210,293	155,889	163,601	171,742	180,589
Real estate assets, net	1,128,398	1,280,252	1,575,690	979,063	974,778	1,008,111	1,134,788
Acquired real estate leases, net	102,274	129,226	194,893	82,778	78,646	88,766	108,203
Investment in non-consolidated REITs	81,746	81,523	81,065	87,061	86,658	85,927	81,960
Assets held for sale	10,431	10,286	10,143	26,217	25,895	11,404	10,575
Cash and cash equivalents	17,282	24,962	25,539	29,283	22,620	23,962	21,267
Restricted cash	583	602	623	511	533	546	575
Tenant rent receivables, net	2,357	2,331	6,029	1,090	1,403	1,182	1,749
Straight-line rent receivable, net	36,210	37,865	40,086	31,832	33,003	34,134	35,374
Prepaid expenses and other assets	10,545	12,532	11,846	1,164	2,605	2,336	1,106
Related party mortgage loan receivable	96,896	97,846	98,846	172,286	177,536	108,236	93,896
Other assets: derivative asset	-	6,739	4,365	4,006	3,640	8,467	13,199
Deferred leasing commissions, net	24,920	24,877	27,504	21,975	21,834	21,702	23,376
Total assets	\$ 1,511,642	\$ 1,709,041	\$ 2,076,629	\$ 1,437,266	\$ 1,429,151	\$ 1,394,773	\$ 1,526,068
Liabilities and Stockholders' Equity:							
Liabilities:							
Bank note payable	\$ 221,750	\$ 181,500	\$ 331,500	\$ 494,000	\$ 494,000	\$ 82,000	\$ 216,750
Term loan payable	400,000	400,000	620,000	-	-	400,000	400,000
Accounts payable and accrued expenses	25,493	29,971	39,907	23,311	25,408	26,462	31,122
Accrued compensation	540	1,677	2,432	446	944	2,194	2,540
Tenant security deposits	2,474	3,074	3,891	2,181	2,113	2,281	2,489
Other liabilities: derivative termination value	778	-	4,579	-	-	1,671	1,219
Acquired unfavorable real estate leases, net	6,774	11,775	15,171	5,981	5,663	5,569	7,199
Total liabilities	657,809	627,997	1,017,480	525,919	528,128	520,177	661,319
Commitments and contingencies							
Stockholders' Equity:							
Preferred stock	-	-	-	-	-	-	-
Common stock	8	10	10	8	8	8	8
Additional paid-in capital	1,042,876	1,273,585	1,273,585	1,042,876	1,042,876	1,042,876	1,042,876
Accumulated other comprehensive income (loss)	(778)	6,739	(214)	-	-	(1,671)	(1,219)
Accumulated distributions in excess of accumulated earnings	(188,273)	(199,290)	(214,232)	(131,537)	(141,861)	(166,617)	(176,916)
Total stockholders' equity	853,833	1,081,044	1,059,149	911,347	901,023	874,596	864,749
Total liabilities and stockholders' equity	\$ 1,511,642	\$ 1,709,041	\$ 2,076,629	\$ 1,437,266	\$ 1,429,151	\$ 1,394,773	\$ 1,526,068



Condensed Consolidated Statements of Cash Flows

(in thousands)

	Nine Months ended September 30,		Twelve Months ended December 31	
	2013	2012	2012	2011
Cash flows from operating activities:				
Net income	\$ 13,236	\$ 2,174	\$ 7,633	\$ 43,524
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization expense	56,796	41,846	57,500	50,261
Amortization of above market lease	(277)	56	71	(47)
Gain (loss) on sale, less applicable income tax	-	14,300	14,826	(21,939)
Equity in earnings (losses) from non-consolidated REITs	814	(1,061)	(2,033)	(3,086)
Distributions from non-consolidated REITs	-	1,246	705	3,474
Increase in bad debt reserve	(1,220)	105	65	(365)
Changes in operating assets and liabilities:				
Restricted cash	(48)	(53)	(82)	(73)
Tenant rent receivables	(3,060)	173	(354)	827
Straight-line rents	(3,920)	(3,498)	(4,464)	(9,878)
Lease acquisition costs	(820)	(2,235)	(2,520)	-
Prepaid expenses and other assets	(4,845)	(1,278)	(328)	1,611
Accounts payable and accrued expenses	6,860	(25)	3,717	4,213
Accrued compensation	(108)	(28)	318	419
Tenant security deposits	1,402	273	481	78
Payment of deferred leasing commissions	(7,532)	(2,425)	(5,179)	(8,058)
Net cash provided by operating activities	57,278	49,570	70,356	60,961
Cash flows from investing activities:				
Purchase of real estate assets, office computers and furniture, capitalized merger costs and acquired real estate leases	(566,036)	(63,585)	(221,170)	(236,250)
Investment in non-consolidated REITs	4,858	(1)	(1)	(10)
Distributions in excess of earnings from non-consolidated REITs	81	1,487	2,105	1,582
Investment in related party mortgage loan receivable	(4,950)	(73,920)	(74,580)	(82,832)
Repayment of related party mortgage loan receivable	-	106,200	121,200	-
Changes in deposits on real estate assets	-	-	-	200
Investment in assets held for syndication, net	-	-	-	2,230
Proceeds received on sales of real estate assets	-	-	157	96,790
Net cash used in investing activities	(566,047)	(29,819)	(172,289)	(218,290)
Cash flows from financing activities:				
Distributions to stockholders	(50,552)	(47,274)	(63,032)	(62,177)
Proceeds (costs) from equity offering, net	230,711	-	-	17,295
Borrowings under bank note payable	150,000	160,000	294,750	449,000
Borrowings (repayments) under Revolver	(35,250)	(527,000)	(527,000)	(209,968)
Borrowing (repayment) of term loan payable, net	220,000	400,000	400,000	(74,850)
Deferred Financing Costs	(1,868)	(5,328)	(5,331)	(5,388)
Swap termination payment	-	-	-	(983)
Net cash provided by (used in) financing activities	513,041	(19,602)	99,387	112,929
Net increases (decreases) in cash and cash equivalents	4,272	149	(2,546)	(44,400)
Cash and cash equivalents, beginning of period	21,267	23,813	23,813	68,213
Cash and cash equivalents, end of period	\$ 25,539	\$ 23,962	\$ 21,267	\$ 23,813



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)	%
		Three Months Ended			Ended	Three Months Ended			Ended		
		31-Mar-13	30-Jun-13	30-Sep-13	30-Sep-13	31-Mar-12	30-Jun-12	30-Sep-12	30-Sep-12		
East	1,441	\$ 4,756	\$ 5,440	\$ 4,914	\$ 15,110	\$ 5,113	\$ 4,723	\$ 4,799	\$ 14,635	\$ 475	3.2%
MidWest	1,682	4,839	5,008	4,944	14,791	5,122	4,980	5,164	15,266	(475)	-3.1%
South	2,508	9,307	9,393	9,230	27,930	8,963	8,764	9,218	26,945	985	3.7%
West	1,088	2,350	2,118	2,440	6,908	2,278	2,443	2,428	7,149	(241)	-3.4%
Same Store	6,719	21,252	21,959	21,528	64,739	21,476	20,910	21,609	63,995	744	1.2%
Acquisitions	2,966	3,920	5,106	11,812	20,838	-	-	712	712	20,126	31.1%
Property NOI from the continuing portfolio	9,685	25,172	27,065	33,340	85,577	21,476	20,910	22,321	64,707	20,870	32.3%
Dispositions and asset held for sale		252	252	253	757	118	204	155	477	280	0.1%
Property NOI		\$ 25,424	\$ 27,317	\$ 33,593	\$ 86,334	\$ 21,594	\$ 21,114	\$ 22,476	\$ 65,184	\$ 21,150	32.4%
Same Store		\$ 21,252	\$ 21,959	\$ 21,528	\$ 64,739	\$ 21,476	\$ 20,910	\$ 21,609	\$ 63,995	\$ 744	1.2%
Less Nonrecurring Items in NOI (a)		63	557	-	620	514	21	307	842	(222)	0.3%
Comparative Same Store		\$ 21,189	\$ 21,402	\$ 21,528	\$ 64,119	\$ 20,962	\$ 20,889	\$ 21,302	\$ 63,153	\$ 966	1.5%

(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 & FAD Reconciliation

(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-13	30-Jun-13	30-Sep-13	30-Sep-13	31-Mar-12	30-Jun-12	30-Sep-12	31-Dec-12	31-Dec-12
Net income	\$ 4,401	\$ 4,741	\$ 4,094	\$ 13,236	\$ 5,738	\$ 5,434	\$ (8,998)	\$ 5,459	\$ 7,633
Gain (loss) on sale, less applicable income tax	-	-	-	-	-	-	14,300	526	14,826
GAAP income from non-consolidated REITs	187	196	431	814	(391)	(494)	(176)	(972)	(2,033)
Distributions from non-consolidated REITs	27	27	27	81	929	898	907	76	2,810
Depreciation & amortization	15,984	17,045	22,176	55,205	13,295	13,203	13,779	15,241	55,518
NAREIT FFO*	20,599	22,009	26,728	69,336	19,571	19,041	19,812	20,330	78,754
Acquisition costs	17	133	406	556	-	-	101	186	287
Funds From Operations (FFO)*	\$ 20,616	\$ 22,142	\$ 27,134	\$ 69,892	\$ 19,571	\$ 19,041	\$ 19,913	\$ 20,516	\$ 79,041
Funds Available for Distribution:									
Funds From Operations (FFO)*	20,616	22,142	27,134	69,892	19,571	19,041	19,913	20,516	79,041
Straight-line rent	(657)	(1,186)	(2,071)	(3,914)	(1,517)	(1,054)	(927)	(965)	(4,463)
Capital expenditures	(1,118)	(1,622)	(1,552)	(4,292)	(746)	(1,003)	(711)	(1,252)	(3,712)
Funds Available for Distribution (FAD)*	\$ 18,841	\$ 19,334	\$ 23,511	\$ 61,686	\$ 17,308	\$ 16,984	\$ 18,275	\$ 18,299	\$ 70,866
Per Share Data:									
EPS	\$ 0.05	\$ 0.05	\$ 0.04	\$ 0.14	\$ 0.07	\$ 0.07	\$ (0.11)	\$ 0.07	\$ 0.09
FFO*	0.25	0.24	0.27	0.76	0.24	0.23	0.24	0.25	0.95
FAD*	0.23	0.21	0.23	0.67	0.21	0.20	0.22	0.22	0.85
Weighted Average Shares (basic and diluted)	82,937	91,847	100,187	91,720	82,937	82,937	82,937	82,937	82,937

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



EBITDA Reconciliation (in thousands, except ratio amounts)

	For the Three Months Ended				For the Nine Months Ended				For the three months ended:				Year Ended
	31-Mar-13	30-Jun-13	30-Sep-13	30-Sep-13	31-Mar-12	30-Jun-12	30-Sep-12	31-Dec-12	31-Mar-12	30-Jun-12	30-Sep-12	31-Dec-12	31-Dec-12
Net income	\$ 4,401	\$ 4,741	\$ 4,094	\$ 13,236	\$ 5,738	\$ 5,434	\$ (8,998)	\$ 5,459	\$ 7,633				
Interest expense	4,208	4,174	5,474	13,856	3,677	4,037	4,187	4,167	16,068				
Depreciation and amortization	15,984	17,045	22,176	55,205	13,295	13,203	13,779	15,241	55,518				
Income taxes	119	115	118	352	79	77	80	99	335				
EBITDA	24,712	26,075	31,862	82,649	22,789	22,751	9,048	24,966	79,554				
Excluding (gain) loss on sale, less applicable income tax	-	-	-	-	-	-	14,300	526	14,826				
Adjusted EBITDA	\$ 24,712	\$ 26,075	\$ 31,862	\$ 82,649	\$ 22,789	\$ 22,751	\$ 23,348	\$ 25,492	\$ 94,380				
Interest expense	\$ 4,208	\$ 4,174	\$ 5,474	\$ 13,856	\$ 3,677	\$ 4,037	\$ 4,187	\$ 4,167	\$ 16,068				
Scheduled principal payments	-	-	-	-	-	-	-	-	-				
Interest and scheduled principal payments	\$ 4,208	\$ 4,174	\$ 5,474	\$ 13,856	\$ 3,677	\$ 4,037	\$ 4,187	\$ 4,167	\$ 16,068				
Interest coverage ratio	5.87	6.25	5.82	5.96	6.20	5.64	5.58	6.12	5.87				
Debt service coverage ratio	5.87	6.25	5.82	5.96	6.20	5.64	5.58	6.12	5.87				
Debt	\$ 621,750	\$ 581,500	\$ 951,500	\$ 581,500	\$ 494,000	\$ 494,000	\$ 482,000	\$ 616,750					
Adjusted EBITDA	24,712	26,075	31,862	82,649	22,789	22,751	23,348	25,492					
Annualized	98,848	104,300	127,448	165,298	91,156	91,004	93,392	101,968					
Debt-to-EBITDA	6.3	5.6	7.5	3.5	5.4	5.4	5.2	6.0					

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



Reconciliation of Net Income to Property NOI* (in thousands)

Reconciliation to Net income	Nine Months				Nine Months			
	Three Months Ended			Ended	Three Months Ended			Ended
	31-Mar-13	30-Jun-13	30-Sep-13	30-Sep-13	31-Mar-12	30-Jun-12	30-Sep-12	30-Sep-12
Net Income	\$ 4,401	\$ 4,741	\$ 4,094	\$ 13,236	\$ 5,738	\$ 5,434	\$ (8,998)	\$ 2,174
Add (deduct):								
Discontinued operations	(98)	(98)	(98)	(294)	222	172	169	563
Loss provision or (gain) on sale of assets	-	-	-	-	-	-	14,300	14,300
Management fee income	(559)	(553)	(692)	(1,804)	(488)	(479)	(562)	(1,529)
Depreciation and amortization	15,784	16,916	22,163	54,863	12,866	12,798	13,367	39,031
Amortization of above/below market leases	48	(27)	(143)	(122)	91	31	86	208
Selling, general and administrative	2,532	3,204	3,477	9,213	2,077	2,236	3,141	7,454
Interest expense	4,208	4,174	5,474	13,856	3,677	4,037	4,187	11,901
Interest income	(1,353)	(1,382)	(1,411)	(4,146)	(2,340)	(2,774)	(3,201)	(8,315)
Equity in earnings of				-				-
nonconsolidated REITs	187	196	431	814	(391)	(494)	(176)	(1,061)
Non-property specific items, net	22	(106)	45	(39)	24	(51)	8	(19)
Property NOI from the continuing portfolio	<u>\$ 25,172</u>	<u>\$ 27,065</u>	<u>\$ 33,340</u>	<u>\$ 85,577</u>	<u>\$ 21,476</u>	<u>\$ 20,910</u>	<u>\$ 22,321</u>	<u>\$ 64,707</u>
Dispositions and asset held for sale	252	252	253	757	118	204	155	477
Property NOI	<u>\$ 25,424</u>	<u>\$ 27,317</u>	<u>\$ 33,593</u>	<u>\$ 86,334</u>	<u>\$ 21,594</u>	<u>\$ 21,114</u>	<u>\$ 22,476</u>	<u>\$ 65,184</u>

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



Debt Summary as of September 30, 2013

(dollars in thousands)	Maturity Date	Maximum Amount of Loan	Amount Drawn at 30-Jun-13	Interest Rate Components	(a)	
					Interest Rate at 30-Sep-13	Facility Fee
2012 Revolver	27-Sep-16	\$ 500,000	\$ 331,500	L+1.45%	1.58%	0.3%
2012 Term Loan	27-Sep-17	400,000	400,000	0.75% + 1.45%	2.20%	0.3%
2013 Term Loan	26-Aug-20	220,000	220,000	2.32% + 1.45%	3.77%	
		<u>\$ 1,120,000</u>	<u>\$ 951,500</u>		<u>2.35%</u>	

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

On August 26, 2013, we entered into a term loan we call the 2013 Term Loan and borrowed \$220 million. On September 27, 2012, we entered into a new bank facility we call the 2012 Credit Facility for a total of \$900 million, which is comprised of a line of credit that we can borrow up to \$500 million on, which we call the 2012 Revolver and a term loan for \$400 million that we call the 2012 Term Loan. Additional information about these loans are in the footnotes to our financial statements.

Pricing is leverage based over LIBOR for the 2013 Term Loan and the 2012 Credit Facility. Each of these facilities also has the option to use the respective bank's base rate.

- The 2013 Term Loan fixed LIBOR at 2.32% for seven years. The current leverage spread over LIBOR is 1.45%, however based on recent acquisitions using debt we expect that spread to increase in Q4 2013.
- The 2012 Credit Facility has the 2012 Term Loan with LIBOR fixed at 0.75% for five years and the 2012 Revolver is at the LIBOR rate. The current leverage spread for the 2012 Credit Facility is 1.40%, however based on recent acquisitions using debt we expect that spread to increase in Q4 2013.
- The total amount available under the 2012 Credit Facility is \$900 million and is subject to a facility fee on the entire amount based on the leverage ratio. As of September 30, 2013 the facility fee was 25 bps based on our leverage ratio, or approximately \$2.25 million per year. We anticipate the facility fee to be approximately \$2.8 million for 2013.
- We incurred financing costs to close the 2013 Term Loan, 2012 Credit Facility and the 2011 Revolver that preceded the 2012 Credit Facility. 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 \$2.0 million.
- The 2012 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 2013 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-13</u>	<u>30-Jun-13</u>	<u>30-Sep-13</u>	<u>31-Mar-12</u>	<u>30-Jun-12</u>	<u>30-Sep-12</u>	<u>31-Dec-12</u>
Market Data:							
Shares Outstanding	82,937	100,187	100,187	82,937	82,937	82,937	82,937
Closing market price per share	\$ 14.62	\$ 13.20	\$ 12.74	\$ 10.60	\$ 10.58	\$ 11.07	\$ 12.31
Market capitalization	\$ 1,212,545	\$ 1,322,474	\$ 1,276,388	\$ 879,136	\$ 877,478	\$ 918,117	\$ 1,020,959
Total Debt	621,750	581,500	951,500	494,000	494,000	482,000	616,750
Total Market Capitalization	\$ 1,834,295	\$ 1,903,974	\$ 2,227,888	\$ 1,373,136	\$ 1,371,478	\$ 1,400,117	\$ 1,637,709
Dividend Data:							
Total dividends paid	\$ 15,758	\$ 15,758	\$ 19,036	\$ 15,758	\$ 15,758	\$ 15,758	\$ 15,758
Common dividend per share	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19
Quarterly dividend as a % of FFO*	76.0%	79.2%	70.4%	80.5%	82.6%	79.2%	76.8%
Liquidity:							
Cash and cash equivalents	\$ 17,282	\$ 24,962	\$ 25,539	\$ 29,283	\$ 22,620	\$ 23,962	\$ 21,267
Revolving credit facilities:							
Gross potential available under current credit facilities	900,000	900,000	900,000	600,000	600,000	900,000	900,000
Less:							
Outstanding balance	(621,750)	(581,500)	(731,500)	(494,000)	(494,000)	(482,000)	(616,750)
Total Liquidity	\$ 295,532	\$ 343,462	\$ 194,039	\$ 135,283	\$ 128,620	\$ 441,962	\$ 304,517

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



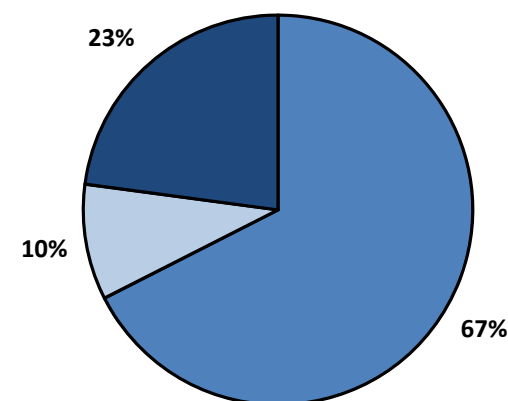
Portfolio Overview

	For the Three Months Ended					
	30-Sep-13	30-Jun-13	31-Mar-13	31-Dec-12	30-Sep-12	30-Jun-12
Owned portfolio of commercial real estate:						
Number of properties (a)	40	38	37	37	37	36
Square feet	9,807,339	8,529,752	7,856,859	7,854,679	7,439,195	7,052,592
Leased percentage	93.8%	94.4%	94.4%	94.0%	89.9%	90.0%
Investments in non-consolidated commercial real estate:						
Number of properties (a)	2	2	2	2	3	3
Square feet	1,395,500	1,395,500	1,392,316	1,392,316	2,016,260	2,003,968
Leased percentage	61.5%	67.6%	66.1%	65.0%	68.0%	89.5%
Single Asset REITs (SARs) managed:						
Number of properties	13	13	13	13	13	13
Square feet	3,323,198	3,323,566	3,323,566	3,323,566	3,322,589	3,322,589
Leased percentage	86.6%	83.9%	87.8%	87.0%	84.8%	84.8%
Total owned (a), investments and managed properties:						
Number of properties	55	53	52	52	53	52
Square feet	14,526,037	13,248,818	12,572,741	12,570,561	12,778,044	12,379,149
Leased percentage	89.1%	88.9%	89.5%	89.0%	85.1%	88.5%

(a) Includes assets held for sale or sold in prior periods

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	76.8%	72.2%	\$ 24.60	Northwest Point	Elk Grove Village	IL	176,848	100.0%	100.0%	\$ 19.33
Washington, D.C.							909 Davis Street	Evanston	IL	195,245	97.9%	97.9%	\$ 34.50
Meadow Point	Chantilly	VA	138,537	92.6%	92.6%	\$ 26.82	Indianapolis						
Stoncroft	Chantilly	VA	111,469	100.0%	100.0%	\$ 38.16	River Crossing	Indianapolis	IN	205,059	99.1%	92.2%	\$ 22.13
Loudoun Tech Center	Dulles	VA	135,888	100.0%	100.0%	\$ 15.85	St. Louis						
Richmond							Timberlake	Chesterfield	MO	232,766	98.3%	97.6%	\$ 21.38
Innsbrook	Glen Allen	VA	298,456	99.9%	98.9%	\$ 17.86	Timberlake East	Chesterfield	MO	116,197	94.6%	94.1%	\$ 22.92
Charlotte							Lakeside Crossing	Maryland Heights	MO	127,778	100.0%	100.0%	\$ 24.51
Park Seneca	Charlotte	NC	109,674	80.7%	78.2%	\$ 15.69	Minneapolis						
Forest Park	Charlotte	NC	62,212	100.0%	100.0%	\$ 14.34	Eden Bluff	Eden Prairie	MN	153,028	100.0%	100.0%	\$ 27.43
Raleigh-Durham							121 South 8th Street	Minneapolis	MN	474,791	90.2%	90.2%	\$ 15.04
Emperor Boulevard	Durham	NC	259,531	100.0%	100.0%	\$ 35.61	Midwest Region Total						
East Region Total			1,441,212	92.6%	91.1%	\$ 24.65				1,681,712	96.3%	95.3%	\$ 22.04

(a) Weighted Occupied Percentage for the nine months ended September 30, 2013

(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						
Willow Bend Office Center	Plano	TX	117,050	92.3%	87.8%	\$ 20.95	Federal Way	Federal Way	WA	117,010	51.5%	47.6%	\$ 18.32
Legacy Tennyson Center	Plano	TX	202,600	100.0%	100.0%	\$ 18.84	San Francisco-San Jose-Oakland						
One Legacy Circle	Plano	TX	214,110	100.0%	100.0%	\$ 31.74	Hillview Center	Milpitas	CA	36,288	100.0%	100.0%	\$ 15.42
Addison Circle	Addison	TX	293,787	94.3%	96.1%	\$ 23.94	Montague Business Center	San Jose	CA	145,951	100.0%	100.0%	\$ 15.54
Collins Crossing	Richardson	TX	298,766	99.5%	93.2%	\$ 23.71	Denver						
East Renner Road	Richardson	TX	122,300	100.0%	100.0%	\$ 9.99	380 Interlocken	Broomfield	CO	240,184	86.1%	86.2%	\$ 29.40
Liberty Plaza	Addison	TX	218,934	86.0%	82.8%	\$ 19.66	1999 Broadway	Denver	CO	673,793	95.8%	95.7%	\$ 30.33
Houston							Greenwood Plaza	Englewood	CO	196,236	100.0%	58.9%	\$ 20.28
Park Ten	Houston	TX	157,460	100.0%	98.9%	\$ 28.56	390 Interlocken	Broomfield	CO	241,516	69.4%	80.2%	\$ 28.31
Eldridge Green	Houston	TX	248,399	100.0%	100.0%	\$ 29.55	1001 17th Street	Denver	CO	655,420	88.5%	88.5%	\$ 31.68
Park Ten Phase II	Houston	TX	156,746	100.0%	100.0%	\$ 31.88	Colorado Springs						
Westchase I & II	Houston	TX	629,025	97.1%	96.2%	\$ 30.42	Centennial Technology Center	Colorado Springs	CO	110,405	85.4%	85.4%	\$ 15.41
Miami-Ft. Lauderdale-West Palm Beach							West Region Total						
Blue Lagoon Drive	Miami	FL	212,619	100.0%	100.0%	\$ 23.72				2,416,803	88.2%	85.8%	\$ 27.56
Atlanta							Total Owned						
One Overton Place	Atlanta	GA	387,267	98.9%	85.5%	\$ 22.84				9,807,339	93.83%	91.87%	\$ 25.29
One Ravinia	Atlanta	GA	386,603	91.0%	87.7%	\$ 21.95							
999 Peachtree	Houston	TX	621,946	94.3%	94.6%	\$ 28.59							
South Region Total			4,267,612	96.5%	94.2%	\$ 25.61							

(a) Weighted Occupied Percentage for the nine months ended September 30, 2013

(b) Weighted Average GAAP Rent per Occupied Square Foot



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

Dallas-Fort Worth

5601 Executive Drive Irving TX 152,121

Galleria North Dallas TX 379,518

Houston

Energy Tower I Houston TX 325,797

Denver

Highland Place Centennial CO 139,142

385 Interlocken Broomfield CO 296,868

Southwest Region Total

1,293,446

MSA / Property Name City State Square Feet

Midwest Region

Chicago

East Wacker (a) Chicago IL 860,429

Indianapolis

Monument Circle Indianapolis IN 213,609

St. Louis

Lakeside Crossing II Maryland Heights MO 116,000

Minneapolis

505 Waterford Plymouth MN 255,999

50 South Tenth Street Minneapolis MN 498,768

Kansas City

Grand Boulevard (b) Kansas City MO 535,071

Cincinnati

Centre Pointe V West Chester OH 135,936

Union Centre West Chester OH 409,798

Midwest Region Total

3,025,610

Total Managed

4,718,698

Total Owned & Managed

14,526,037

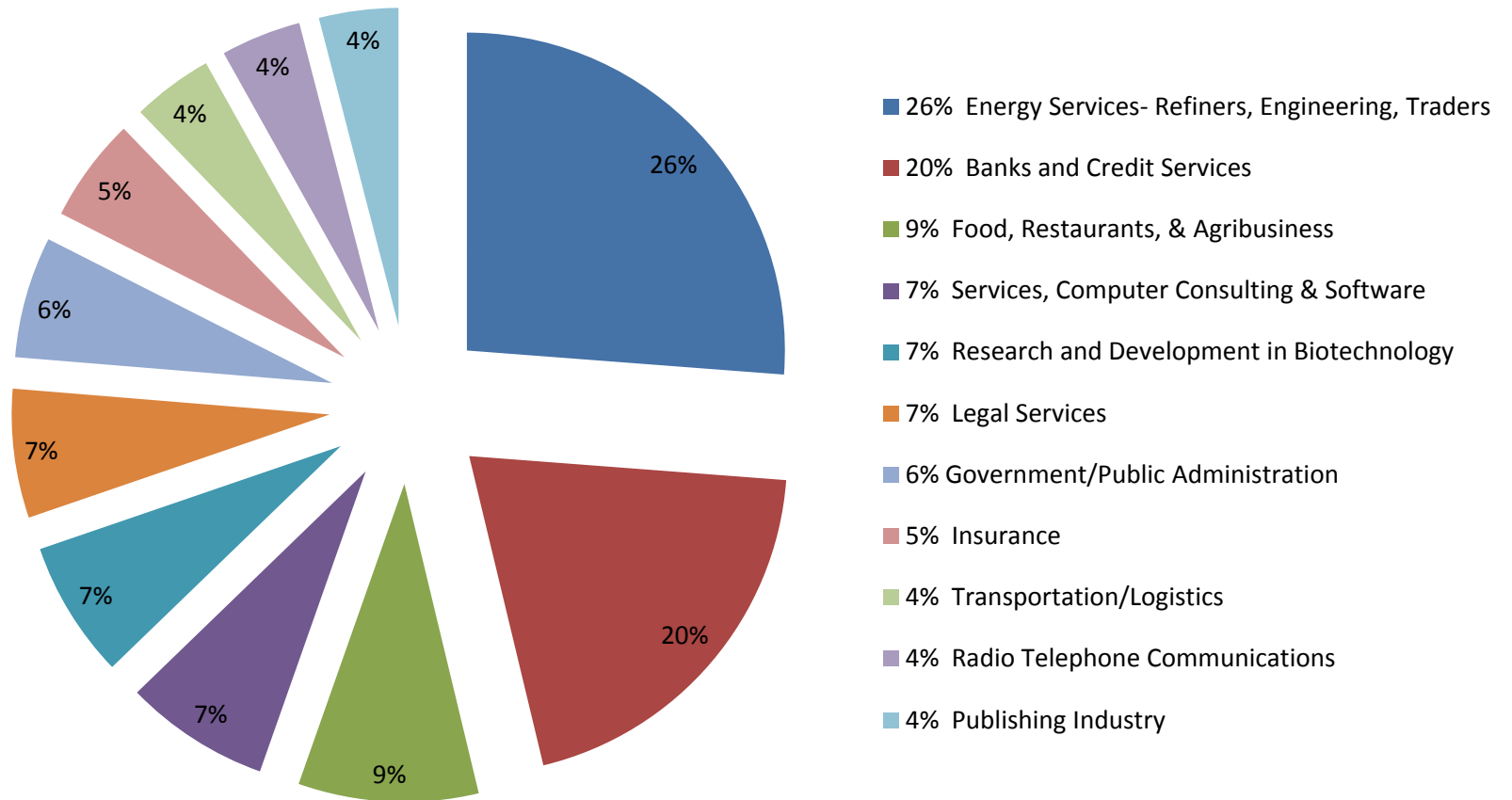
(a) FSP has a Preferred Share Interest of 43.7% in the entity that owns this property.

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



Tenant Analysis - 20 Largest Tenants by Industry Profile

(Top Twenty Largest Tenants by industry as a percentage of the Twenty Tenants as of September 30, 2013)





20 Largest Tenants with Annualized Rent and Remaining Term at September 30, 2013

	Tenant Name	Number of Leases	Remaining Lease Term in Months	Aggregate Leased Square Feet	% of Aggregate Leased Square Feet	Annualized Rent (in 000's)	% of Aggregate Leased Annualized Rent
1	TCF National Bank	2	27	263,111	2.7%	\$ 2,883,485	1.3%
2	Quintiles Transnational Corp	1	66	259,531	2.7%	8,462,648	3.9%
3	CITGO Petroleum Corporation	1	101	248,399	2.6%	7,356,701	3.4%
4	Sutherland Asbill Brennan LLP	1	79	243,839	2.5%	6,989,724	3.2%
5	Newfield Exploration Company	1	101	234,495	2.4%	7,692,386	3.6%
6	US Government (a)	6	11,12,15,23,56,84	229,752	2.4%	7,094,596	3.3%
7	Burger King Corporation	1	60	212,619	2.2%	4,756,424	2.2%
8	Denbury Onshore, LLC	2	70	202,600	2.1%	3,510,042	1.6%
9	RGA Reinsurance Company	2	15	197,354	2.0%	4,275,024	2.0%
10	SunTrust Bank (b)	2	37,96	182,888	1.9%	3,638,692	1.7%
11	Citicorp Credit Services, Inc	1	39	176,848	1.8%	3,511,335	1.6%
12	C.H. Robinson Worldwide, Inc	1	93	153,028	1.6%	4,111,367	1.9%
13	T-Mobile South, LLC dba T-Mobile	1	65	151,792	1.6%	3,515,404	1.6%
14	Houghton Mifflin Harcourt Publishing Company	1	42	150,050	1.5%	5,815,593	2.7%
15	Petrobras America, Inc.	1	74	144,813	1.5%	4,855,533	2.3%
16	Murphy Exploration & Production Company	1	43	144,677	1.5%	4,243,797	2.0%
17	Argo Data Resource Corporation	1	119	138,540	1.4%	2,902,133	1.3%
18	Giesecke & Devrient America, Inc. (c)	1	3, 135	135,888	1.4%	1,897,346	0.9%
19	Monsanto Company	1	16	127,778	1.3%	3,297,783	1.5%
20	Federal National Mortgage Association	1	36	123,144	1.3%	2,886,188	1.3%
			Total	3,721,146	38.4%	\$ 93,696,200	43.6%

(a) Includes 180,444 and 37,813 square feet which expire in 2018 & 2014, respectively.

The remaining 11,495 square feet expire between 2015 - 2020.

(b) Includes 55,388 square feet which expires October 31, 2016.

(c) Includes 23,778 square feet which expires December 31, 2013.



Leasing Activity

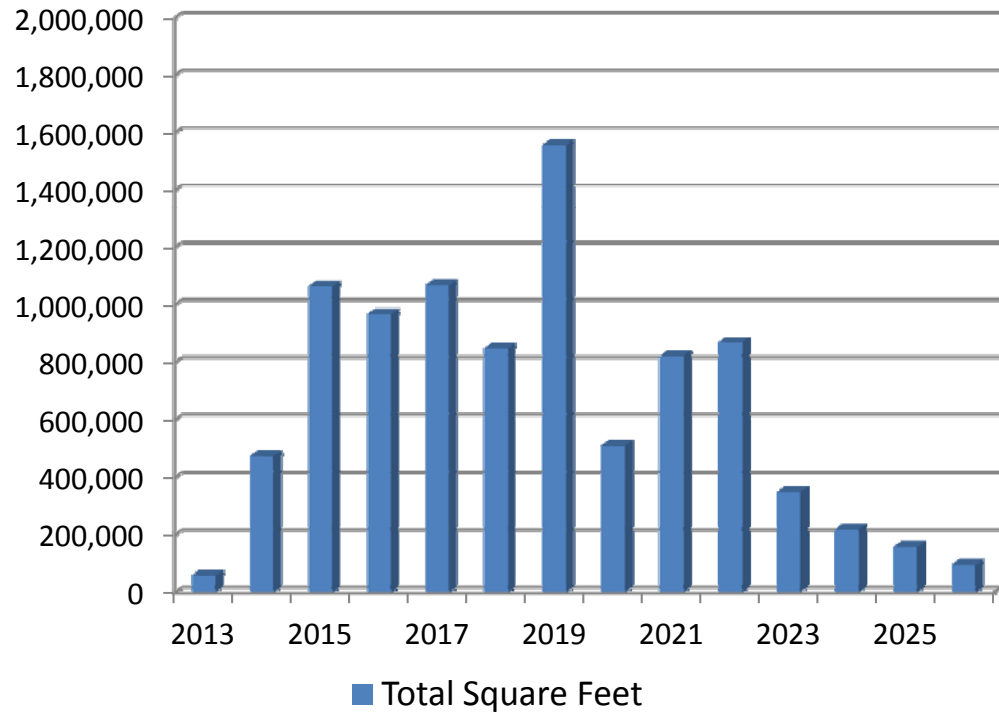
	Nine Months Ended 30-Sep-13	Year Ended 31-Dec-12
Leasing Activity (in Square Feet - SF)		
New leasing	187,481	315,740
Renewals	457,380	700,838
	644,861	1,016,578
 Other information per SF (Activity on a year-to-date basis)		
GAAP Rents on leasing	\$ 23.13	\$ 22.41
Weighted average lease term	7.75 Years	5.1 Years
 Increase over ave GAAP rents in 2012	 10.4%	 1.5%
 Average free rent	 4 Months	 3 Months
Tenant Improvements	\$ 22.14	\$ 12.26
Leasing Costs	\$ 9.14	\$ 5.40



Lease Expirations by Square Feet

(excluding assets held for sale)

<u>Year</u>	<u>Total Square Feet</u>	<u>% of Square Feet Commercial</u>
2013	60,908	0.6%
2014	474,667	4.9%
2015	1,065,576	11.0%
2016	968,158	10.0%
2017	1,069,533	11.0%
2018	849,054	8.8%
2019	1,559,761	16.1%
2020	510,923	5.3%
2021	821,936	8.5%
2022	870,127	9.0%
2023	350,061	3.6%
2024	221,372	2.3%
2025	159,376	1.6%
2025	98,643	1.0%
Vacant	604,944	6.3%
Total	9,685,039	100.0%





Lease Expirations with Annualized Rent per Square Foot (excludes assets held for sale)

Year of Lease Expiration December 31,	Number of Leases Expiring Within the Year	Rentable Square Footage Subject to Expiring Leases	Annualized Rent Under Expiring Leases (a)	Annualized Rent Per Square Foot Under Expiring Leases	Percentage of Total Final Annualized Rent Under Expiring Leases
2013	62 (b)	60,908	1,216,867	19.98	0.57%
2014	77	474,667	11,338,442	23.89	5.27%
2015	88	1,065,576	26,478,906	24.85	12.31%
2016	71	968,158	20,351,067	21.02	9.46%
2017	66	1,069,533	27,976,663	26.16	13.01%
2018	53	849,054	23,154,531	27.27	10.76%
2019	39	1,559,761	38,356,149	24.59	17.83%
2020	16	510,923	14,033,840	27.47	6.52%
2021	15	821,936	16,904,807	20.57	7.86%
2022 and thereafter	59	1,699,746	35,307,873	20.77	16.41%
	546	9,080,262	215,119,143	23.69	100.00%
Vacancies as of 9/30/13		604,777			
Total Portfolio Square Footage		9,685,039			

(a) Annualized rent represents the monthly rent, including tenant reimbursements, for each lease in effect at September 30, 2013 multiplied by 12. Tenant reimbursements generally include payment of real estate taxes, operating expenses and common area maintenance and utility charges.

(b) 45 leases are Month to Month



Capital Expenditures (in thousands)

	For the Three Months Ended			Nine Months
				Ended
	31-Mar-13	30-Jun-13	30-Sep-13	30-Sep-13
Tenant improvements	\$ 1,729	\$ 5,754	\$ 4,596	\$ 12,079
Deferred leasing costs	2,813	1,087	3,821	7,721
Building improvements	1,118	1,622	1,552	4,292
Total	\$ 5,660	\$ 8,463	\$ 9,969	\$ 24,092

	For the Three Months Ended				Year
					Ended
	31-Mar-12	30-Jun-12	30-Sep-12	31-Dec-12	31-Dec-12
Tenant improvements	\$ 3,014	\$ 2,705	\$ 2,854	\$ 4,464	\$ 13,037
Deferred leasing costs	2,196	1,343	1,104	2,784	7,427
Building improvements	746	1,003	711	1,252	3,712
Total	\$ 5,956	\$ 5,051	\$ 4,669	\$ 8,500	\$ 24,176



Transaction Activity

Recent Acquisitions:

	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>Date Acquired</u>	<u>Purchase Price</u> (in thousands)
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
2011					
Emperor Boulevard	Durham	NC	259,531	3/4/11	75,800
Legacy Tennyson Center	Plano	TX	202,600	3/10/11	37,000
One Legacy Circle	Plano	TX	214,110	3/24/11	52,983
909 Davis	Evanston	IL	195,245	9/30/11	37,062
East Renner Road	Richardson	TX	122,300	10/6/11	11,282

Recent Dispositions:

	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>Date Sold</u>	<u>Net Sales</u> <u>Proceeds</u>	<u>Gain (Loss)</u> <u>on Sale</u>
(in thousands)						
2012						
Southfield	Southfield	MI	252,613	12/21/12	\$ 293	\$ (14,826)
2011						
Fairview	Falls Church	VA	252,613	1/21/11	89,382	19,592
Bollman (a)	Savage	MD	98,745	6/24/11	7,408	2,346

(a) Industrial property. All other acquisitions and dispositions are office properties



Loan Portfolio of Secured Real Estate

(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-13</u>	<u>Interest Rate (1)</u>	<u>Draw Fee (2)</u>	<u>Interest Rate at 30-Sep-13</u>
Secured revolving lines of credit							
FSP Highland Place I Corp.	Centennial, CO	31-Dec-13	\$ 5,500	\$ 1,575	L+4.4%	0.5%	4.58%
FSP Satellite Place Corp.	Duluth, GA	31-Mar-14	5,500	5,500	L+4.4%	0.5%	4.58%
FSP 1441 Main Street Corp.	Columbia, SC	31-Mar-14	10,800	9,000	L+4.4%	0.5%	4.58%
FSP 505 Waterford Corp.	Plymouth, MN	30-Nov-13	7,000	2,350	L+4.4%	0.5%	4.58%
FSP Galleria North Corp.	Dallas, TX	30-Jan-15	15,000	9,880	L+5.0%	0.5%	5.18%
Secured construction loan							
FSP 385 Interlocken Development Corp.	Broomfield, CO	30-Apr-14	42,000	37,541	L+4.4%	n/a	4.58%
Mortgage loan secured by property							
FSP Energy Tower I Corp. (3)	Houston, TX	5-Jul-14	33,000	33,000	6.41%	n/a	6.41%
			<u>\$ 118,800</u>	<u>\$ 98,846</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.

(3) The loan has a secured fixed mortgage amount of \$33,000,000. A loan fee of \$300,630 was paid at the time of closing and funding of the loan on July 5, 2012. The borrower is required to pay the Company an exit fee in the amount of 0.982% of the principal repayment amount.



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, and after adjustments to exclude non-cash income (or losses) from non-consolidated or Sponsored REITs, plus distributions received from non-consolidated or Sponsored 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 Funds Available for Distribution (FAD)

The Company defines FAD as the sum of (1) FFO, (2) less the effect of straight-line rent, (3) less recurring capital expenditures that are generally for maintenance of properties and are not recovered through rental income from tenants, and (4) plus non-cash compensation expenses, if any. FAD 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, FAD 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 Property Net Operating Income (Property NOI)

Property NOI is a non-GAAP financial measure equal to 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. Property NOI presented 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.



Investor Relations Contact

(877) 686-9496

InvestorRelations@franklinstreetproperties.com



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

www.franklinstreetproperties.com