

# PRESS RELEASE

# Franklin Street Properties Corp.

401 Edgewater Place • Suite 200 • Wakefield, Massachusetts 01880 • (781) 557-1300 • www.franklinstreetproperties.com

Contact: Georgia Touma (877) 686-9496

**For Immediate Release**

## Franklin Street Properties Corp. Announces First Quarter 2016 Results

Wakefield, MA—April 26, 2016—Franklin Street Properties Corp. (the “Company”, “FSP”, “we” or “our”) (NYSE MKT: FSP), a real estate investment trust (REIT), announced today Funds From Operations (FFO) of \$26.0 million or \$0.26 per share for the first quarter ended March 31, 2016. Net income was \$2.6 million or \$0.03 per share for the first quarter ended March 31, 2016.

The Company evaluates its performance based on FFO, Adjusted Funds From Operations (AFFO), Net Income and Earnings Per Share (EPS) and believes each is an important measure. A reconciliation of Net Income to FFO and AFFO, which are non-GAAP financial measures, is provided on page 3 of this press release.

(in 000's except per share data)

	Three Months Ended March 31,		
	2016	2015	Increase (Decrease)
Net Income	\$ 2,579	\$ 12,533	\$ (9,954)
FFO	\$ 26,037	\$ 25,672	\$ 365
Per Share Data:			
EPS	\$ 0.03	\$ 0.13	\$ (0.10)
FFO	\$ 0.26	\$ 0.26	\$ —
AFFO	\$ 0.21	\$ 0.21	\$ —
Weighted average shares (diluted)	100,187	100,187	—

Comparing results for the first quarter of 2016 to the same period in 2015, FFO increased \$0.4 million to \$26.0 million and was \$0.26 per share for the first quarter of 2016 and the first quarter of 2015. The FFO increase was primarily from higher property income as a result of leasing and the acquisition of a property on April 8, 2015, which was partially offset by the impact of asset sales and loan repayments that occurred in the last twelve months. Net Income and EPS were \$2.6 million and \$0.03 per share for the first quarter of 2016, respectively, compared to Net Income of \$12.5 million and EPS of \$0.13 for the first quarter of 2015. Included in Net Income for the first quarter of 2015, were gains on sales of properties of \$10.5 million or \$0.10 per share. We did not sell any properties in the first quarter of 2016.

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

“For the first quarter of 2016, FSP’s funds from operations, or FFO, totaled approximately \$26.0 million or \$0.26 per share. These results are within our guidance range for the first quarter of 2016. Dividend distributions paid/declared for first quarter 2016 totaled approximately \$19.0 million or \$0.19 per share. Our initial FFO guidance for full year 2016 is being maintained and is estimated to be in the range of \$1.01 to \$1.07 per diluted share, while for the second quarter of 2016, we estimate FFO to be in the range of \$0.24 to \$0.26 per diluted share.

Our directly owned real estate portfolio of 35 properties totaling approximately 9.3 million square feet was approximately 90.2% leased as of March 31, 2016. We continued active leasing in the first quarter, much of it renewals ahead of future lease expirations. We anticipate continued significant leasing activity within the portfolio during 2016.

Subsequent to the end of the first quarter, on April 5, 2016, we sold our Maryland Heights, Missouri property, known as Lakeside Crossing I for \$20.2 million. FSP will record a gain on sale for this property disposition of approximately \$4.1 million in the second quarter of 2016. Property acquisition efforts are currently very active and are focused on CBD and urban infill office buildings located within our five core markets. We anticipate making one or more property acquisitions during 2016. Regarding our redevelopment efforts at 801 Marquette Avenue in downtown Minneapolis, Minnesota, after extensive costing analysis with our potential development partners and outside professionals, we have decided to redevelop the existing building ourselves, rather than raze it and build a new, mixed use tower with outside development partners. As previously announced, Ryan Companies US, Inc. will be the development manager and design/builder, Perkins+Will will lead the architectural design work and CBRE Group, Inc. will be the exclusive leasing agent. We are fully engaged with our outside professionals on this exciting redevelopment and will continue to provide updates as they become available.

As we continue 2016, our property portfolio is operating smoothly with existing and known upcoming vacancies actively being marketed to multiple potential tenants. We look forward with anticipation to 2016 and beyond.”

#### **Dividend Update**

On April 8, 2016, the Company announced that its Board of Directors declared a regular quarterly dividend for the three months ended March 31, 2016 of \$0.19 per share of common stock that will be paid on May 12, 2016 to stockholders of record on April 22, 2016.

#### **FFO Guidance**

We are maintaining our full year FFO guidance for 2016 to be in the range of \$1.01 to \$1.07 per diluted share and, for the second quarter of 2016, we estimate FFO to be in the range of \$0.24 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 G&A expenses; and (c) reflects our current expectations of economic conditions. We will update guidance quarterly in our earnings releases. There can be no assurance that the Company's actual results will not differ materially from the estimates set forth above.

## Real Estate Update

Supplementary schedules provide property information for the Company's owned real estate portfolio and for two non-consolidated REITs in which the Company holds preferred stock interests as of March 31, 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.franklinstreetproperties.com](http://www.franklinstreetproperties.com).

## 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 H. Management believes FFO and AFFO are used broadly throughout the real estate investment trust (REIT) industry as measurements of performance. Management also believes that FFO and AFFO represent the most accurate measures of activity and are the basis for distributions paid to equity holders. The Company has included the NAREIT FFO definition in the table and notes that other REITs may not define FFO in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently. The Company's computation of FFO 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 March 31,	
	2016	2015
(In thousands, except per share amounts)		
Net income	\$ 2,579	\$ 12,533
Gain on sale of assets, less applicable income tax	—	(10,462)
GAAP loss from non-consolidated REITs	286	322
FFO from non-consolidated REITs	645	601
Depreciation & amortization	<u>22,527</u>	<u>22,678</u>
NAREIT FFO	26,037	25,672
Acquisition costs of new properties	—	—
Funds From Operations (FFO)	<u>\$ 26,037</u>	<u>\$ 25,672</u>
Funds From Operations (FFO)	\$ 26,037	\$ 25,672
Reverse FFO from non-consolidated REITs	(645)	(601)
Distributions from non-consolidated REITs	27	27
Amortization of deferred financing costs	517	517
Straight-line rent	(1,275)	(69)
Tenant improvements	(1,929)	(2,936)
Leasing commissions	(1,613)	(830)
Non-investment capex	<u>(438)</u>	<u>(643)</u>
Adjusted Funds From Operations (AFFO)	<u>\$ 20,681</u>	<u>\$ 21,137</u>
Per Share Data		
EPS	\$ 0.03	\$ 0.13
FFO	\$ 0.26	\$ 0.26
AFFO	\$ 0.21	\$ 0.21
Weighted average shares (basic and diluted)	<u>100,187</u>	<u>100,187</u>

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

### **Earnings Call**

A conference call is scheduled for April 27, 2016 at 10:00 a.m. (ET) to discuss the first quarter 2016 results. To access the call, please dial 1-877-507-4376. Internationally, the call may be accessed by dialing 1-412-317-6014. To listen via live audio webcast, please visit the Webcasts & Presentations section in the Investor Relations section of the Company's website ([www.franklinstreetproperties.com](http://www.franklinstreetproperties.com)) at least ten minutes prior to the start of the call and follow the posted directions. The webcast will also be available via replay from the above location starting one hour after the call is finished.

### **About Franklin Street Properties Corp.**

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

### *Forward-Looking Statements*

*Statements made in this press release that state FSP's or management's intentions, beliefs, expectations, or predictions for the future may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This press release may also contain forward-looking statements based on current judgments and current knowledge of management, which are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those indicated in such forward-looking statements. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements. Investors are cautioned that our forward-looking statements involve risks and uncertainty, including without limitation, economic conditions in the United States, disruptions in the debt markets, economic conditions in the markets in which we own properties, risks of a lessening of demand for the types of real estate owned by us, changes in government regulations and regulatory uncertainty, uncertainty about governmental fiscal policy, geopolitical events and expenditures that cannot be anticipated such as utility rate and usage increases, unanticipated repairs, additional staffing, insurance increases and real estate tax valuation reassessments. See the "Risk Factors" set forth in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2015, as the same may be updated from time to time in subsequent filings with the United States Securities and Exchange Commission. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We will not update any of the forward-looking statements after the date of this press release to conform them to actual results or to changes in our expectations that occur after such date, other than as required by law.*

**Franklin Street Properties Corp.  
Earnings Release  
Supplementary Information  
Table of Contents**

Franklin Street Properties Corp. Financial Results	A-C
Real Estate Portfolio Summary Information	D
Portfolio and Other Supplementary Information	E
Percentage of Leased Space	F
Largest 20 Tenants – FSP Owned Portfolio	G
Definition of Funds From Operations (FFO)	H

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

	<b>For the Three Months Ended March 31,</b>	
(in thousands, except per share amounts)	<b>2016</b>	<b>2015</b>
<b>Revenue:</b>		
Rental	\$ 58,360	\$ 59,013
<b>Related party revenue:</b>		
Management fees and interest income from loans	1,433	1,473
Other	20	21
Total revenue	59,813	60,507
<b>Expenses:</b>		
Real estate operating expenses	15,292	15,356
Real estate taxes and insurance	9,150	10,048
Depreciation and amortization	22,445	22,672
Selling, general and administrative	3,530	3,691
Interest	6,433	6,187
Total expenses	56,850	57,954
Income before interest income, equity in losses of non-consolidated REITs and taxes	2,963	2,553
Interest income	—	1
Equity in losses of non-consolidated REITs	(286)	(322)
Gain on sale of properties, less applicable income tax	—	10,462
Income before taxes on income	2,677	12,694
Taxes on income	98	161
Net income	\$ 2,579	\$ 12,533
Weighted average number of shares outstanding, basic and diluted	100,187	100,187
Net income per share, basic and diluted	\$ 0.03	\$ 0.13

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

(in thousands, except share and par value amounts)	<u>March 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
<b>Assets:</b>		
<b>Real estate assets:</b>		
Land	\$ 168,120	\$ 170,021
Buildings and improvements	1,625,819	1,637,066
Fixtures and equipment	2,649	2,528
	1,796,588	1,809,615
Less accumulated depreciation	309,307	299,991
Real estate assets, net	1,487,281	1,509,624
Acquired real estate leases, less accumulated amortization of \$117,134 and \$112,844, respectively	99,102	108,046
Investment in non-consolidated REITs	76,707	77,019
Asset held for sale	15,921	—
Cash and cash equivalents	14,316	18,163
Restricted cash	10	23
Tenant rent receivables, less allowance for doubtful accounts of \$130 and \$130, respectively	3,691	2,898
Straight-line rent receivable, less allowance for doubtful accounts of \$50 and \$50, respectively	49,696	48,502
Prepaid expenses and other assets	5,943	5,484
Related party mortgage loan receivables	79,575	118,641
Other assets: derivative asset	—	1,132
Office computers and furniture, net of accumulated depreciation of \$1,372 and \$1,333, respectively	438	484
Deferred leasing commissions, net of accumulated amortization of \$21,035 and \$20,002, respectively	28,705	28,999
<b>Total assets</b>	<b>\$ 1,861,385</b>	<b>\$ 1,919,015</b>
<b>Liabilities and Stockholders' Equity:</b>		
<b>Liabilities:</b>		
Bank note payable	\$ 265,000	\$ 290,000
Term loans payable, less unamortized financing costs of \$2,120 and \$2,353, respectively	617,880	617,647
Accounts payable and accrued expenses	37,791	49,489
Accrued compensation	1,274	3,726
Tenant security deposits	4,433	4,829
Other liabilities: derivative liability	13,226	8,243
Acquired unfavorable real estate leases, less accumulated amortization of \$9,822 and \$9,368, respectively	8,697	9,425
<b>Total liabilities</b>	<b>948,301</b>	<b>983,359</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' Equity:</b>		
Preferred stock, \$.0001 par value, 20,000,000 shares authorized, none issued or outstanding	-	-
Common stock, \$.0001 par value, 180,000,000 shares authorized, 100,187,405 and 100,187,405 shares issued and outstanding, respectively	10	10
Additional paid-in capital	1,273,556	1,273,556
Accumulated other comprehensive loss	(13,226)	(7,111)
Accumulated distributions in excess of accumulated earnings	(347,256)	(330,799)
<b>Total stockholders' equity</b>	<b>913,084</b>	<b>935,656</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,861,385</b>	<b>\$ 1,919,015</b>

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

(in thousands)	For the Three Months Ended March 31,	
	2016	2015
<b>Cash flows from operating activities:</b>		
Net income	\$ 2,579	\$ 12,533
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	22,962	23,189
Amortization of above market lease	81	6
Equity in losses of non-consolidated REITs	286	322
Gain on sale of properties, less applicable income tax	—	(10,462)
Changes in operating assets and liabilities:		
Restricted cash	13	686
Tenant rent receivables	(793)	146
Straight-line rents	(1,275)	(69)
Lease acquisition costs	(199)	(3)
Prepaid expenses and other assets	(791)	283
Accounts payable, accrued expenses and other items	(10,374)	(7,706)
Accrued compensation	(2,452)	(2,517)
Tenant security deposits	(396)	(230)
Payment of deferred leasing commissions	(1,825)	(1,116)
Net cash provided by operating activities	7,816	15,062
<b>Cash flows from investing activities:</b>		
Property improvements, fixtures and equipment	(6,699)	(4,298)
Office computers and furniture	(21)	—
Distributions in excess of earnings from non-consolidated REITs	27	27
Repayment of related party mortgage loan receivable	39,066	—
Proceeds received on sales of real estate assets	—	47,671
Changes in deposits on real estate assets	—	(4,000)
Net cash provided by investing activities	32,373	39,400
<b>Cash flows from financing activities:</b>		
Distributions to stockholders	(19,036)	(19,036)
Borrowings under bank note payable	15,000	20,000
Repayments of bank note payable	(40,000)	(48,000)
Net cash used in financing activities	(44,036)	(47,036)
<b>Net increase (decrease) in cash and cash equivalents</b>	(3,847)	7,426
<b>Cash and cash equivalents, beginning of year</b>	18,163	7,519
<b>Cash and cash equivalents, end of period</b>	\$ 14,316	\$ 14,945



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

**Commercial portfolio lease expirations (1)**

<u>Year</u>	<u>Total Square Feet</u>	<u>% of Portfolio</u>
2016	587,494	6.3%
2017	1,012,296	10.9%
2018	1,113,118	11.9%
2019	1,314,261	14.1%
2020	851,253	9.1%
Thereafter (2)	4,446,827	47.7%
	<u>9,325,249</u>	<u>100.0%</u>

(1) Percentages are determined based upon total square footage.

(2) Includes 917,040 square feet of current vacancies.

(dollars & square feet in 000's)

<u>State</u>	<u>As of March 31, 2016</u>				
	<u># of Properties</u>	<u>Investment</u>	<u>% of Portfolio</u>	<u>Square Feet</u>	<u>% of Portfolio</u>
Texas	9	\$ 363,725	24.2%	2,418	25.9%
Colorado	5	428,338	28.5%	2,010	21.6%
Georgia	4	286,124	19.1%	1,838	19.7%
Virginia	4	92,516	6.2%	685	7.3%
Minnesota (a)	1	26,544	1.8%	306	3.3%
Missouri (b)	3	61,734	4.1%	478	5.1%
North Carolina	2	54,805	3.7%	322	3.5%
Illinois	2	44,002	2.9%	372	4.0%
Maryland	1	50,797	3.4%	325	3.4%
Florida	1	41,545	2.8%	213	2.3%
Indiana	1	31,342	2.1%	205	2.2%
California	1	3,794	0.3%	36	0.4%
Washington	1	13,667	0.9%	117	1.3%
Total	<u>35</u>	<u>\$ 1,498,933</u>	<u>100.0%</u>	<u>9,325</u>	<u>100.0%</u>

(a) Excludes approximately \$4,269, which is our investment in a property being redeveloped.

(b) Includes asset held for sale of \$15,921, which was sold on April 5, 2016.

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

**Recurring Capital Expenditures  
 Owned Portfolio**

	For the Three Months Ended					Year ended
	31-Mar-16	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	31-Dec-15
Tenant improvements	\$ 1,929	\$ 2,936	\$ 3,420	\$ 1,794	\$ 3,788	\$ 11,938
Deferred leasing costs	1,613	830	1,539	1,490	3,952	7,811
Non-investment capex	438	643	1,411	1,090	1,162	4,306
Total Capital Expenditures	<u>\$ 3,980</u>	<u>\$ 4,409</u>	<u>\$ 6,370</u>	<u>\$ 4,374</u>	<u>\$ 8,902</u>	<u>\$ 24,055</u>

**Square foot & leased percentages**

	March 31, 2016	December 31, 2015
<b>Owned portfolio of commercial real estate</b>		
Number of properties (a)	35	36
Square feet	9,325,249	9,494,953
Leased percentage	90.2%	91.6%
<b>Investments in non-consolidated REITs</b>		
Number of properties	2	2
Square feet	1,396,071	1,396,071
Leased percentage	73.9%	73.5%
<b>Single Asset REITs (SARs) managed</b>		
Number of properties	6	7
Square feet	1,191,135	1,487,026
Leased percentage	75.8%	77.0%
<b>Total owned, investments &amp; managed properties</b>		
Number of properties	43	45
Square feet	11,912,455	12,378,050
Leased percentage	86.8%	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-Mar-16	% Interest Held
FSP 303 East Wacker Drive Corp.	Chicago	IL	861,000	65.7%	43.7%
FSP Grand Boulevard Corp.	Kansas City	MO	535,071	87.2%	27.0%
			<u>1,396,071</u>	<u>73.9%</u>	

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

	<u>Property Name</u>	<u>Location</u>	<u>Square Feet</u>	<u>% Leased (1) as of 31-Dec-15</u>	<u>Fourth Quarter Average % Leased (2)</u>	<u>% Leased (1) as of 31-Mar-16</u>	<u>First Quarter Average % Leased (2)</u>
1	HILLVIEW CENTER	Milpitas, CA	36,288	100.0%	100.0%	100.0%	100.0%
2	FOREST PARK	Charlotte, NC	62,212	100.0%	100.0%	100.0%	100.0%
3	MEADOW POINT	Chantilly, VA	138,537	100.0%	100.0%	100.0%	100.0%
4	TIMBERLAKE	Chesterfield, MO	234,023	95.4%	94.3%	95.4%	95.4%
5	FEDERAL WAY	Federal Way, WA	117,010	66.8%	64.9%	61.6%	65.1%
6	NORTHWEST POINT	Elk Grove Village, IL	176,848	100.0%	100.0%	100.0%	100.0%
7	TIMBERLAKE EAST	Chesterfield, MO	116,197	96.2%	61.2%	96.2%	96.2%
8	PARK TEN	Houston, TX	157,460	63.1%	63.1%	63.1%	63.1%
9	ADDISON	Addison, TX	290,041	93.4%	93.4%	93.4%	93.4%
10	COLLINS CROSSING	Richardson, TX	300,887	100.0%	100.0%	100.0%	100.0%
11	GREENWOOD PLAZA	Englewood, CO	196,236	100.0%	100.0%	100.0%	100.0%
12	RIVER CROSSING	Indianapolis, IN	205,059	91.1%	91.1%	91.1%	91.1%
13	LIBERTY PLAZA	Addison, TX	218,934	81.8%	79.2%	80.9%	81.5%
14	INNSBROOK	Glen Allen, VA	298,456	100.0%	100.0%	100.0%	100.0%
15	380 INTERLOCKEN	Broomfield, CO	240,185	97.1%	97.1%	97.1%	97.1%
16	BLUE LAGOON	Miami, FL	212,619	100.0%	100.0%	100.0%	100.0%
17	ELDRIDGE GREEN	Houston, TX	248,399	100.0%	100.0%	100.0%	100.0%
18	ONE OVERTON PARK	Atlanta, GA	387,267	85.0%	85.0%	85.0%	85.0%
19	390 INTERLOCKEN	Broomfield, CO	241,516	84.6%	85.1%	84.6%	84.6%
20	EAST BALTIMORE	Baltimore, MD	325,445	85.4%	85.4%	83.6%	84.8%
21	PARK TEN PHASE II	Houston, TX	156,746	100.0%	100.0%	100.0%	100.0%
22	LAKESIDE CROSSING I	Maryland Heights, MO	127,778	100.0%	100.0%	100.0%	100.0%
23	LOUDOUN TECH	Dulles, VA	136,658	92.0%	92.0%	92.0%	92.0%
24	4807 STONECROFT	Chantilly, VA	111,469	100.0%	100.0%	100.0%	100.0%
25	121 SOUTH EIGHTH ST	Minneapolis, MN	305,990	88.3%	88.3%	56.2%	56.2%
	801 MARQUETTE AVE (3)	Minneapolis, MN	—	97.2%	97.2%	(3)	(3)
26	EMPEROR BOULEVARD	Durham, NC	259,531	100.0%	100.0%	100.0%	100.0%
27	LEGACY TENNYSON CTR	Plano, TX	202,600	100.0%	100.0%	100.0%	100.0%
28	ONE LEGACY	Plano, TX	214,110	100.0%	100.0%	100.0%	100.0%
29	909 DAVIS	Evanston, IL	195,245	100.0%	100.0%	88.8%	88.8%
30	ONE RAVINIA DRIVE	Atlanta, GA	386,603	94.8%	94.8%	94.8%	94.8%
31	TWO RAVINIA	Atlanta, GA	442,130	80.8%	78.6%	84.0%	82.2%
32	WESTCHASE I & II	Houston, TX	629,025	87.0%	87.8%	87.0%	87.0%
33	1999 BROADWAY	Denver, CO	676,379	82.7%	82.7%	83.0%	82.8%
34	999 PEACHTREE	Atlanta, GA	621,946	95.0%	95.2%	95.3%	95.1%
35	1001 17th STREET	Denver, CO	655,420	88.6%	87.6%	87.6%	87.9%
	<b>TOTAL WEIGHTED AVERAGE</b>		<b>9,325,249</b>	<b>91.6%</b>	<b>90.8%</b>	<b>90.2%</b>	<b>90.2%</b>

- (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 is being redeveloped in 2016.

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 March 31, 2016

	Tenant	Sq Ft	% of Portfolio
1	Quintiles Transnational Corp	259,531	3.1%
2	CITGO Petroleum Corporation	248,399	3.0%
3	Newfield Exploration Company	234,495	2.8%
4	US Government	223,433	2.7%
5	Sutherland Asbill Brennan LLP	222,422	2.6%
6	Burger King Corporation	212,619	2.5%
7	Denbury Onshore, LLC	202,600	2.4%
8	SunTrust Bank	182,888	2.2%
9	Centene Management Company, LLC	179,637	2.1%
10	Citicorp Credit Services, Inc	176,848	2.1%
11	T-Mobile South, LLC dba T-Mobile	151,792	1.8%
12	Petrobras America, Inc.	144,813	1.7%
13	Murphy Exploration & Production Company	144,677	1.7%
14	Argo Data Resource Corporation	140,246	1.7%
15	Houghton Mifflin Harcourt Publishing Company	128,226	1.5%
16	Monsanto Company	127,778	1.5%
17	Federal National Mortgage Association	123,144	1.5%
18	Vail Corp d/b/a Vail Resorts	122,232	1.5%
19	Kaiser Foundation Health Plan	120,979	1.4%
20	Giesecke & Devrient America	112,110	1.3%
	Total	3,458,869	41.1%

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

**Funds From Operations (“FFO”)**

The Company evaluates performance based on Funds From Operations, which we refer to as FFO. The Company defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property and acquisition costs of newly acquired properties that are not capitalized, plus depreciation and amortization, including amortization of acquired above and below market lease intangibles and impairment charges on properties or investments in non-consolidated REITs, and after adjustments to exclude equity in income or losses from, and, to include the proportionate share of FFO from, non-consolidated REITs.

FFO should not be considered as an alternative to net income (determined in accordance with GAAP), nor as an indicator of the Company’s financial performance, nor as an alternative to cash flows from operating activities (determined in accordance with GAAP), nor as a measure of the Company’s liquidity, nor is it necessarily indicative of sufficient cash flow to fund all of the Company’s needs.

Other real estate companies and NAREIT, may define this term in a different manner. We have included the NAREIT FFO definition in our table and note that other REITs may not define FFO in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently than we do.

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

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

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

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



Franklin Street Properties

# Supplemental Operating and Financial Data

*First Quarter 2016*

Franklin Street Properties Corp.

401 Edgewater Place | Wakefield, Massachusetts 01880  
781.557.1300 | [www.franklinstreetproperties.com](http://www.franklinstreetproperties.com)



# Table of Contents

	<i>Page</i>		<i>Page</i>
<b>Company Overview</b>	3	<b>Tenant Analysis and Leasing Activity</b>	
<b>Key Financial Data</b>		Tenants by Industry	18
Financial Highlights	4	20 Largest Tenants with Annualized Rent and Remaining Term	19
Income Statements	5	Leasing Activity	20
Balance Sheets	6	Lease Expirations by Square Feet	21
Cash Flow Statements	7	Lease Expirations with Annualized Rent per Square Foot	22
Property Net Operating Income (NOI)	8	Capital Expenditures	23
<b>Reconciliation</b>		<b>Transaction Activity</b>	24
FFO & AFFO	9	<b>Loan Portfolio of Secured Real Estate</b>	25
EBITDA	10	<b>Net Asset Value Components</b>	26
Property NOI	11	<b>Appendix: Definitions of Non-GAAP Measures</b>	
<b>Debt Summary</b>	12	FFO	27
<b>Capital Analysis</b>	13	EBITDA and NOI	28
<b>Owned and Managed Portfolio Overview</b>	14-17	AFFO	29

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.



*FSP 1001 17<sup>th</sup> Street, Denver, CO*



# Company Overview

## Overview

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

## Our Business

As of March 31, 2016, the Company owned and operated a portfolio of real estate consisting of 35 properties, managed 8 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  
President, Chief Executive Officer  
Chairman of the Board

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

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

Jeffrey B. Carter  
Executive Vice President and  
Chief Investment Officer

Janet Notopoulos  
Executive Vice President and Director

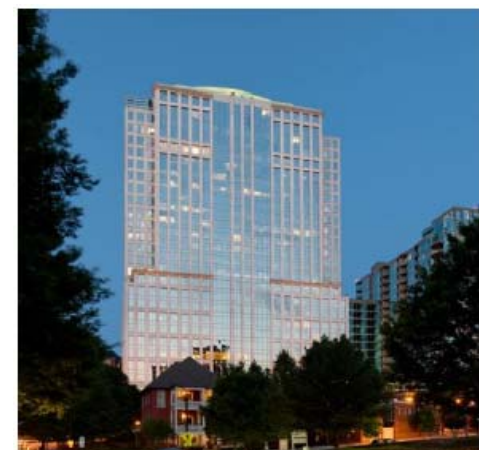
Eriel Anchondo  
Senior Vice President of Operations

## Inquiries

Inquiries should be directed to: Georgia Touma  
877.686.9496 or [InvestorRelations@franklinstreetproperties.com](mailto:InvestorRelations@franklinstreetproperties.com)

## Snapshot (as of March 31, 2016)

Corporate Headquarters	Wakefield, MA
Fiscal Year-End	31-Dec
Total Properties	35
Total Square Feet	9.3 Million
Trading Symbol	FSP
Exchange	NYSE MKT
Common Shares Outstanding	100,187,405
Quarterly Dividend	\$0.19
Dividend Yield	7.2%
Total Market Capitalization	\$1.9 Billion
Insider Holdings	4.1%



*FSP 999 Peachtree Street, Atlanta, GA*





# Summary of Financial Highlights

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

	31-Mar-16	31-Dec-15	30-Sep-15	30-Jun-15	31-Mar-15
<b>Income Items:</b>					
Rental revenue	\$ 58,360	\$ 59,656	\$ 60,386	\$ 58,801	\$ 59,013
Total revenue	59,813	61,250	61,877	60,233	60,507
Adjusted EBITDA*	31,637	32,112	32,567	32,642	31,097
Equity in losses of non-consolidated REITs	(286)	(807)	(284)	(38)	(322)
Net income	2,579	15,412	3,166	3,903	12,533
FFO*	26,037	27,076	26,954	27,188	25,672
<b>Per Share Data:</b>					
EPS	\$ 0.03	\$ 0.15	\$ 0.03	\$ 0.04	\$ 0.13
FFO*	\$ 0.26	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.26
Weighted Average Shares (diluted)	100,187	100,187	100,187	100,187	100,187
Closing share price	\$ 10.61	\$ 10.35	\$ 10.75	\$ 11.31	\$ 12.82
Dividend	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19
Payout Ratio:	73%	70%	71%	70%	74%
<b>Balance Sheet Items:</b>					
Real estate, net	\$ 1,487,281	\$ 1,509,624	\$ 1,530,691	\$ 1,539,343	\$ 1,486,897
Other assets, net	374,104	409,391	393,103	397,940	399,464
Total assets, net	1,861,385	1,919,015	1,923,794	1,937,283	1,886,361
Total liabilities, net	948,301	983,359	989,500	981,737	918,031
Shareholders' equity	913,084	935,656	934,294	955,546	968,330
<b>Market Capitalization and Debt:</b>					
Total Market Capitalization (a)	\$ 1,947,988	\$ 1,946,940	\$ 1,997,015	\$ 2,053,120	\$ 2,144,403
Total debt outstanding (excluding unamortized financing costs)	885,000	910,000	920,000	920,000	860,000
Debt to Total Market Capitalization	45.4%	46.7%	46.1%	44.8%	40.1%
Debt to Adjusted EBITDA	7.0	7.1	7.1	7.0	6.9
<b>Owned Portfolio Leasing Statistics (b):</b>					
Owned portfolio assets	35	36	36	36	36
Portfolio total SF	9,325,249	9,494,953	9,640,904	9,639,740	9,310,131
Portfolio % leased	90.2%	91.6%	90.5%	90.6%	90.4%

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

(b) At March 31, 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 31-Mar-16	For the Three Months Ended				For the Year Ended 31-Dec-15
		31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	31-Dec-15
<b>Revenue:</b>						
Rental	\$ 58,360	\$ 59,013	\$ 58,801	\$ 60,386	\$ 59,656	\$ 237,856
<b>Related party revenue:</b>						
Management fees and interest income from loans	1,433	1,473	1,412	1,470	1,575	5,930
Other	20	21	20	21	19	81
<b>Total revenue</b>	<b>59,813</b>	<b>60,507</b>	<b>60,233</b>	<b>61,877</b>	<b>61,250</b>	<b>243,867</b>
<b>Expenses:</b>						
Real estate operating expenses	15,292	15,356	14,644	15,951	15,939	61,890
Real estate taxes and insurance	9,150	10,048	9,469	9,941	9,202	38,660
Depreciation and amortization	22,445	22,672	23,207	22,911	22,569	91,359
Selling, general and administrative	3,530	3,691	3,401	3,071	3,128	13,291
Interest	6,433	6,187	6,365	6,425	6,455	25,432
<b>Total expenses</b>	<b>56,850</b>	<b>57,954</b>	<b>57,086</b>	<b>58,299</b>	<b>57,293</b>	<b>230,632</b>
Income before interest income, equity in losses of non-consolidated REITs and taxes	2,963	2,553	3,147	3,578	3,957	13,235
Interest income	—	1	—	—	—	1
Equity in losses of non-consolidated REITs	(286)	(322)	(38)	(284)	(807)	(1,451)
Gain on sale of properties, less applicable income tax	—	10,462	948	1	12,251	23,662
Income before taxes on income	2,677	12,694	4,057	3,295	15,401	35,447
Income tax expense	98	161	154	129	(11)	433
<b>Net income</b>	<b>\$ 2,579</b>	<b>\$ 12,533</b>	<b>\$ 3,903</b>	<b>\$ 3,166</b>	<b>\$ 15,412</b>	<b>\$ 35,014</b>
Weighted average number of shares outstanding, basic and diluted	100,187	100,187	100,187	100,187	100,187	100,187
<b>Net income per share, basic and diluted</b>	<b>\$ 0.03</b>	<b>\$ 0.13</b>	<b>\$ 0.04</b>	<b>\$ 0.03</b>	<b>\$ 0.15</b>	<b>\$ 0.35</b>



# Condensed Consolidated Balance Sheets

(in thousands)

	March 31, 2016	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015
<b>Assets:</b>					
<b>Real estate assets:</b>					
Land	\$ 168,120	\$ 174,707	\$ 180,271	\$ 180,271	\$ 170,021
Buildings and improvements	1,625,819	1,581,524	1,636,444	1,639,869	1,637,066
Fixtures and equipment	2,649	1,724	1,800	1,882	2,528
	1,796,588	1,757,955	1,818,515	1,822,022	1,809,615
<b>Less accumulated depreciation</b>	<b>309,307</b>	<b>271,058</b>	<b>279,172</b>	<b>291,331</b>	<b>299,991</b>
<b>Real estate assets, net</b>	<b>1,487,281</b>	<b>1,486,897</b>	<b>1,539,343</b>	<b>1,530,691</b>	<b>1,509,624</b>
Acquired real estate leases, net	99,102	124,337	126,926	117,272	108,046
Investment in non-consolidated REITs	76,707	78,228	78,164	77,853	77,019
Asset held for sale	15,921	—	—	—	—
Cash and cash equivalents	14,316	14,945	15,841	19,100	18,163
Restricted cash	10	56	48	34	23
Tenant rent receivables, net	3,691	4,587	2,886	3,548	2,898
Straight-line rent receivable, net	49,696	45,498	46,168	47,330	48,502
Prepaid expenses and other assets	5,943	10,475	6,278	7,187	5,484
Related party mortgage loan receivable	79,575	93,641	93,641	93,641	118,641
Other assets: derivative asset	—	774	918	—	1,132
Office computers and furniture, net of accumulated depreciation	438	588	562	551	484
Deferred leasing commissions, net	28,705	26,335	26,508	26,587	28,999
<b>Total assets</b>	<b>\$ 1,861,385</b>	<b>\$ 1,886,361</b>	<b>\$ 1,937,283</b>	<b>\$ 1,923,794</b>	<b>\$ 1,919,015</b>
<b>Liabilities and Stockholders' Equity:</b>					
<b>Liabilities:</b>					
Bank note payable	\$ 265,000	\$ 240,000	\$ 300,000	\$ 300,000	\$ 290,000
Term loan payable, net of unamortized financing costs	617,880	616,949	617,182	617,414	617,647
Accounts payable and accrued expenses	37,791	36,065	39,199	42,164	49,489
Accrued compensation	1,274	1,241	2,327	3,236	3,726
Tenant security deposits	4,433	4,019	4,315	4,349	4,829
Other liabilities: derivative termination value	13,226	9,836	7,632	12,096	8,243
Acquired unfavorable real estate leases, net	8,697	9,921	11,082	10,241	9,425
<b>Total liabilities</b>	<b>948,301</b>	<b>918,031</b>	<b>981,737</b>	<b>989,500</b>	<b>983,359</b>
<b>Commitments and contingencies</b>					
<b>Stockholders' Equity:</b>					
Preferred stock	-	-	-	-	-
Common stock	10	10	10	10	10
Additional paid-in capital	1,273,556	1,273,556	1,273,556	1,273,556	1,273,556
Accumulated other comprehensive income (loss)	(13,226)	(9,062)	(6,714)	(12,096)	(7,111)
Accumulated distributions in excess of accumulated earnings	(347,256)	(296,174)	(311,306)	(327,176)	(330,799)
<b>Total stockholders' equity</b>	<b>913,084</b>	<b>968,330</b>	<b>955,546</b>	<b>934,294</b>	<b>935,656</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,861,385</b>	<b>\$ 1,886,361</b>	<b>\$ 1,937,283</b>	<b>\$ 1,923,794</b>	<b>\$ 1,919,015</b>



# Condensed Consolidated Statements of Cash Flows

(in thousands)

	Three Months ended March 31,		Twelve Months ended December 31,	
	2016	2015	2015	2014
<b>Cash flows from operating activities:</b>				
Net income	\$ 2,579	\$ 12,533	\$ 35,014	\$ 13,148
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization expense	22,962	23,189	93,426	97,916
Amortization of above market lease	81	6	(158)	635
Gain on sale of properties, less applicable income tax	-	(10,462)	(23,662)	(940)
Equity in earnings (losses) from non-consolidated REITs	286	322	1,451	1,760
Increase in allowance for doubtful accounts	-	-	(195)	275
Changes in operating assets and liabilities:				
Restricted cash	13	686	719	(99)
Tenant rent receivables	(793)	146	2,030	94
Straight-line rents	(1,275)	(69)	(2,448)	(4,737)
Lease acquisition costs	(199)	(3)	(1,487)	(440)
Prepaid expenses and other assets	(791)	283	422	700
Accounts payable and accrued expenses	(10,374)	(7,706)	5,505	206
Accrued compensation	(2,452)	(2,517)	(32)	773
Tenant security deposits	(396)	(230)	581	222
Payment of deferred leasing commissions	(1,825)	(1,116)	(8,276)	(6,347)
<b>Net cash provided by operating activities</b>	<b>7,816</b>	<b>15,062</b>	<b>102,890</b>	<b>103,166</b>
<b>Cash flows from investing activities:</b>				
Property acquisitions	-	-	(66,104)	—
Acquired real estate leases	-	-	(10,604)	—
Property improvements, fixtures and equipment	(6,699)	(4,298)	(21,750)	(18,370)
Office computers and furniture	(21)	-	(179)	(191)
Distributions in excess of earnings from non-consolidated REITs	27	27	107	107
Investment in related party mortgage loan receivable	-	-	(25,000)	(11,170)
Repayment of related party mortgage loan receivable	39,066	-	—	17,275
Changes in deposits on real estate assets	-	(4,000)	—	—
Proceeds received on sales of real estate assets	-	47,671	85,426	14,192
<b>Net cash provided by (used in) investing activities</b>	<b>32,373</b>	<b>39,400</b>	<b>(38,104)</b>	<b>1,843</b>
<b>Cash flows from financing activities:</b>				
Distributions to stockholders	(19,036)	(19,036)	(76,142)	(76,142)
Borrowings under bank note payable	-	20,000	110,000	15,000
Repayments of bank note payable	(40,000)	(48,000)	(88,000)	(53,500)
Borrowing (repayment) of term loan payable, net	15,000	-	—	—
Deferred Financing Costs	-	-	—	(2,471)
<b>Net cash used in financing activities</b>	<b>(44,036)</b>	<b>(47,036)</b>	<b>(54,142)</b>	<b>(117,113)</b>
Net increase (decrease) in cash and cash equivalents	(3,847)	7,426	10,644	(12,104)
Cash and cash equivalents, beginning of period	18,163	7,519	7,519	19,623
<b>Cash and cash equivalents, end of period</b>	<b>\$ 14,316</b>	<b>\$ 14,945</b>	<b>\$ 18,163</b>	<b>\$ 7,519</b>



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

<u>(in thousands)</u>	<u>Rentable Square Feet or RSF</u>	<u>Three Months Ended 31-Mar-16</u>	<u>Three Months Ended 31-Mar-15</u>	<u>Inc (Dec)</u>	<u>% Change</u>
Region					
East	1,333	\$ 4,671	\$ 4,736	\$ (65)	(1.4)%
MidWest	1,361	3,411	3,370	41	1.2 %
South	4,026	16,020	15,781	239	1.5 %
West	2,163	8,439	7,859	580	7.4 %
Same Store	<u>8,883</u>	<u>32,541</u>	<u>31,746</u>	<u>795</u>	<u>2.5 %</u>
Acquisitions	442	1,180	—	1,180	3.7 %
Property NOI from the continuing portfolio	<u>9,325</u>	<u>33,721</u>	<u>31,746</u>	<u>1,975</u>	<u>6.2 %</u>
Dispositions, Non-Operating, Development or Redevelopment		(254)	1,278	(1,532)	(4.9)%
Property NOI*		<u>\$ 33,467</u>	<u>\$ 33,024</u>	<u>\$ 443</u>	<u>1.3 %</u>
Same Store		\$ 32,541	\$ 31,746	\$ 795	2.5 %
Less Nonrecurring Items in NOI (a)		<u>413</u>	<u>75</u>	<u>338</u>	<u>(1.1)%</u>
Comparative Same Store		<u>\$ 32,128</u>	<u>\$ 31,671</u>	<u>\$ 457</u>	<u>1.4 %</u>

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



# FFO & AFFO Reconciliation

(in thousands, except per share amounts)

	For the Three Months Ended	For the Three Months Ended				For the Year Ended
	31-Mar-16	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	31-Dec-15
Net income	\$ 2,579	\$ 12,533	\$ 3,903	\$ 3,166	\$ 15,412	\$ 35,014
Gain (loss) on sale, less applicable income tax	—	(10,462)	(948)	(1)	(12,251)	(23,662)
GAAP income from non-consolidated REITs	286	322	38	284	807	1,451
FFO from non-consolidated REITs	645	601	885	645	601	2,732
Depreciation & amortization	22,527	22,678	23,168	22,848	22,507	91,201
NAREIT FFO*	26,037	25,672	27,046	26,942	27,076	106,736
Acquisition costs	—	—	142	12	—	154
<b>Funds From Operations (FFO)*</b>	<b>\$ 26,037</b>	<b>\$ 25,672</b>	<b>\$ 27,188</b>	<b>\$ 26,954</b>	<b>\$ 27,076</b>	<b>\$ 106,890</b>
<b>Adjusted Funds From Operations (AFFO)*</b>						
Funds From Operations (FFO)*	\$ 26,037	\$ 25,672	\$ 27,188	\$ 26,954	\$ 27,076	\$ 106,890
Reverse FFO from non-consolidated REITs	(645)	(601)	(885)	(645)	(601)	(2,732)
Distributions from non-consolidated REITs	27	27	27	27	26	107
Amortization of deferred financing costs	517	517	517	516	518	2,068
Straight-line rent	(1,275)	(69)	(574)	(930)	(875)	(2,448)
Tenant improvements	(1,929)	(2,936)	(3,420)	(1,794)	(3,788)	(11,938)
Leasing commissions	(1,613)	(830)	(1,539)	(1,490)	(3,952)	(7,811)
Non-investment capex	(438)	(643)	(1,411)	(1,090)	(1,162)	(4,306)
<b>Adjusted Funds From Operations (AFFO)*</b>	<b>\$ 20,681</b>	<b>\$ 21,137</b>	<b>\$ 19,903</b>	<b>\$ 21,548</b>	<b>\$ 17,242</b>	<b>\$ 79,830</b>
<b>Per Share Data:</b>						
EPS	\$ 0.03	\$ 0.13	\$ 0.04	\$ 0.03	\$ 0.15	\$ 0.35
FFO*	0.26	0.26	0.27	0.27	0.27	1.07
AFFO*	0.21	0.21	0.20	0.22	0.17	0.80
Weighted Average Shares (basic and diluted)	100,187	100,187	100,187	100,187	100,187	100,187

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



# EBITDA Reconciliation

(in thousands, except ratio amounts)

	<u>Three Months Ended</u>	<u>For the Three Months Ended</u>				<u>Year Ended</u>
	31-Mar-16	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	31-Dec-15
Net income	\$ 2,579	\$ 12,533	\$ 3,903	\$ 3,166	\$ 15,412	\$ 35,014
Interest expense	6,433	6,187	6,365	6,425	6,455	25,432
Depreciation and amortization	22,527	22,678	23,168	22,848	22,507	91,201
Income taxes	98	161	154	129	(11)	\$ 433
EBITDA*	31,637	41,559	33,590	32,568	44,363	152,080
Excluding (gain) loss on sale, less applicable income tax	—	(10,462)	(948)	(1)	(12,251)	(23,662)
Adjusted EBITDA*	\$ 31,637	\$ 31,097	\$ 32,642	\$ 32,567	\$ 32,112	\$ 128,418
Interest expense	\$ 6,433	\$ 6,187	\$ 6,365	\$ 6,425	\$ 6,455	\$ 25,432
Scheduled principal payments	—	—	—	—	—	—
Interest and scheduled principal payments	\$ 6,433	\$ 6,187	\$ 6,365	\$ 6,425	\$ 6,455	\$ 25,432
Interest coverage ratio	4.92	5.03	5.13	5.07	4.97	5.05
Debt service coverage ratio	4.92	5.03	5.13	5.07	4.97	5.05
Debt (excluding unamortized financing costs)	\$ 885,000	\$ 860,000	\$ 920,000	\$ 920,000	\$ 910,000	
Adjusted EBITDA*	31,637	31,097	32,642	32,567	32,112	
Annualized	126,548	124,388	130,568	130,268	128,448	
Debt-to-EBITDA*	7.0	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.



# Reconciliation of Net Income to Property NOI

(in thousands)

Reconciliation of Net income to Property NOI\*

	Three Months Ended	Three Months Ended				Year
	31-Mar-16	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	31-Dec-15
Net Income	\$ 2,579	\$ 12,533	\$ 3,903	\$ 3,166	\$ 15,412	\$ 35,014
Add (deduct):						
Gain on sale of properties, less applicable income taxes	—	(10,462)	(948)	(1)	(12,251)	(23,662)
Management fee income	(660)	(643)	(559)	(621)	(645)	(2,468)
Depreciation and amortization	22,445	22,672	23,207	22,911	22,569	91,359
Amortization of above/below market leases	81	6	(39)	(63)	(62)	(158)
Selling, general and administrative	3,530	3,691	3,401	3,071	3,128	13,291
Interest expense	6,433	6,187	6,365	6,425	6,455	25,432
Interest income	(1,279)	(1,262)	(1,278)	(1,293)	(1,397)	(5,230)
Equity in losses of non-consolidated REITs	286	322	38	284	807	1,451
Non-property specific items, net	52	(20)	(195)	(62)	(72)	(349)
Property NOI*	\$ 33,467	\$ 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-Mar-16	Interest Rate Components	Interest Rate at 31-Mar-16	Facility Fee
BAML Revolver	29-Oct-18	\$ 500,000	\$ 265,000	L + 1.25%	1.44%	0.25%
BAML Term Loan	27-Sep-17	400,000	400,000	0.75% + 1.45%	2.20%	
BMO Term Loan	26-Aug-20	220,000	220,000	2.32% + 1.65%	3.97%	
		<u>\$ 1,120,000</u>	<u>\$ 885,000</u>		<u>2.41%</u>	

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

On October 29, 2014, we amended and restated our bank facility we call the BAML Credit Facility, which has a total of \$900 million available and is comprised of a revolver that we can borrow up to \$500 million on, which we call the BAML Revolver and a term loan for \$400 million that we call the BAML Term Loan. On August 26, 2013, we entered into a term loan we call the BMO Term Loan and borrowed \$220 million. Additional information about these loans are in the footnotes to our financial statements. Pricing is based on our credit rating for the BAML Revolver, BAML Term Loan and the BMO Term Loan. Our credit rating as of March 31, 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 1.44% as of March 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 BAML Term Loan has LIBOR fixed at 0.75% for five years. At our credit rating, the spread for the BAML Term Loan is 1.45%, so our interest rate is 2.20%.
- The BMO Term Loan has fixed LIBOR at 2.32% for seven years. At our credit rating, the spread over LIBOR is 1.65%, so our interest rate is 3.97%.
- We incurred financing costs to close the BAML Revolver, BAML Term Loan and the credit facilities that preceded them. We also incurred financing costs to close the BMO Term Loan. These costs are deferred and amortized into interest expense during the terms of the loans. The annual run rate for amortization to interest expense from deferred financing costs is approximately \$2.1 million.
- The BAML Revolver can be extended for 1 year at the Company's option upon payment of fees and includes an accordion feature that allows for up to \$250 million of additional borrowing capacity. The BMO Term Loan includes an accordion feature that allows for up to \$50 million of additional borrowing capacity. The accordion features are subject to receipt of lender commitments and satisfaction of certain customary conditions.



# Capital Analysis

(in thousands, except per share amounts)

	31-Mar-16	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15
<b>Market Data:</b>					
Shares Outstanding	100,187	100,187	100,187	100,187	100,187
Closing market price per share	\$ 10.61	\$ 12.82	\$ 11.31	\$ 10.75	\$ 10.35
Market capitalization	\$ 1,062,988	\$ 1,284,403	\$ 1,133,120	\$ 1,077,015	\$ 1,036,940
Total Debt	885,000	860,000	920,000	920,000	910,000
Total Market Capitalization	\$ 1,947,988	\$ 2,144,403	\$ 2,053,120	\$ 1,997,015	\$ 1,946,940
<b>Dividend Data:</b>					
Total dividends paid	\$ 19,036	\$ 19,036	\$ 19,036	\$ 19,035	\$ 19,035
Common dividend per share	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19
Quarterly dividend as a % of FFO*	73.1%	74.1%	70.0%	70.6%	70.3%
<b>Liquidity:</b>					
Cash and cash equivalents	\$ 14,316	\$ 14,945	\$ 15,841	\$ 19,100	\$ 18,163
Revolving credit facilities:					
Gross potential available under the BAML Credit Facility	900,000	900,000	900,000	900,000	900,000
Less:					
Outstanding balance	(665,000)	(640,000)	(700,000)	(700,000)	(690,000)
<b>Total Liquidity</b>	<b>\$ 249,316</b>	<b>\$ 274,945</b>	<b>\$ 215,841</b>	<b>\$ 219,100</b>	<b>\$ 228,163</b>

\* 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-Mar-16	31-Dec-15	30-Sep-15	30-Jun-15	31-Mar-15
<b>Owned portfolio of commercial real estate:</b>					
Number of properties (a)	35	36	36	36	36
Square feet	9,325,249	9,494,953	9,640,904	9,639,740	9,310,131
Leased percentage	90.2%	91.6%	90.5%	90.6%	90.4%
<b>Investments in non-consolidated commercial real estate:</b>					
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	73.9%	73.5%	71.2%	69.7%	70.1%
<b>Single Asset REITs (SARs) managed:</b>					
Number of properties	6	7	7	7	7
Square feet	1,191,135	1,487,026	1,487,026	1,487,026	1,488,003
Leased percentage	75.8%	77.0%	77.0%	73.5%	73.4%
<b>Total owned, investments and managed properties:</b>					
Number of properties	43	45	45	45	45
Square feet	11,912,455	12,378,050	12,524,001	12,522,837	12,194,205
Leased percentage	86.8%	87.8%	86.8%	86.3%	86.0%

(a) Excludes one property being redeveloped in 2016.



# Owned Portfolio Overview

MSA / Property Name	City	State	Square Feet	Percent Leased	Wtd Ave (a) Occupied	GAAP (b) Rent	MSA / Property Name	City	State	Square Feet	Percent Leased	Wtd Ave (a) Occupied	GAAP (b) Rent
<b>East Region</b>							<b>Midwest Region</b>						
<b>Baltimore</b>							<b>Chicago</b>						
East Baltimore	Baltimore	MD	325,445	83.6%	84.8%	\$ 23.27	Northwest Point	Elk Grove Village	IL	176,848	100.0%	100.0%	\$ 22.80
							909 Davis Street	Evanston	IL	195,245	88.8%	88.8%	\$ 31.03
<b>Washington, D.C.</b>							<b>Indianapolis</b>						
Meadow Point	Chantilly	VA	138,537	100.0%	100.0%	\$ 27.83	River Crossing	Indianapolis	IN	205,059	91.1%	90.9%	\$ 20.52
Stonecroft	Chantilly	VA	111,469	100.0%	100.0%	\$ 38.48							
Loudoun Tech Center	Dulles	VA	136,658	92.0%	92.0%	\$ 20.39	<b>St. Louis</b>						
							Timberlake	Chesterfield	MO	234,023	95.4%	95.5%	\$ 22.91
<b>Richmond</b>							Timberlake East	Chesterfield	MO	116,197	96.2%	42.8%	\$ 23.63
Innsbrook	Glen Allen	VA	298,456	100.0%	100.0%	\$ 19.14	Lakeside Crossing	Maryland Heights	MO	127,778	100.0%	100.0%	\$ 24.26
<b>Charlotte</b>							<b>Minneapolis</b>						
Forest Park	Charlotte	NC	62,212	100.0%	100.0%	\$ 14.16	121 South 8th Street	Minneapolis	MN	305,990	56.2%	56.2%	\$ 19.25
<b>Raleigh-Durham</b>											0.0%		
Emperor Boulevard	Durham	NC	259,531	100.0%	100.0%	\$ 34.41	<b>Midwest Region Total</b>						
<b>East Region Total</b>			1,332,308	95.2%	95.5%	\$ 25.67				1,361,140	86.1%	81.5%	\$ 23.38

(a) Weighted Occupied Percentage for the three months ended March 31, 2016.

(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>
<b>South Region</b>							<b>West Region</b>						
<b>Dallas-Fort Worth</b>							<b>Seattle</b>						
Legacy Tennyson Center	Plano	TX	202,600	100.0%	100.0%	\$ 16.88	Federal Way	Federal Way	WA	117,010	61.6%	63.2%	\$ 18.64
One Legacy Circle	Plano	TX	214,110	100.0%	100.0%	\$ 33.91	<b>San Francisco-San Jose-Oakland</b>						
Addison Circle	Addison	TX	290,041	93.4%	93.5%	\$ 27.06	Hillview Center	Milpitas	CA	36,288	100.0%	100.0%	\$ 16.27
Collins Crossing	Richardson	TX	300,887	100.0%	100.0%	\$ 24.76	<b>Denver</b>						
Liberty Plaza	Addison	TX	218,934	80.9%	78.0%	\$ 21.12	380 Interlocken	Broomfield	CO	240,185	97.1%	97.1%	\$ 30.04
<b>Houston</b>							1999 Broadway	Denver	CO	676,379	83.0%	82.8%	\$ 32.78
Park Ten	Houston	TX	157,460	63.1%	63.1%	\$ 31.10	Greenwood Plaza	Englewood	CO	196,236	100.0%	100.0%	\$ 24.35
Eldridge Green	Houston	TX	248,399	100.0%	100.0%	\$ 28.38	390 Interlocken	Broomfield	CO	241,516	84.6%	82.4%	\$ 28.51
Park Ten Phase II	Houston	TX	156,746	100.0%	100.0%	\$ 30.90	1001 17th Street	Denver	CO	655,420	87.6%	85.0%	\$ 34.54
Westchase I & II	Houston	TX	629,025	87.0%	86.4%	\$ 29.67	<b>West Region Total</b>						
<b>Miami-Ft. Lauderdale-West Palm Beach</b>										2,163,034	86.8%	85.8%	\$ 30.73
Blue Lagoon Drive	Miami	FL	212,619	100.0%	100.0%	\$ 22.37	<b>Total Owned</b>						
<b>Atlanta</b>										9,325,249	90.2%	88.9%	\$ 26.96
One Overton Place	Atlanta	GA	387,267	85.0%	84.8%	\$ 24.65							
One Ravinia	Atlanta	GA	386,603	94.8%	94.8%	\$ 22.65							
Two Ravinia	Atlanta	GA	442,130	84.0%	78.6%	\$ 25.64							
999 Peachtree	Atlanta	GA	621,946	95.3%	95.0%	\$ 29.94							
<b>South Region Total</b>			4,468,767	83.2%	90.7%	\$ 26.63							

(a) Weighted Occupied Percentage for the three months ended March 31, 2016.

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



# Managed Portfolio Overview

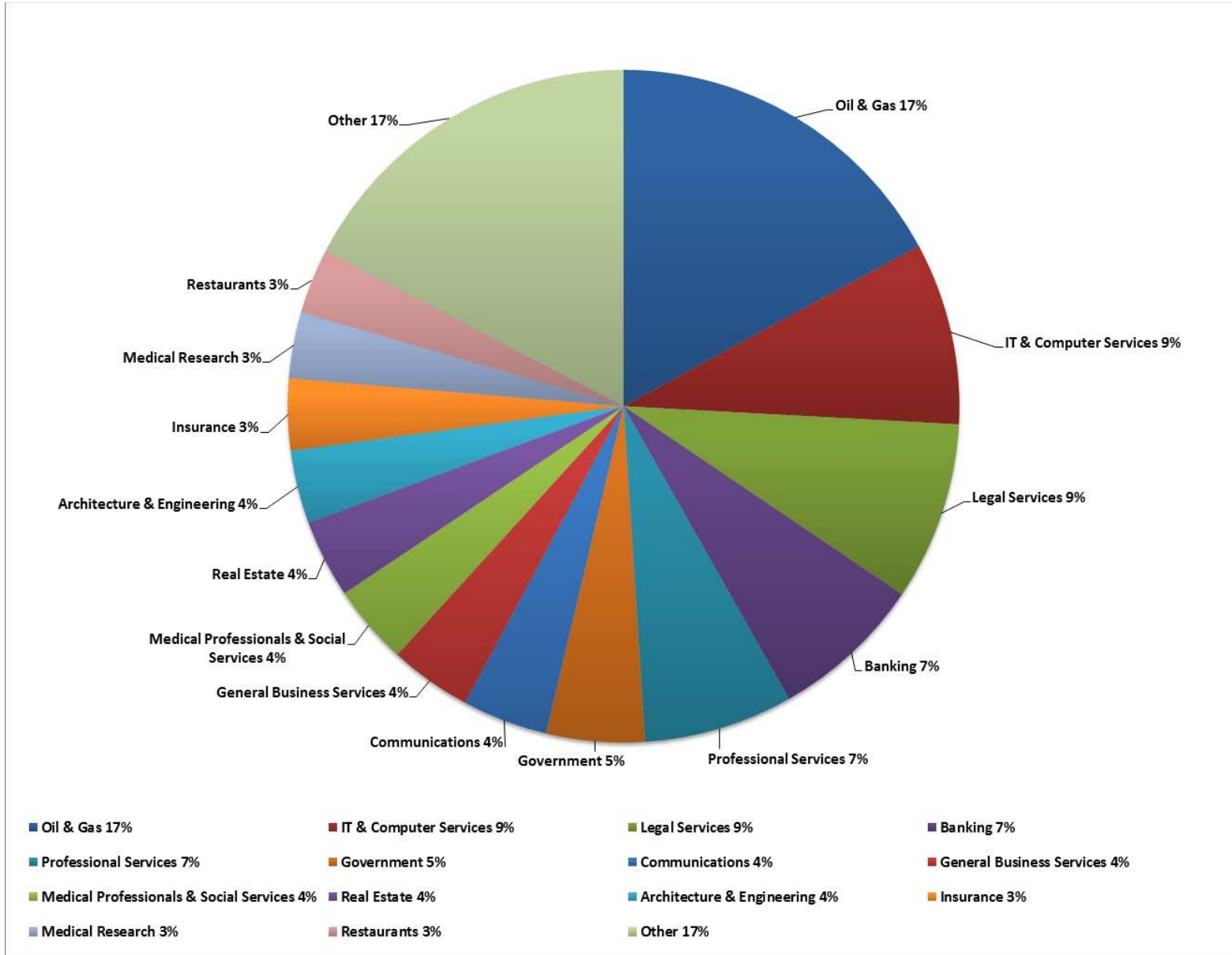
<u>MSA / Property Name</u>	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>MSA / Property Name</u>	<u>City</u>	<u>State</u>	<u>Square Feet</u>
<b>Southeast Region</b>				<b>Midwest Region</b>			
<b>Columbia</b>				<b>Chicago</b>			
1441 Main Street	Columbia	SC	264,857	(a) East Wacker	Chicago	IL	861,000
<b>Atlanta</b>				<b>Indianapolis</b>			
Satellite Place	Duluth	GA	134,785	Monument Circle	Indianapolis	IN	213,760
<b>Southeast Region Total</b>			<u>399,642</u>	(b) <b>St. Louis</b>			
<b>Southwest Region</b>				<b>Kansas City</b>			
Houston				(c) Grand Boulevard	Kansas City	MO	535,071
Energy Tower I	Houston	TX	325,797	<b>Cincinnati</b>			
<b>Southwest Region Total</b>			<u>325,797</u>	Centre Pointe V	West Chester	OH	135,936
				<b>Midwest Region Total</b>			<u>1,861,767</u>
				<b>Total Managed</b>			<u>2,587,206</u>
				<b>Total Owned &amp; Managed</b>			<u>11,912,455</u>

- (a) FSP has a Preferred Share Interest of 43.7% in the entity that owns this property.  
 (b) Property was sold on April 5, 2016.  
 (c) 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 Transnational Corp	1	122	259,531	3.1%	\$ 8,740,721	3.9%
2	CITGO Petroleum Corporation	1	71	248,399	3.0%	7,894,120	3.5%
3	Newfield Exploration Company	1	71	234,495	2.8%	8,770,443	3.9%
4	US Government (a)	5	3,5,26,40,54	223,433	2.7%	7,189,560	3.2%
5	Sutherland Asbill Brennan LLP	1	49	222,422	2.6%	7,010,151	3.1%
6	Burger King Corporation	1	30	212,619	2.5%	5,255,942	2.4%
7	Denbury Onshore, LLC (b)	2	4,40	202,600	2.4%	3,510,042	1.6%
8	SunTrust Bank (c)	3	1,127,66	182,888	2.2%	3,772,888	1.7%
9	Centene Management Company, LLC (d)	2	87,87	179,637	2.1%	—	—
10	Citicorp Credit Services, Inc	1	9	176,848	2.1%	4,704,157	2.1%
11	T-Mobile South, LLC dba T-Mobile	1	36	151,792	1.8%	3,761,406	1.7%
12	Petrobras America, Inc.	1	44	144,813	1.7%	5,387,043	2.4%
13	Murphy Exploration & Production Company	1	13	144,677	1.7%	4,790,659	2.1%
14	Argo Data Resource Corporation	1	89	140,246	1.7%	3,782,034	1.7%
15	Houghton Mifflin Harcourt Publishing Company (e)	1	1,12,132	128,226	1.5%	5,362,974	2.4%
16	Monsanto Company	1	46	127,778	1.5%	3,093,505	1.4%
17	Federal National Mortgage Association	1	33	123,144	1.5%	2,791,674	1.3%
18	Vail Corp d/b/a Vail Resorts (f)	2	36,84	122,232	1.5%	3,548,763	1.6%
19	Kaiser Foundation Health Plan	1	98	120,979	1.4%	3,036,904	1.4%
20	Giesecke & Devrient America	1	105	112,110	1.3%	1,948,472	0.9%
<b>Total</b>				<b>3,458,869</b>	<b>41.1%</b>	<b>\$ 94,351,459</b>	<b>42.3%</b>

- (a) Includes 180,444 and 27,398 square feet which expire in 2018 & 2017, respectively. The remaining 15,591 square feet expire between 2016 and 2020.
- (b) Includes 102,600 square feet, which expire 7/31/16 and 100,000 square feet, which expire 7/31/19.
- (c) Includes 23,217 square feet, which expire 4/30/16 and 127,500 square feet, which expire 9/30/21. The remaining 32,171 square feet expire 10/31/26.
- (d) Includes 62,019 SF commenced on 4/1/16 and 117,618 SF commenced 12/15 with rent commencing on 7/1/16.
- (e) Includes 16,743 square feet expiring on 4/30/16, 50,961 square feet expiring on 3/31/17 and 60,522 square feet expiring on 3/31/27.
- (f) Includes 38,293 square feet, which expire 3/31/19. The remaining 83,939 square feet expire 3/31/23.





# Leasing Activity

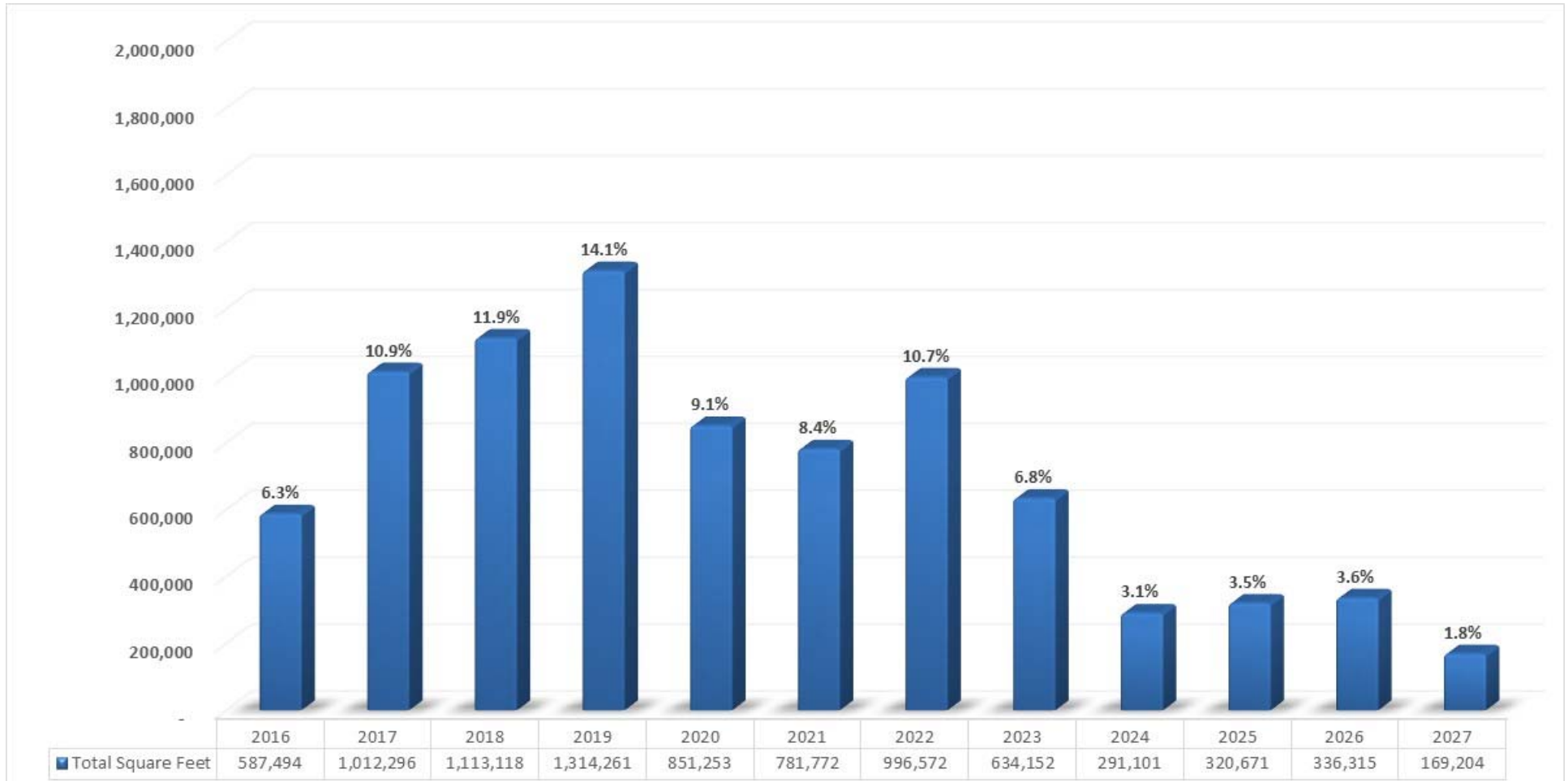
(Owned Portfolio)

Leasing Activity (in Square Feet - SF)	Three Months Ended		Year Ended	Year Ended
	31-Mar-16	31-Mar-15	31-Dec-15	31-Dec-14
New leasing	45,000	73,000	362,000	149,000
Renewals	133,000	135,000	957,000	635,000
	<u>178,000</u>	<u>208,000</u>	<u>1,319,000</u>	<u>784,000</u>
<b>Other information per SF</b>				
<b>(Activity on a year-to-date basis)</b>				
GAAP Rents on leasing	\$ 28.69	\$ 24.59	\$ 28.66	\$ 26.89
Weighted average lease term	6.6 Years	4.0 Years	5.3 Years	6.25 Years
Increase over average GAAP rents in prior year	3.3%	10.5%	10.4%	11.8%
Average free rent	3 Months	2 Months	3 Months	3 Months
Tenant Improvements	\$ 13.47	\$ 10.71	\$ 13.17	\$ 16.40
Leasing Costs	\$ 10.75	\$ 4.31	\$ 5.81	\$ 7.66



# Lease Expirations by Square Feet

(Owned Portfolio)





# 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
2016	75 (c)	587,494	\$ 15,995,271	\$ 27.23	7.2%	7.2%
2017	70	1,012,296	28,074,323	27.73	12.6%	19.8%
2018	72	1,113,118	32,305,899	29.02	14.5%	34.3%
2019	69	1,314,261	32,819,456	24.97	14.7%	49.0%
2020	57	851,253	26,954,145	31.66	12.1%	61.1%
2021	35	781,772	17,702,115	22.64	7.9%	69.0%
2022	28	996,572	29,488,827	29.59	13.2%	82.2%
2023	24	634,152	11,325,299	17.86	5.1%	87.3%
2024	10	291,101	7,579,302	26.04	3.4%	90.7%
2025	9	320,671	7,647,969	23.85	3.4%	94.1%
2026 and thereafter	57	505,519 (d)	12,978,522	25.67	5.9%	100.0%
	506	8,408,209	\$ 222,871,129	\$ 26.51	100.0%	
Vacancies as of 3/31/16		917,040				
Total Portfolio Square Footage		9,325,249				

- (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 March 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 36 leases that are month-to-month.
- (d) Includes 79,575 square feet that are non-revenue producing building amenities.



# Capital Expenditures

	For the Three Months Ended					Year ended
	<u>31-Mar-16</u>	<u>31-Mar-15</u>	<u>30-Jun-15</u>	<u>30-Sep-15</u>	<u>31-Dec-15</u>	<u>31-Dec-15</u>
Tenant improvements	\$ 1,929	\$ 2,936	\$ 3,420	\$ 1,794	\$ 3,788	\$ 11,938
Deferred leasing costs	1,613	830	1,539	1,490	3,952	7,811
Non-investment capex	438	643	1,411	1,090	1,162	4,306
Total Capital Expenditures	<u>\$ 3,980</u>	<u>\$ 4,409</u>	<u>\$ 6,370</u>	<u>\$ 4,374</u>	<u>\$ 8,902</u>	<u>\$ 24,055</u>

First generation leasing and investment capital was \$ 3.2 million and \$2.2 million for the three months ended March 31, 2016 and 2015, respectively.



# Transaction Activity

(in thousands except for Square Feet)

	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>Date Acquired</u>	<u>Purchase Price</u>	
<b>2015</b>						
Two Ravinia	Atlanta	GA	442,130	4/8/15	\$	78,000
<b>2013</b>						
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
<b>2012</b>						
One Ravinia	Atlanta	GA	386,603	7/31/12	\$	52,750
Westchase	Houston	TX	629,025	11/1/12		154,750
	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>Date Sold</u>	<u>Gross Sales Proceeds</u>	<u>Gains on Sales</u>
<b>2016</b>						
Lakeside I	Maryland Heights	MO	127,778	4/5/16	\$ 20,189	\$ 4,155
<b>2015</b>						
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
<b>2014</b>						
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-Mar-16	Interest Rate (1)	Draw Fee (2)	Interest Rate at 31-Mar-16
<b>Secured revolving lines of credit</b>							
FSP Satellite Place Corp.	Duluth, GA	31-Mar-17	\$ 5,500	\$ 3,975	L+4.40%	0.5%	4.84%
FSP 1441 Main Street Corp. (3)	Columbia, SC	31-Mar-17	10,800	9,000	L+4.40%	0.5%	4.84%
FSP Energy Tower I Corp.	Houston, TX	30-Jun-17	20,000	12,600	L+5.00%	0.5%	5.44%
<b>Mortgage loan secured by property</b>							
FSP Monument Circle LLC (4)	Indianapolis, IN	7-Dec-18	21,000	21,000	4.90%	n/a	4.90%
FSP Energy Tower I Corp. (5)	Houston, TX	30-Jun-17	33,000	33,000	6.41%	n/a	6.41%
			<u>\$ 90,300</u>	<u>\$ 79,575</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) This revolving line of credit was extended on March 25, 2016.
- (4) Includes an origination fee of \$164,000 and an exit fee of \$38,000 when repaid by the borrower.
- (5) This mortgage includes an annual extension fee of \$108,900 paid by the borrower.



# Net Asset Value Components

(in thousands except per share data)

	<b>As of</b>
	<b>31-Mar-16</b>
Total Market Capitalization Values	
Shares outstanding	100,187.4
Closing price	\$ 10.61
Market capitalization	\$ 1,062,988
Debt	885,000
Total Market Capitalization	<u>\$ 1,947,988</u>
	<b>3 Months</b>
	<b>Ended</b>
	<b>31-Mar-16</b>
<b>NOI Components</b>	
Same Store NOI (1)	\$ 32,541
Acquisitions (1) (2)	<u>1,180</u>
Property NOI (1)	33,721
Full quarter adjustment (3)	<u>—</u>
<b>Stabilized portfolio</b>	<b>\$ 33,721</b>
Financial Statement Reconciliation:	
Rental Revenue	\$ 58,360
Rental operating expenses	(15,292)
Real estate taxes and insurance	(9,150)
NOI on assets sold during the quarter	(254)
Taxes (4)	(98)
Management fees & other (5)	155
Property NOI (1)	<u>\$ 33,721</u>

## Assets:

Loans outstanding on secured RE	\$ 79,575
Investments in SARs (book basis)	76,707
Straight-line rent receivable	49,696
Asset held for sale	15,921
Cash and cash equivalents	14,316
Restricted cash	10
Tenant rent receivables	3,691
Prepaid expenses	3,009
Office computers and furniture	438
Other assets:	
Deferred financing costs, net	5,054
Other assets: Derivative Market Value	—
Other assets	—
	<u>\$ 248,417</u>

## Liabilities:

Debt (excluding contra for unamortized financing costs)	\$ 885,000
Accounts payable & accrued expenses	39,065
Tenant security deposits	4,433
Other liabilities: derivative liability	<u>13,226</u>
	<u>\$ 941,724</u>

## Other information:

Leased SF to be FFO producing During 2016 (in 000's)	<u>117</u>
Straight-line rental revenue current quarter	<u>\$ 1,275</u>
Management fee income current quarter	\$ 154
Interest income from secured loans	<u>1,279</u>
Management fees and interest income from loans	<u>\$ 1,433</u>
FFO from non-consolidated REITs - Q4 2016 (6):	
East Wacker	\$ 398
Grand Boulevard	<u>203</u>
Total	<u>\$ 601</u>

## 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 on 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

### **Definition of Funds From Operations (“FFO”)**

The Company evaluates performance based on Funds From Operations, which we refer to as FFO. The Company defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property and acquisition costs of newly acquired properties that are not capitalized, plus depreciation and amortization, including amortization of acquired above and below market lease intangibles and impairment charges on properties or investments in non-consolidated REITs, and after adjustments to exclude equity in income or losses from, and, to include the proportionate share of FFO from, non-consolidated REITs.

FFO should not be considered as an alternative to net income (determined in accordance with GAAP), nor as an indicator of the Company’s financial performance, nor as an alternative to cash flows from operating activities (determined in accordance with GAAP), nor as a measure of the Company’s liquidity, nor is it necessarily indicative of sufficient cash flow to fund all of the Company’s needs.

Other real estate companies and the National Association of Real Estate Investment Trusts, or NAREIT, may define this term in a different manner. We have included the NAREIT FFO definition in our table and note that other REITs may not define FFO in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently than we do.

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





## Appendix: Non-GAAP Financial Measure Definitions

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

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

### **Definition of Property Net Operating Income (Property NOI)**

The Company provides property performance based on Net Operating Income, which we refer to as NOI. Management believes that investors are interested in this information. NOI is a non-GAAP financial measure that the Company defines as net income (the most directly comparable GAAP financial measure) plus selling, general and administrative expenses, depreciation and amortization, including amortization of acquired above and below market lease intangibles and impairment charges, interest expense, less equity in earnings of nonconsolidated REITs, interest income, management fee income, gains or losses on the sale of assets and excludes non-property specific income and expenses. The information presented includes footnotes and the data is shown by region with properties owned in both periods, which we call Same Store. The Comparative Same Store results include properties held for the periods presented and exclude 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.



## Appendix: Non-GAAP Financial Measure Definitions

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

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

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



Investor Relations Contact  
Georgia Touma | 877.686.9496

[InvestorRelations@franklinstreetproperties.com](mailto:InvestorRelations@franklinstreetproperties.com)



*One & Two Ravinia Drive, Atlanta, GA*

Franklin Street Properties Corp.  
401 Edgewater Place • Wakefield, Massachusetts 01880  
781.557.1300 • [www.franklinstreetproperties.com](http://www.franklinstreetproperties.com)